



Dear Assignment/News/Business Section Editor

Hong Kong Institute of Certified Public Accountants takes disciplinary action against one certified public accountant (practicing) and a corporate practice.

(HONG KONG, 9 June 2015) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Ng Man Chung, Siman (membership number F05003) and Elite Partners CPA Limited (corporate practice number M269) on 22 May 2015. The Committee found that the respondents failed or neglected to observe, maintain or otherwise apply professional standards issued by the Institute, and ordered each of them to pay a penalty of HK\$100,000 to the Institute. In addition, the respondents were ordered to pay costs and expenses of disciplinary proceedings of the Institute and the Financial Reporting Council ("FRC") in the total sum of HK\$113,351.40.

Elite Partners CPA Limited audited the financial statements of a Hong Kong listed company and its subsidiaries for the years ended 31 December 2008 and 2009 and expressed an unmodified auditor's opinion in each of the years. Ng was the engagement director of the audits.

The Institute received information from the FRC about non compliance with the professional standards in the audit work carried out by Elite Partners CPA Limited on the recognition and valuation of the mining and exploration rights acquired by the company. After considering the information available, the Institute lodged a complaint against the two respondents under sections 34(1)(a)(vi) of the Professional Accountants Ordinance.

The respondents admitted the complaint against them. The Disciplinary Committee found that the respondents had failed or neglected to observe, maintain or otherwise apply the Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence*, HKSA 200 *Objective and General Principles Governing an Audit of Financial Statements*, HKSA 315 *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatements*, and HKSA 700 *The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements*.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against the respondents under section 35(1) of the ordinance.

Under the ordinance, if the respondents are aggrieved but the order, they may give notice of an appeal to the Court of Appeal within 30 days after they are served the order.

The order and findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at www.hkicpa.org.hk.

Disciplinary proceedings of the Institute are conducted in accordance with Part V of the ordinance by a five-member Disciplinary Committee. Three members of each committee including chairman are non-accountants chose form a panel appointed by the Chief Executive of the HKSAR, and the other two are CPAs.

Disciplinary hearings are held in public unless the Disciplinary Committee directs otherwise in the interests of justice. A hearing schedule is available at the Institute's website. A CPA who feels aggrieved by an order made by a Disciplinary Committee may appeal to the Court of Appeal, which may confirm, vary or reverse the order.

The Disciplinary Committees have the power to sanction members, member practice and registered students. Sanctions include temporary or permanent removal from membership or cancellation of a practicing certificate, a reprimand, a penalty of up to \$500,000, and payment of costs and expenses of the proceedings.

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About the Hong Kong Institute of Certified Public Accountants

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more than 38,000 members and more than 18,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation CPA.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance – an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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