



Dear Assignment / News / Business Section Editor

Hong Kong Institute of CPAs takes disciplinary action Against two certified public accountants (practising)

(HONG KONG, 23 February 2012) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Ng Kwok Wai, Eric, (membership number F01059) and Lui Chi Kit (membership number A27380) in February 2012 for their failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute.

In addition, Ng and Lui were ordered to pay HK\$135,997 towards the costs of the disciplinary proceedings.

Ng and Lui were joint and several liquidators of a company. They failed to reply adequately to questions raised by a creditor concerning the realization of a mortgaged property of the company. Having earlier considered a complaint made by the creditor about the matter, the professional conduct committee of the Institute issued a letter to Ng and Lui warning them that they have given insufficient regard to the interest of the creditor when replying to its enquiries. The committee also disapproved in writing certain other deficiencies in their liquidation work. Subsequently, the creditor continued to pursue an answer from Ng and Lui about details of the disposal of the mortgaged property. As Ng and Lui still failed to provide the requested information, the creditor lodged another complaint against them with the Institute. The Institute's council, its governing body, having considered the complaint, referred it to the Disciplinary Panels under section 34(1AAA) of the Professional Accountants Ordinance. A Disciplinary Committee was constituted in March 2011.

The Disciplinary Committee held a hearing of the complaint on 9 January 2012. On the evidence which included the submissions of Ng and Lui, the Disciplinary Committee found that Ng and Lui had not heeded the warning of the professional conduct committee and had not complied with the relevant Insolvency Guidance Notes issued by the Institute. Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Ng and Lui under section 35(1) of the ordinance.

Under the Professional Accountants Ordinance, if Ng and Lui are aggrieved by the order, they may give notice of an appeal to the Court of Appeal within 30 days after they are 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.

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 chair, are non-accountants chosen from a panel appointed by the Chief Executive of the HKSAR, and the other two members are certified public accountants.

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 no more than \$500,000, and payment of costs and expenses of the proceedings.

- End -

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 33,000 members and nearly 16,000 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 CPA's contact information:

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