



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

(HONG KONG, 6 June 2022) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Fong Tak Ching, certified public accountant (practising) (A26228) and Zhonghui Anda CPA Limited (M0282) (collectively “Respondents”) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Zhonghui Anda CPA Limited audited the consolidated financial statements of Fresh Express Delivery Holdings Group Co., Limited, a Hong Kong listed company, and its subsidiaries for the year ended 31 March 2017. Fong was the engagement director of the audit.

The Institute received a referral from the Financial Reporting Council (“FRC”) about audit irregularities. They noted that an immaterial overstatement of liability had not been adjusted in the financial statements, but the Respondents failed to include the overstated amount in a summary of unadjusted misstatements. In addition, the Respondents failed to prepare adequate audit documentation of their procedures carried out on the above misstatement and the determination of audit materiality.

The Institute concluded that, in the audit, the Respondents failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing (“HKSA”) 450 *Evaluation of Misstatements Identified during the Audit*, HKSA 260 *Communication with Those Charged with Governance*, and HKSA 230 *Audit Documentation*.

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council of the Hong Kong Institute of Certified Public Accountants concluded that the following should resolve the complaint:

1. The Respondents acknowledge the facts of the case and areas of non-compliance with professional standards;
2. The Respondents be reprimanded; and
3. Fong and Zhonghui Anda CPA Limited pay an administrative penalty of HK\$35,000 and HK\$50,000 respectively to the Institute, and they jointly pay the costs of the Institute of HK\$15,000 and of the FRC of HK\$112,967.

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 ("HKICPA") 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.

- End -

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 over 46,000 members and 13,000 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.

Hong Kong Institute of CPAs' contact information:

Jun Sat
Associate Public Relations Manager
Phone: 2287-7002
Email: media@hkicpa.org.hk