

19 February 2019

Mr. Desmond LAM
Clerk to Bills Committee
Legislative Council of the Hong Kong Special Administrative Region
of the People's Republic of China
Legislative Council Complex
1 Legislative Council Road, Central
HONG KONG



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Dear Mr. Lam

Re: Bills Committee on Professional Accountants (Amendment) Bill 2018
Follow-up meeting on 18 January 2019

We refer to your letter dated 24 January 2019 (the "Letter") regarding the follow-up to the Bills Committee on Professional Accountants (Amendment) Bill 2018 (the "Bill") held on 18 January 2019 and are writing to set out below further information for my comments and views on the Bill.

Question (a) in the Letter, you requested us to provide information on cases relating to bogus Chartered Professional Accountant (or certified public accountant) firms misleading the public that they could provide professional accounting and auditing services under the Professional Accountants Ordinance (Cap. 50) ("PAO").

Over the years, the Hong Kong Institute of Certified Public Accountants (the "Institute" or "HKICPA") has come across suspected offences under section 42 of the Professional Accountants Ordinance ("PAO") relating to misleading representation. The HKICPA has provided us with information that during the period from 2013 to 2018, the Institute has reported 46 cases to the police, most of which were related to unlicensed practices holding themselves out as qualified to provide audit services in their website and/or promotional materials. 11 cases were successfully prosecuted, resulting in penalties ranging from HK\$2,500 to HK\$20,000.

Question (b) in the Letter, you requested us to give further views on how should PAO be amended to secure a balance between, on one hand, the need to prevent deliberate misleading representation of business description/professional qualification and, on the other, the chance of inadvertently contravening PAO.

We support for the Bill to amend the PAO to tighten up restrictions on the use of misleading descriptions by individuals, firms and companies that are not certified public accountants ("CPA") or practice units registered under the PAO. Such descriptions include "professional accounting", "registered accounting", "專業會計" and "註冊會計" etc. which may mislead the public into believing that the service providers are, or are related to, certified public accountants or practice units registered with and subject to supervision by the HKICPA. We consider that the Bill would not affect the business operation of those non-CPAs or non-practice units offering bookkeeping, taxation or company secretarial services provided that they do not use the specified misleading descriptions in their names.



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The livelihoods, the qualification, the reputation and the profession of all qualified certified public accountants should be protected from bogus CPA. The burden of proof should be those who are trying to mislead the public that they are CPA and we believe the Bill to amend PAO would serve this purpose.

This letter is prepared solely for the information of the Bills Committee in response to the specific questions raised in the Letter. Should you have further questions regarding the above, please do not hesitate to contact us.

Yours sincerely

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