

IN THE MATTER OF

A Complaint made under section 34(1)(a) and section 34(1A) of the Professional Accountants Ordinance (Cap. 50) (“PAO”) and referred to the Disciplinary Committee under section 33(3) of the PAO

BETWEEN

The Registrar of the
Hong Kong Institute of
Certified Public Accountants

COMPLAINANT

AND

1st Respondent

FIRST
RESPONDENT

2nd Respondent

SECOND
RESPONDENT

Members:

REASONS FOR DECISION

1. This is a complaint made by the Registrar of the Hong Kong Institute of Certified Public Accountants (“the Institute”) as Complainant against the Respondents, who is a certified public accountant (practising) and a firm of certified public accountants respectively. Section 34(1)(a)(vi) of the PAO applies to the Respondents.
2. The particulars of the Complaint as set out in a letter dated 6th June 2013 (“the Complaint”) from the Registrar of the Institute to the Council of the Institute for consideration of the Complaint for referral to the Disciplinary Panels were that the Respondents failed or neglected to observe, maintain or otherwise apply professional standards, namely, section 130.1 of the Code of Ethics for Professional Accountants (“Code”) and HKAS 33 in the preparation and issuance of the Accountants Report and the audit of the 2011 Financial

Statements, in concurring with the wrong calculation of EPS disclosed in the Accountants' Report and 2011 Financial Statements.

3. The Respondents admitted the Complaint against them. They did not dispute the facts as set out in the Complaint. They agreed that the steps set out in paragraphs 17 to 30 of the Disciplinary Committee Proceedings Rules be dispensed with.
4. By a letter dated 19th November 2013 addressed to the Complainant and the Respondents, the Clerk to the Disciplinary Committee ("DC"), under the direction of the DC, informed the parties that they should make written submissions to the DC as to the sanctions and costs and that the DC would not hold a hearing on sanctions and costs unless otherwise requested by the parties.
5. In considering the proper order to be made in this case, the DC has had regard to all the aforesaid matters, including the particulars in support of the Complaint and the Respondents' submissions. The DC also bear in mind the following:-
 - (i) the lack of any prejudice to the investing public;
 - (ii) the one-off nature of the offence;
 - (iii) the fact that the Respondents responded speedily in admitting the complaint; and
 - (iv) the fact that the 1st Respondent has been sanctioned by the 2nd Respondent
6. The DC orders that:-
 - (1) the First Respondent and Second Respondent be reprimanded;
 - (2) The First Respondent pays a penalty of HK\$50,000; and

- (3) The Respondents do pay the costs of the disciplinary proceedings to the Complainant in the sum of HK\$30,000 under section 35(1)(iii) of the PAO.

Dated the 18th day of March 2014

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FIRST
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2nd Respondent

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Members:

ORDER

Upon reading the complaint against the 1st Respondent, a certified public accountant (practising), and the 2nd Respondent, a firm of certified public accountants, as set out in a letter from the Registrar of the Institute ("the Complainant") dated 6th June 2013, the written submissions of the Respondents and of the Complainant dated 10th December 2013, the Disciplinary Committee is satisfied by the admission of the Respondents and the evidence adduced before it that the following complaint is proved:

Section 34(1)(a)(vi) of the PAO applies to the Respondents in that they failed or neglected to observe, maintain or otherwise apply professional standards, namely, section 130.1 of the Code of Ethics for Professional Accountants and HKAS 33 in the preparation and issuance of the Accountants' Report and the audit of the 2011 Financial Statements, in concurring with the wrong calculation of EPS disclosed in the Accountants' Report and 2011 Financial Statements.

The Disciplinary Committee ORDERS that:-

- (1) the First Respondent and Second Respondent be reprimanded;
- (2) The First Respondent pays a penalty of HK\$50,000; and
- (3) The Respondents do pay the costs of the disciplinary proceedings to the Complainant in the sum of HK\$30,000 under section 35(1)(iii) of the PAO.

Dated the 18th day of March 2014