



Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant (practising) and a certified public accountant

(HONG KONG, 4 November 2022) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants (“HKICPA”) reprimanded Mr. Tang Chung Wah, certified public accountant (practising) (F02777) and Ms. Lee Fung Ying, Alison, certified public accountant (F03537) (collectively “Respondents”) on 30 December 2019 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee also ordered Tang and Lee to each pay a penalty of HK\$50,000 and to jointly and severally pay costs of the Institute of HK\$283,730.

Tang appealed against the Disciplinary Committee's decision. On 22 September 2022, the Court of Appeal handed down its judgment dismissing Tang's appeal.

The Respondents were joint and several liquidators of a private company. At the relevant time, they were also partners of a firm of certified public accountants that was later de-registered. In 2015, court orders were issued requiring the Respondents to produce certain documents pertaining to the liquidation. Following the Respondents' failure to comply with the orders in full, the court found them guilty of contempt of court in 2016. While the contempt was subsequently purged by the Respondents, they were sentenced to pay a fine totalling HK\$500,000 and a substantial portion of costs on an indemnity basis.

After considering the information available, the Institute lodged a complaint under subparagraphs (vi), (viii) and (x) of section 34(1)(a) of the Professional Accountants Ordinance (Cap 50).

The Disciplinary Committee found that the Respondents failed to comply with relevant laws and regulations and to avoid actions that discredit the profession. As a result, they were in breach of the fundamental principle of Professional Behaviour in sections 100.5(e) and 150.1 of the Code of Ethics for Professional Accountants. The Committee further found the Respondents guilty of professional misconduct and dishonourable conduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against the Respondents under section 35(1) of the ordinance. The Committee noted that the contempt is serious and showed conduct falling far below that of a reasonable certified public accountant. The Committee also noted that the delayed production of the documents had caused irremediable prejudice to the party applying for the discovery, and that the Official Receiver had temporarily removed the Respondents from all Panel A cases due to increased concern about this case. The Committee further noted that while Tang was primarily responsible for not complying with the court orders, Lee had a non-delegable duty owed to the court and it could not be said that her breaches are less serious.

In deciding on sanctions, the Committee considered a number of mitigating factors. These included the fact that the contempt was purged and that the Respondents were fined by the court, the absence of dishonesty or fraud, the Respondents' practice histories and contributions to society, and mitigating pleadings from their professional acquaintances. The Committee's negative view of the Respondents' conduct in the proceedings was reflected in the amount of costs allowed to the Institute.

About HKICPA Disciplinary Process

Notwithstanding the transfer of the HKICPA's disciplinary function to the Accounting and Financial Reporting Council on 1 October 2022, the HKICPA continues to handle several ongoing complaints in accordance with the following process.

The HKICPA enforces the highest professional and ethical standards in the accounting profession. Governed by the Professional Accountants Ordinance (Cap. 50) and the Disciplinary Committee Proceedings Rules, an independent Disciplinary Committee is convened to deal with a complaint referred by Council. If the charges against a member, member practice or registered student are proven, the Committee will make disciplinary orders setting out the sanctions it considers appropriate. Subject to any appeal by the respondent, the order and findings of the Disciplinary Committee will be published.

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About HKICPA

The Hong Kong Institute of Certified Public Accountants ("HKICPA") is the statutory body established by the Professional Accountants Ordinance responsible for the professional training and development of certified public accountants in Hong Kong, as well as the setting of professional standards for the profession. Currently, the Institute has over 47,000 members and over 14,000 registered students.

Our qualification programme assures the quality of entry into the profession, and we promulgate financial reporting, auditing and ethical standards that safeguard Hong Kong's leadership as an international financial centre.

The CPA designation is a top qualification recognised globally. The Institute is a member of and actively contributes to the work of the Global Accounting Alliance and International Federation of Accountants.

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