



## **HKICPA takes disciplinary action against two certified public accountants (practising) and a corporate practice**

(HONG KONG, 25 June 2018) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Tang Wai Hung (A10201), Mr. Chow Chi Kit (A14433) and W.H. Tang & Partners CPA Limited (M0053) ("Practice") (collectively "Respondents") on 15 May 2018 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee ordered Tang, Chow and the Practice to pay penalties of HK\$100,000, HK\$75,000 and HK\$150,000 respectively. Further, the practising certificates issued to Tang and Chow shall be cancelled from 24 June 2018 and the same shall not be issued to Tang for 2 years and Chow for 18 months. In addition, the Respondents were ordered to pay costs of HK\$103,483.20 which include costs of the Financial Reporting Council ("FRC").

The Practice issued an unqualified auditor's opinion on the 2012 Financial Statements of a Hong Kong listed company, China Technology Solar Power Holdings Limited (formerly known as Soluteck Holdings Limited) and its subsidiaries. Tang was the engagement director and Chow was the engagement quality control reviewer of the audit.

The Institute received a referral from the FRC about non-compliance with financial reporting standards and auditing irregularities in relation to an acquisition recorded in the 2012 Financial Statements. The deficiencies concerned (i) measurement of convertible bonds issued as consideration, (ii) recognition and measurement of identifiable assets acquired, liabilities assumed and the related goodwill, and (iii) impairment assessment of goodwill.

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

The Respondents admitted the complaints against them. The Disciplinary Committee found that:

- i) The Practice was in breach of Hong Kong Standard on Auditing ("HKSA") 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing*, HKSA 500 *Audit Evidence* and HKSA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*;
- ii) Tang failed to act competently and diligently in accordance with section 100.5(c), as elaborated in section 130.1, of the Code of Ethics for Professional Accountants ("COE") for failure to comply with the above professional standards; and

- iii) Chow failed to act competently and diligently in accordance with section 100.5(c), as elaborated in section 130.1, of the COE for failure to carry out an objective engagement quality control review under HKSA 220 *Quality Control for an Audit of Financial Statements*.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against the Respondents under section 35(1) of the ordinance.

#### 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 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:

<http://www.hkicpa.org.hk/en/standards-and-regulations/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 more than 42,000 members and 18,000 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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