



Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant

(HONG KONG, 30 July 2020) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 22 June 2020 that the name of Mr. Wong Tam Yee, a certified public accountant (A33301), be removed from the register of CPAs for two years with effect from 21 August 2020. In addition, Wong was ordered to pay costs of the disciplinary proceedings of HK\$128,202.

Wong was the sole director and shareholder of a foreign private company (“Company”), which was holding shares of two Hong Kong listed companies (“Shares”) with a market value of HK\$146 million as at September 2013. The identity of the beneficial owners of the Company and the Shares was in dispute among Wong and certain other parties.

In September 2013, Wong caused the Company to sell the Shares to a number of individuals at a substantial discount to their market price. A cheque drawn by one of the buyers for HK\$4 million was given to the Company as part of the purchase consideration, but Wong never cashed it. In the sold notes for the Shares submitted for stamp duty purposes, Wong falsely stated that the Shares were sold for full market value and that the consideration had been received.

Subsequently, a purported beneficial owner of the Company initiated legal proceedings against Wong and others (the buyers and transferees of the Shares) in relation to the disposal of the Shares. The Court found that Wong had been in breach of his fiduciary duties as a director when he caused the Company to sell the Shares at a substantially discounted price without first attempting to sell them in the open market, and there was no security for payment other than the HK\$4 million deposit. The Court also found that Wong had in effect misappropriated the Shares, and had made a false and misleading statement in the sold notes. As a result, the Court ordered Wong and some of the others to pay substantial equitable compensation to the Company.

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

The Disciplinary Committee found that Wong was in breach of the fundamental principle of integrity under sections 100.5(a), 110.1 and 110.2(a) of the Code of Ethics for Professional Accountants, and the fundamental principle of professional behaviour under sections 100.5(e) and 150.1 of the Code of Ethics. In addition, the Committee found Wong was guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order under section 35(1) of the ordinance. The Committee noted that integrity and honesty are the cornerstones of the accountancy profession, but Wong had breached those fundamental principles in the dereliction of his duties as a director of the

Company. The Committee also noted that the Court's findings and Wong's blatant disregard for his fiduciary duties to the Company had damaged the reputation of the accountancy profession.

About HKICPA Disciplinary Process

The Hong Kong Institute of Certified Public Accountants ("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.

For more information, please see:

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

- End -

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, development and regulation of certified public accountants in Hong Kong. The Institute has around 46,000 members and 19,000 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.

Hong Kong Institute of CPAs' contact information:

Ms Gemma Ho
Public Relations Manager
Phone: 2287-7002
Email: gemmaho@hkicpa.org.hk

Ms Rachel So
Head of Corporate Communications and Member Services
Phone: 2287-7085
Email: rachelso@hkicpa.org.hk