



Dear Assignment/News/Business Section Editor

Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant

(HONG KONG, 25 October 2016) — On 12 October 2016, a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Wong Wing Hong (membership number F06719) and ordered that a practising certificate shall not be issued to him for 2016 and 2017. In addition, Wong was ordered to pay a penalty of HK\$60,000 and costs of the disciplinary proceedings of HK\$24,730.

Wong was formerly a partner of Leslie Cheng & Co. ("LCC") which issued an unmodified auditor's opinion on the financial statements of a Hong Kong listed company and its subsidiaries for the year ended 31 December 2009. Wong was the engagement partner of the 2009 audit.

The Institute received a referral from the Financial Reporting Council about deficiencies in the audit work carried out in the 2009 audit. They found non-compliances with professional standards regarding (i) recognition of depreciation and financial statement disclosure of plant and machinery; (ii) fair value measurements of shares issued as consideration for two acquisitions; and (iii) determination of weighted average number of ordinary shares for the purpose of calculating the loss per share in the 2009 financial statements.

After considering the information available, the Institute lodged a complaint against Wong under section 34(1)(a)(vi) of the Professional Accountants Ordinance. Wong admitted the complaint against him.

The Disciplinary Committee found that Wong, as the engagement partner, failed to act diligently in accordance with section 100.4(c) as elaborated in section 130.1 of the then applicable Code of Ethics for Professional Accountants because LCC failed or neglected to observe, maintain or otherwise apply a number of auditing standards in the 2009 audit.

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

Under the ordinance, if Wong is aggrieved by the order, he may give notice of an appeal to the Court of Appeal within 30 days after he is 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 a chairman, are non-accountants chosen from 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 interest 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.

Disciplinary Committees have the power to sanction members, member practices and registered students. Sanctions include temporary or permanent removal from membership or cancellation of a practising 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 40,000 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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