

**The Institute of Chartered Secretaries and Administrators (“ICSA”)  
and  
The Hong Kong Institute of Chartered Secretaries (“HKICS”)**

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**Decision of the Disciplinary Tribunal (“DT”) Concerning the Complaint  
Against Mr Cheung Yiu Hung  
(the “Respondent”) dated 16 July 2019**

Pursuant to ICSA Byelaw 23.1 and HKICS Article 25.2, the Investigation Group (“IG”) of both ICSA China Division and HKICS by its report dated 23 April 2019 recommended to the DT for consideration of the Respondent for professional misconduct in having been found contravened section 34(1)(a)(vi) of Professional Accountants Ordinance (Cap. 50) (“PAO”) of failing or neglecting to observe, maintain or otherwise apply a professional standard of a certified public accountant in the decision of the Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants (“HKICPA”) (“HKICPA DC”) dated 1 June 2017 and the respective press release dated 12 September 2018 (HKICPA proceedings no.: D-15-1049P) (the “HKICPA decision”).

The Respondent provided documents and explanations to HKICS.

The Respondent by his written submission to the DT dated 28 June 2019, provided explanations to the DT. He stated that he accepted the IG charges and supporting facts, he further understood that the case would bring the Institute into disrepute. The Respondent also informed the DT in his email dated even date that he would not attend the DT hearing.

The DT met on 9 May 2019 and 16 July 2019 to consider the present case. The DT hearing was conducted on 16 July 2019.

Having reviewed the HKICPA decision and the explanations given by the Respondent, the DT has found and decided the following on 16 July 2019:

**Background**

1. The Respondent appealed the HKICPA decision and the Court of Appeal handed down its judgment dismissing the Respondent’s appeal on 31 July 2018. The HKICPA decision is binding.
2. The Respondent was the sole proprietor of the HKICPA registered corporate practice concerned (“the corporate practice concerned”) and was responsible for its quality control system and audit engagements in the HKICPA disciplinary action.
3. The Respondent was also a certified public accountant in addition to being a Chartered Secretary.
4. The Respondent was identified by HKICPA Practice Review Committee with audit deficiencies from the first practice review conducted on the corporate practice concerned in year 2013. Subsequently in year 2014, in the follow-up practice review conducted, the corporate practice concerned was found failing in taking appropriate actions and implementing necessary improvements to address the audit deficiencies identified during

the first practice review, of which the Respondent promised, undertook and agreed to do so.

5. The Respondent was found by the HKICPA DC that he failed to design and/or perform audit procedures for the purpose of obtaining sufficient appropriate audit evidence in relation to the audits of the financial statements of two clients concerned and failed to adequately document the respective evidence obtained and procedures performed in relation to the audits of the financial statements for the year ended 31 March 2013, including failing to keep proper documentation for his assessment of deferred taxation.
6. The HKICS Code of Professional Ethics and Conduct (the "Code") requires members to observe the highest standards of professional conduct and ethical behaviour in all their activities and to uphold the objectives of HKICS. In particular, members shall abide by the letter and spirit of the Articles of Association of HKICS and any codes or byelaws made pursuant thereto; to uphold the ICSA's Charter and comply with its Byelaws; at all times be cognisant of their responsibilities as professional persons towards the wider community; to maintain good corporate governance, management and efficient administration in their professional capacity as a Chartered Secretary; and exercise probity, honesty and diligence in carrying out their duties and responsibilities.
7. The core principle of high standard of service/professional competence of the Code requires that regardless of the capacity or position that a member holds, he is required to deliver the high standards of services or professional competence throughout his working life.
8. The core principle of professional behaviour of the Code requires that members of the Institute should act in a way which conformed to the relevant laws of the respective jurisdiction, members should also pay regard to all regulations which may have a bearing on their actions.
9. The DT considered the fact that the Respondent failed to discharge his auditor duties and was disciplined and publicly sanctioned by the HKICPA DC, thereby bringing the Institute and the profession into disrepute in breach of the core principle of integrity of the Code.

#### The decision of the Disciplinary Tribunal

10. The DT had found that the complaint against the Respondent was proved, in particular, the Respondent's failure or neglect to discharge his duties and obligations to the high professional standards reasonably expected of him as a certified public accountant, thereby in breach of:
  - (i) ICSA Byelaw 23.8(c) that he has failed to uphold the code of professional conduct and ethics;
  - (ii) ICSA Byelaw 23.8(d) that he has behaved, by doing something or not doing something, in a way considered by the DT to bring ICSA or the profession into disrepute;
  - (iii) HKICS Article 25.1(c) that he has conducted himself whether by act or default in a manner that might or is likely to be discreditable to HKICS; and
  - (iv) HKICS Article 25.1(d) that he has acted in breach of the Articles of Association of HKICS or any rules, regulations, codes of practice or conduct, directions or instructions made or established by or under the authority of the Council.

11. Having taken into account of the admission of the Respondent, the circumstances of the case and the mitigating factors, pursuant to ICSA Byelaw 24.1 and HKICS Article 27 the DT **ORDERED** that
- (a) the Respondent shall pay the costs of HK\$3,000; and
  - (b) the Respondent be publicly reprimanded, and this decision shall be published publicly via the Institute's website and/or other official channels, with such news be included in the Institute's journal.
12. Pursuant to ICSA Byelaw 25 and HKICS Article 28, the Respondent shall be entitled to appeal against the decision or any part of it by submitting, in writing, a request that the matter should be considered by the Appeal Tribunal, specifying in the request the grounds to be relied on in support of the appeal. The notice of intention to appeal must be received by HKICS within 28 days of his having been advised of the decision of DT and may be given to the person by whom the notice of the decision was given or to the Secretary of HKICS or any person authorised to receive such notice. If the notice of intention to appeal is given by telephone or other electronic method, it must be confirmed in writing within 14 days.

Dated 16th of July 2019

Chairman, Disciplinary Tribunal