



Hong Kong Institute of Certified Public Accountants takes disciplinary action against a corporate practice, and two certified public accountants (practising)

(HONG KONG, 16 May 2022) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Zenith CPA Limited (M0399), Mr. Cheng Po Yuen, certified public accountant (practising) (F06724) and Mr. Yam Wai Man, certified public accountant (practising) (A26535) (collectively “Respondents”) on 7 April 2022 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee further ordered the cancellation of Cheng’s practising certificate, with no issuance of a practising certificate to him for 6 months, with effect from 19 May 2022. In addition, the Committee ordered Zenith CPA Limited, Cheng, and Yam to pay penalties of HK\$200,000, HK\$200,000 and HK\$50,000 respectively, and to jointly pay HK\$397,815 towards the costs of the Institute and the Financial Reporting Council (“FRC”).

Zenith CPA Limited expressed unmodified auditor’s opinions on the consolidated financial statements of Simsen International Corporation Limited (now known as Huarong International Financial Holdings Limited), a Hong Kong listed company, and its subsidiaries for the financial years ended 30 April 2014 and 2015. Cheng was the engagement director and Yam was the engagement quality control reviewer of the audits.

The Institute received a referral from the FRC concerning the deficiencies related to the audits of (i) assets and liabilities held for distribution to owners and discontinued operations; (ii) impairment assessment of available-for-sale investments; (iii) accounting for a convertible note; and (iv) impairment assessment of loans and accounts receivable and finance leases receivable.

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

The Disciplinary Committee found as follows:

- (i) Zenith CPA Limited and Cheng failed or neglected to observe, maintain or otherwise apply the following professional standards:
- Hong Kong Standard on Auditing (“HKSA”) 200 (Clarified) *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing*;
 - HKSA 260 (Clarified) *Communication with Those Charged with Governance*; and
 - HKSA 500 (Clarified) *Audit Evidence*.
- (ii) Yam failed or neglected to observe, maintain or otherwise apply HKSA 220 (Clarified) *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 over 46,000 members and 17,000 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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