



Dear Assignment / News / Business Section Editor

Hong Kong Institute of Certified Public Accountants takes disciplinary action Against a certified public accountant (practising)

(HONG KONG, 19 October 2012) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 26 September 2012 that the name of Chan Kin Hang, Danvil (membership number F04656) be removed from the register of certified public accountants for a period of 3 years with effect from 12 November 2012.

In addition, Chan was ordered to pay a penalty totalling HK\$ 33,333.33 and HK\$288,511.00 towards the costs of the disciplinary proceedings.

Chan was a director of a company which submitted a tender to the Official Receiver for appointment as Provisional Liquidators under section 194(1A) of the Companies Ordinance, Cap.32 ("Tender"). After the Tender was accepted, the Official Receiver appointed Chan and a non-member, who were the appointment takers of the company, as joint and several provisional liquidators for a number of companies. In the months of October and December 2009, Mr. Chan and the non-member were removed as the joint and several liquidators/provisional liquidators for seven companies on the ground that they have not carried out their duties appropriately; and Chan had included misleading information in the Tender.

After considering the information available and obtaining Chan's explanation of his conduct, the Institute lodged complaints against Chan under section 34(1A) of the Professional Accountants Ordinance. A Disciplinary Committee was constituted in August 2010.

Chan admitted the complaints against him. Based on the evidence submitted, the Disciplinary Committee found that Chan failed or neglected to observe, maintain or otherwise apply the Fundamental Principles set out in the then applicable Statement 1.200 "Professional Ethics – Explanatory Foreword" and paragraph 100.4(a) of the Code of Ethics for Professional Accountants. It was found that Chan submitted a declaration form used in the Tender which contained incorrect and misleading information and this resulted in the Official Receiver being misled into accepting the Tender.

Chan was also found guilty of professional misconduct in relation to his conduct as a joint and several liquidators/provisional liquidators of three of the above-mentioned seven companies.

Having taken into account Chan's admission and the circumstances of the case, the Disciplinary Committee made the above order against Chan.

Under the Professional Accountants Ordinance, Chan may give notice of an appeal to the Court of Appeal within 30 days after he is served the order, if he is aggrieved by the order made by the Disciplinary Committee.

Pursuant to section 38(2) of the Professional Accountants Ordinance, the Registrar shall not remove the name of a certified public accountant from the register, record a reprimand or penalty or an order to pay costs and expenses or an order in respect of practising certificate in the register by virtue of an order made by a Disciplinary Committee, or enforce payment of a penalty or costs or expenses before the expiry of 30 days after the date of service of the order on the accountant or in the case of an appeal, before the decision of the Court of Appeal on such appeal.

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 Professional Accountants Ordinance by a five-member Disciplinary Committee. The majority of each committee (three members), including the chairman, are non-accountants chosen from a panel 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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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 34,000 members and more than 16,000 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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