



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Dear members,

AATB 4 Guidance on section 408 of the Companies Ordinance

The Institute has today issued AATB 4 Guidance on section 408 of the Companies Ordinance.

The Hong Kong Companies Ordinance (Cap. 622) was enacted on 12 July 2012. Its commencement date is 3 March 2014.

One of the measures introduced is a new offence imposed by section 408 (formerly clause 399 of the Companies Bill) in relation to certain omissions in an auditor's report. The offence would be committed if an auditor knowingly or recklessly caused certain statements required by section 407(2)(b) and (3) to be omitted from the auditor's report.

In July 2012, the Institute announced that it would form a working group with a view to producing practice guidance for members on the conduct of audits and audit reporting, in light of the potential implications of section 408 of the Companies Ordinance. The working group's work has concluded with the publication of AATB 4.

The objectives of the guidance contained in AATB 4 are to:

- set out the relevant sections in the Companies Ordinance to which the penalty sanctions apply;
- consider the implications of those sections;
- provide guidance on the auditor's reporting for statutory purposes.

This guidance focuses on penalty sanctions related to section 407(2)(b), (3) and section 408.

Click [here](#) for the guide.

Sincere regards,
Hong Kong Institute of CPAs