



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 27 November 2014) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 30 October 2014 that the name of Chau Li Shan (membership number A14671) be removed from the register of certified public accountants for 24 months with effect from 11 December 2014. In addition, Chau was ordered to pay costs of the disciplinary proceedings of HK\$20,352.

Chau was an accounting manager of **a listed company in Hong Kong**. Chau failed to report her employer's unlawful acts to an appropriate level of management or to the relevant third party authorities. She was also aware that the information provided to the auditors was either misrepresented or false and she did not do anything to rectify the situation. Chau's silence and failure to take any action was incompatible with the professional ethical expectations placed upon a member of the Institute. After considering the information available, the Institute lodged a complaint against Chau under section 34(1)(a)(vi) of the Professional Accountants Ordinance.

Chau admitted the complaint against her. The Disciplinary Committee found that Chau failed or neglected to observe, maintain or otherwise apply the then applicable Statement 1.200 "*Professional Ethics – Explanatory Forward*", Statement 1.290C "*Professional Ethics – Unlawful Acts or Defaults By or On Behalf of a Member's Employer*" and Statement 1.291 "*Professional Ethics – The Ethical Responsibilities of Members in Business*".

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

Under the ordinance, if Chau is aggrieved by the order, she may give notice of an appeal to the Court of Appeal within 30 days after she 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](http://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. The majority (three members) of each committee, 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 practicing certificates to certified public accountants in Hong Kong. The Institute has more than 37,000 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.

### **Hong Kong Institute of CPAs’ contact information:**

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致：編採主任／新聞／財經版編輯

## 香港會計師公會對一名會計師作出紀律處分

(香港，二零一四年十一月二十七日)——香港會計師公會轄下一紀律委員會於二零一四年十月三十日命令將周莉珊女士(會員編號：A14671)的名字從專業會計師註冊紀錄冊中除名，由二零一四年十二月十一日起生效，為期二十四個月。此外，周女士須支付紀律程序的費用二萬零三百五十二港元。

周女士曾為一間香港上市公司的會計經理。周女士未有就其僱主的非法行為，向適當的管理層人員或相關的監管機構匯報。周女士亦知悉該公司提供失實及虛假資料給核數師，但她並沒有作出任何糾正的行動。周女士對事件保持緘默及未有作出任何行動的處理方法，與作為公會會員應有的專業道德是不相容的。公會經考慮所得資料，根據《專業會計師條例》第34(1)(a)(vi)條對周女士作出投訴。

周女士承認投訴中的指控屬實。紀律委員會裁定周女士沒有或忽略遵守、維持或以其他方式應用公會頒布的專業準則——當時適用的 *Statement 1.200 "Professional Ethics – Explanatory Forward"*、*Statement 1.290C "Professional Ethics – Unlawful Acts or Defaults By or On Behalf of a Member's Employer"* 及 *Statement 1.291 "Professional Ethics – The Ethical Responsibilities of Members in Business"*。

經考慮有關情況後，紀律委員會根據《專業會計師條例》第35(1)條向周女士作出上述的命令。

根據《專業會計師條例》，如周女士不服紀律委員會對他作出的命令，可於命令文本送達後30天內向上訴法庭提出上訴。

紀律委員會的書面判決可於公會網頁內Compliance部份查閱，網頁為 <http://www.hkicpa.org.hk>。

公會的紀律程序是根據《專業會計師條例》第V部份，由五位成員組成的紀律委員會執行。每個紀律委員會的大多數成員，即包括主席在內的三名成員，是由香港特別行政區行政長官從業外人士組成的紀律小組中選派委任，另外兩名成員由專業會計師出任。

除非負責的紀律委員會因公平理由認為不恰當，否則紀律聆訊一般以公開形式進行。紀律聆訊的時間表可於公會網頁查閱。如當事人不服紀律委員會的裁判，可向上訴法庭提出上訴，上訴法庭可確定、修改或推翻紀律委員會的裁判。

紀律委員會有權向公會會員、執業會計師事務所會員及註冊學生作出處分。紀律處分範圍包括永久或有限期地將違規者從會計師註冊紀錄冊中除名或吊銷其執業證書、對其作出譴責、下令罰款不多於五十萬港元，以及支付紀律程序的費用。

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## 關於香港會計師公會

香港會計師公會是香港唯一獲法例授權負責專業會計師註冊兼頒授執業證書的組織，會員人數超過三萬七千，註冊學生人數逾一萬八千。公會會員可採用「會計師」稱銜（英文為 **certified public accountant**，簡稱 **CPA**）。

公會(**Hong Kong Institute of Certified Public Accountants**)於一九七三年一月一日成立，當時的英文名稱為 **Hong Kong Society of Accountants**。

公會根據《專業會計師條例》履行職責，以公眾利益為依歸。其職能廣泛，包括開辦專業資格課程(**Qualification Programme**)以確保會計師的入職質素，以及頒布香港的財務報告、審計及專業操守準則。此外，公會亦負責在香港監管和推動優良而有效的會計實務，以鞏固香港作為國際金融中心的領導地位。

香港會計師公會是全球會計聯盟 (**Global Accounting Alliance, GAA**) 的成員之一。全球會計聯盟於二零零五年成立，聯合了全球頂尖的專業會計團體，推動優質服務，並積極與各地監管機構、政府及關連人士就國際重要議題共同合作。

## 香港會計師公會聯絡資料

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IN THE MATTER OF

A Complaint made under section 34(1)(a) of the Professional Accountants Ordinance (Cap. 50) (“PAO”) and referred to the Disciplinary Committee under section 33(3) of the PAO

BETWEEN

An Investigation Committee of  
the Hong Kong Institute of  
Certified Public Accountants

COMPLAINANT

AND

CHAU Li Shan (A14671)

RESPONDENT

Members: Mr. LEE Ka Sze, Carmelo (Chairman)  
Ms. CHAU, Hoi Yan  
Ms. WONG, Tze Ling  
Mr. LAI, Yat Hin, Adrian  
Mr. TANG, Kwai Chang, Alfred

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**REASONS FOR DECISION**

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1. This is a complaint made by an Investigation Committee of the Hong Kong Institute of Certified Public Accountants (“the Institute”) as Complainant against the Respondent, who is a certified public accountant. Section 34(1)(a)(vi) of the PAO applied to the Respondent.
2. The particulars of the Complaint as set out in a letter dated 28 August 2013 (“the Complaint”) from the Investigation Committee to the Council of the Institute for consideration of the Complaint for referral to the Disciplinary Panels were as follows:-
  - (a) *First Complaint*

Section 34(1)(a)(viii) of the PAO applies to the Respondent in that she was guilty of professional misconduct whilst holding a position of an accounting manager of Moulin International Holdings Limited (“Moulin”).

(b) *Second Complaint (Alternative to First Complaint)*

Section 34(1)(a)(vi) of the PAO applies to the Respondent in that whilst holding a position of accounting manager of Moulin, she failed or neglected to observe, maintain or otherwise apply professional standards, namely:

- (i) paragraph 4 of Statement 1.200 "Professional Ethics - Explanatory Foreword" (*Revised April 1999 and September 2004 (name change)*);
- (ii) paragraph 2 of Statement 1.290C "Professional Ethics - Unlawful Acts or Defaults By or On Behalf of a Member's Employer" (*Issued January 1998; revised September 2004 (name change)*); and
- (iii) paragraph 5 of Statement 1.291 Professional Ethics - The Ethical Responsibilities of Members in Business (*Issued January 1998; revised September 2004 (name change)*).

3. The Respondent admitted the Second Complaint (an Alternative to the First Complaint) against her. She did not dispute the facts as set out in the Complaint. She agreed that the steps set out in paragraphs 17 to 30 of the Disciplinary Committee Proceedings Rules be dispensed with.
4. By a letter dated 14 July 2014 addressed to the Complainant and the Respondent, the Clerk to the Disciplinary Committee ("DC"), under the direction of the DC, informed the parties that they should make written submissions to the DC as to the sanctions and costs and that the DC would not hold a hearing on sanctions and costs unless otherwise requested by the parties.
5.
  - (a) The DC noted that it is only required to decide on the sanctions against the Respondent on the Second Complaint and will not be treating this case as a "professional misconduct" case.
  - (b) In the present case, the Respondent was an accounting manager who claimed she acted under and in accordance with orders from the financial controller and the head of the Treasury Department.
  - (c) Nevertheless, the Respondent's silence and failure to take any action was incompatible with the professional ethical expectations placed upon a member of the Institute. Under the then applicable Statement 1.200, a member should follow the Institute's ethical requirements and in this instance, the Respondent failed to comply with the following ethical requirements:
    - (i) Under Statement 1.290C, if a member acquires knowledge indicating that her employer or someone acting on behalf of her employer may have been guilty of some default or unlawful act, she should raise the matter with management internally at an appropriate level. If her concerns are not satisfactorily resolve, she should report the matter either to non-executive directors or make a report to a third party. In this case, the Respondent failed to report her employer's unlawful acts to

an appropriate level of management or to the relevant third party authorities.

- (ii) Under Statement 1.291, a member in business should not knowingly mislead or misrepresent facts to others and should use due care to avoid doing so unintentionally. In this case, the Respondent was aware that the information provided to the auditors was either misrepresented or false and she did not do anything to rectify the situation.
- (d) The fact that the Respondent assisted as a prosecution witness at the criminal trial by giving evidence under immunity suggests that she might most probably be a participant in the fraud and did not just fail to blow the whistle.
- (e) Based on the above, the Respondent failed to comply with the Institute's ethical requirements under Statement 1.200, Statement 1.290C and Statement 1.291. The circumstances surrounding the Respondent's breaches of the Institute's aforesaid ethical requirements suggest that her breaches of the Institute's ethical requirements were of the most serious kind. The DC is of the view that a removal order is inevitable.
- (f) The DC however is sympathetic towards the Respondent's financial circumstances and therefore is not going to impose any monetary penalty against her and proposes to only impose a removal order for 24 months.

6. The DC orders that:-

- (a) the name of the Respondent be removed from the register of certified public accountants for 24 months effective from 42 days from the date hereof under section 35(1)(a) of the PAO; and
- (b) the Respondent do pay the costs and expenses of and incidental to the proceedings of the Complainant in the sum of HK\$20,352 under section 35(1)(iii) of the PAO.

Dated the 30<sup>th</sup> day of October 2014

IN THE MATTER OF

A Complaint made under section 34(1)(a) of the Professional Accountants Ordinance (Cap. 50) (“PAO”) and referred to the Disciplinary Committee under section 33(3) of the PAO

BETWEEN

An Investigation Committee of  
the Hong Kong Institute of  
Certified Public Accountants                      COMPLAINANT

AND

CHAU Li Shan (A14671)                                      RESPONDENT

Before a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants (“the Institute”).

Members:     Mr. LEE Ka Sze, Carmelo (Chairman)  
                  Ms. CHAU, Hoi Yan  
                  Ms. WONG, Tze Ling  
                  Mr. LAI, Yat Hin, Adrian  
                  Mr. TANG, Kwai Chang, Alfred

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**ORDER**

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Upon reading the complaint against Chau Li Shan, being a certified public accountant, as set out in a letter from an Investigation Committee of the Institute (“the Complainant”) dated 28 August 2013, the written submissions of the Respondent dated 8 and 20 August 2014, the written submissions of the Complainant dated 12 and 29 August 2014, and other relevant documents, the Disciplinary Committee is satisfied by the admission of the Respondent and the evidence adduced before it that the following complaint is proved:

Section 34 (1)(a)(vi) of the PAO applies to Ms. Chau in that whilst holding a position of accounting manager of Moulin, she failed or neglected to observe, maintain or otherwise apply professional standards, namely:

- (i) paragraph 4 of Statement 1.200 “Professional Ethics – Explanatory Foreword” (*Revised April 1999 and September 2004 (name change)*);



- (ii) paragraph 2 of Statement 1.290C "Professional Ethics – Unlawful Acts or Defaults By or On Behalf of a Member's Employer" (*Issued January 1998; revised September 2004 (name change)*);  
and
- (iii) paragraph 5 of Statement 1.291 Professional Ethics – The Ethical Responsibilities of Members in Business (*Issued January 1998; revised September 2004 (name change)*).

IT IS ORDERED that:-

1. the name of the Respondent be removed from the register of certified public accountants for 24 months effective from 42 days from the date hereof under section 35(1)(a) of the PAO; and
2. the Respondent do pay the costs and expenses of and incidental to the proceedings of the Complainant in the sum of HK\$20,352 under section 35(1)(iii) of the PAO.

Dated the 30<sup>th</sup> day of October 2014