



Dear Assignment / News / Business Section Editor

## **Hong Kong Institute of CPAs takes disciplinary action Against three certified public accountants**

(HONG KONG, 25 February 2010) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants found charges of breaches of professional standards proven against Hung Fan Wai, Wilfred (membership number A11093), Chan Cheung (membership number A19979) and Yu Kin Ling, Katherine (membership number A12419) on 18 January 2010. The Committee further found that Yu was guilty of professional misconduct.

The Committee ordered that:

1. Hung and Chan be reprimanded;
2. Yu's name be removed from the register of certified public accountants for a period of 18 months from 1 March 2010; and
3. Hung, Chan and Yu each pay a penalty of HK\$100,000 to the Institute.

In addition, the three certified public accountants shall pay the costs of the disciplinary proceedings amounting HK\$12,801.

In July 2008, the Market Misconduct Tribunal found that Hung and Chan, who were employees of a listed company, Sunny Global Holdings Limited ("SGHL"), had engaged in insider dealing of SGHL shares and made profits of HK\$83,847 and HK\$287,301 respectively. The tribunal also found that Yu, who was a director and the company secretary of SGHL, had knowingly or recklessly disclosed false or misleading information which was likely to induce buying of SGHL shares or maintain or increase their price. In light of the findings and orders made by the tribunal and after considering the information available, the Institute lodged complaints against Hung, Chan and Yu under section 34(1A) of the Professional Accountants Ordinance.

Hung, Chan and Yu admitted the charges against them. The Disciplinary Committee found that all three failed to conduct themselves in a manner consistent with the good reputation of the profession and the Institute and were thereby in breach of the Fundamental Principles set out in Statement 1.200 "Professional Ethics – Explanatory Foreword." The Committee further found that Yu was guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above orders against Hung, Chan and Yu.

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 may 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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