



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 12 January 2010) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Tsang Yiu Kai (membership number F00989) on 3 December 2009 and ordered him to pay to the Institute a penalty of HK\$150,000 due to his failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute.

In addition, Tsang was ordered to pay HK\$45,000 towards the costs of the disciplinary proceedings.

Pursuant to the then enforceable section 22(3)(iv) of the Securities (Insider Dealing) Ordinance, Cap 395, on 20 January 2006, the Insider Dealing Tribunal provided the Institute with a copy of the Insider Dealing Tribunal's Report of 19 January 2006. The Insider Dealing Tribunal found Tsang to be an insider dealer in respect to the purchase of 1,600,000 shares of Easyknit International Holdings Limited. After considering the information available, the Institute lodged a complaint against Tsang under section 34(1A) of the Professional Accountants Ordinance.

The Disciplinary Committee found, on Tsang's admission, that he failed or neglected to observe, maintain or otherwise apply the Institute's then applicable Statement 1.200 "Professional Ethics – Explanatory Foreword" in that Tsang did not conduct himself in a manner consistent with the good reputation of the profession and the Institute because of his conduct of insider dealing.

Having taken into account the circumstances of the case, the Disciplinary Committee ordered that Tsang:

- (1) be reprimanded;
- (2) pay a penalty of HK\$150,000; and
- (3) pay HK\$45,000 towards the costs of the disciplinary proceedings.

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 is 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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