



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

(HONG KONG, 24 October 2023) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Chan Yui Hang, certified public accountant (practising) (F05525) (“Respondent”) on 3 September 2020 for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee ordered that the practising certificate of Chan be cancelled on 15 October 2020 with no issuance of practising certificate to him for 12 months. The Committee further ordered Chan to pay a penalty of HK\$100,000 and costs of the Institute of HK\$215,187.

Chan appealed against the Disciplinary Committee’s decision. His appeal was dismissed by the Court of Final Appeal on 7 September 2023. The 12-month cancellation period was initially ordered to run consecutively following another disciplinary order made against Chan in a separate complaint. He appealed against this disciplinary order which has been remitted back to be heard by a different disciplinary committee. With this separate complaint under deliberation by the new disciplinary committee and the final disposal of Chan’s appeal by the Court of Final Appeal, the cancellation of practising certificate and the 12-month non-issuance period will commence on 19 October 2023.

Chan was the sole liquidator of a Hong Kong private company which went into voluntary liquidation in December 2012. In conducting the liquidation, Chan breached the requirements of the Companies (Winding-Up and Miscellaneous Provisions) Ordinance and Companies (Winding-Up) Rules by failing to convene valid annual creditors’ meetings for four consecutive years and to file his liquidator’s statements of account for six periods with the Companies Registry within the prescribed time. Chan also failed to retain overall control of the liquidation when he delegated some of the liquidation work to a third party. In addition, Chan made payments of liquidators’ fees of some HK\$4.7 million to himself out of the company’s funds without obtaining proper approval from the creditors of the company.

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

The Disciplinary Committee found that Chan was in breach of the fundamental principle of Professional Behaviour in section 500.5(e) of the Code of Ethics for Professional Accountants (Code of Ethics), and the duties of reporting openly to those interested in the liquidation and retaining overall control of the engagement under sections 500.40 and 500.43 respectively of the Code of Ethics. In addition, the Committee found Chan was guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Chan under section 35(1) of the Ordinance. The Disciplinary Committee noted that Chan had shown blatant disregard for the legal requirements while he was the liquidator of the company and he was actually prosecuted by the Companies Registry. In the circumstances, he had no doubt 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 pre-amended 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:

<https://www.hkicpa.org.hk/en/News/Archival-records-on-regulatory-functions/Compliance/Disciplinary>

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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, development and regulation of certified public accountants in Hong Kong. The Institute has over 47,000 members and over 12,000 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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