



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, 20 August 2018) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Kam Hau Choi, Anthony, certified public accountant (practising) (F03199) and Anthony Kam & Associates Limited, corporate practice (M0332) (collectively "Respondents") for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

The corporate practice was appointed as the new auditor of Sino Agro Food, Inc., a U.S. listed company, in June 2013. It expressed unqualified auditor's opinions on the consolidated financial statements of the company and its subsidiaries for the years ended 31 December 2013 and 2014 and the comparative figures in each of those financial statements. Kam was the engagement director for the audits.

The U.S. Public Company Accounting Oversight Board ("PCAOB") found that the Respondents had violated PCAOB rules and standards as well as the Securities Exchange Act of 1934, and imposed disciplinary sanctions on them. The company's 2012 financial statements had been audited by another auditor. The Respondents expressed an unqualified auditor's opinion on the 2012 comparative figures included in the 2013 financial statements without performing sufficient procedures to support the opinion. Instead, they relied exclusively on a management representation letter that they had obtained and the predecessor auditor's 2012 audit documentation. In addition, the Respondents did not gather sufficient evidence to support revenue, certain journal entries and other accounting adjustments included in the 2013 and 2014 financial statements.

The Institute took account of the PCAOB's findings and concluded that the Respondents were in breach of the fundamental principle of *Professional Competence and Due Care* in sections 100.5(c) and 130.1 of the Code of Ethics for Professional Accountants for their failure to comply with applicable standards when providing professional services.

Regulatory action

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

1. The Respondents acknowledge the facts of the case and their non-compliance with the relevant professional standards;
2. The Respondents be reprimanded;

3. Each of the Respondents pay an administrative penalty of HK\$25,000; and
4. They jointly pay 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 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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