



Dear Assignment / News / Business Section Editor

Hong Kong Institute of CPAs takes disciplinary action Against a certified public accountant (practising)

(HONG KONG, 8 January 2010) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered that the name of Cheung Kwok Hung, Edward (membership number A12789) be removed from the register of certified public accountants for six months due to his refusal or neglect to comply with a direction lawfully given to him by the council under section 18B of the Professional Accountants Ordinance.

In addition, Cheung was ordered to pay to the Institute costs and expenses of the disciplinary proceedings in the sum of HK\$32,090.

Cheung was a partner of Cheung & Associates, a firm of certified public accountants. The Institute received information in August 2008 regarding Cheung's audit of the financial statements of a private company for the year ended 31 December 2006. It was discovered that certain matters relating to his audit may not have been resolved before an unqualified audit report for the financial statements were issued in June 2007. Despite repeated requests for information relating to the matters concerned, Cheung did not provide the information. A direction was then issued to Cheung in March 2009 by the Council under section 18B of the Ordinance for Cheung to provide an explanation to the Institute on the matters concerned. Given that Cheung refused or neglected to comply with the lawful direction given to him by the Council, the Institute lodged a complaint against Cheung under section 34(1A) of the Ordinance.

Cheung was absent from the hearing by a Disciplinary Committee held on 30 November 2009. The Disciplinary Committee found that Cheung refused or neglected to comply with a direction lawfully given to him by the Council under section 18B of the Ordinance.

Having taken into account the evidence and circumstances of the case, the Disciplinary Committee ordered that Cheung:

- (1) be removed from the register of certified public accountants for six months from 1 January 2010; and
- (2) pays costs and expenses of the disciplinary proceedings in the sum of HK\$32,090 to the Institute.

Findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at <http://www.hkicpa.org.hk>.

Disciplinary proceedings of the Institute are conducted in accordance with Part V of the Professional Accountants Ordinance by a five-member Disciplinary Committee. The majority (three members) of each committee, including the chairman, are non-accountants chosen from a panel of lay persons appointed by the Chief Executive of the HKSAR, and the other two members 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 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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Note to editor

About the Hong Kong Institute of CPAs

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 29,000 members and 13,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designatory letters *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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