



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Hong Kong Institute of Certified Public Accountants takes regulatory action against a certified public accountant (practising) and a corporate practice

(HONG KONG, 17 August 2018) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Cheng Po Yuen, certified public accountant (practising) (F06724) and Zenith CPA Limited (M0399) (Zenith) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Zenith expressed an unmodified auditor's opinion on the consolidated financial statements of Landing International Development Limited, a company listed in Hong Kong, and its subsidiaries for the year ended 31 December 2015. Cheng was the engagement director for the audit.

The basic and diluted loss per share disclosed in the audited financial statements was misstated due to a formulaic error in the calculation of the weighted average number of ordinary shares in issue. In March 2017, the company issued a clarification announcement disclosing the correct basic and diluted loss per share.

The Institute concluded that Cheng and Zenith were in breach of the fundamental principle of Professional Competence and Due Care in sections 100.5(c) and 130.4 of the Code of Ethics for Professional Accountants.

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council concluded that the following should resolve the complaint:

1. Cheng and Zenith acknowledge the facts of the case and their non-compliance with the relevant professional standards;
2. they be reprimanded; and
3. they jointly pay an administrative penalty of HK\$25,000 and costs of HK\$10,000.

About Resolution by Agreement

In order to better serve the interests of the public and the profession, the Hong Kong Institute of Certified Public Accountants (the Institute) ensures complaints are dealt with in an effective and transparent manner. In accordance with Council powers outlined in the Professional Accountants Ordinance, a Resolution by Agreement (RBA) may be offered in uncontested cases considered to be moderate after taking into account the nature and gravity of the complaint, past disciplinary records of the Respondent and any

aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty, which are handled through a separate disciplinary process.

The RBA includes a mandatory public censure which entails publication of the name of the respondent, facts of the case and areas of non-compliance with professional standards. Information on the Institute's complaint handling process and guidelines for Resolutions by Agreement are available at the Institute website under the "Compliance" section at www.hkicpa.org.hk.

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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 16,000 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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