



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 7 December 2010) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants found on 19 August 2010 that Au Chun Fai Jeffrey (membership number: A16336) was guilty of professional misconduct. The committee is considering the sanctions to be made against Mr. Au.

Between January 2003 and October 2004, Au was the managing director and shareholder of a corporate practice, HJ CPA Limited, which had two issued shares. The relevant rules of the Institute require that all the shares of a corporate practice must be beneficially owned by certified public accountants. In January 2003, Au assigned his beneficial ownership of one of the shares in the corporate practice to a lay person, which resulted in a breach by the corporate practice of the Corporate Practices (Registration) Rules. In December 2003, Au acted in his capacity as the managing director of the corporate practice during its annual renewal of registration and declared in writing to the Institute that the corporate practice had complied with the rules.

After considering the information available, the Institute lodged a complaint against Au under section 34(1A) of the Professional Accountants Ordinance and a Disciplinary Committee was constituted to deal with the complaints in August 2008.

The Disciplinary Committee held a hearing on the matter on 10 May 2010, which Au did not attend. Having taken into account the evidence which included Au's written submissions, the Disciplinary Committee found on 19 August 2010 that Au was guilty of professional misconduct.

A copy of the "Reasons on Liability" issued by the Disciplinary Committee is available at the Institute's website under the "Compliance" section at <http://www.hkicpa.org.hk>.

The Disciplinary Committee is considering the order to be made against Au under section 35(1) of the Professional Accountants Ordinance, which will be published on the Institute website when it is issued.

Under the Professional Accountants Ordinance, Au may give notice of an appeal to the Court of Appeal within 30 days after he is served an order made under section 35(1) of the Ordinance.

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 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.

- End -

Note to editors

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 30,000 members and 14,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation of *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:

Stella To
Deputy Director, Communications
Phone: 2287 7209
Mobile: 9027 7323
Email: stella@hkicpa.org.hk