



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

## **Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant (practising)**

(HONG KONG, 14 February 2019) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 8 January 2019 that the name of Mr. Mok Wing Kai, Henry (F02518) be removed from the register of CPAs for six months with effect from 19 February 2019. In addition, Mok was reprimanded and ordered to pay costs of the Institute of HK\$56,494.

Mok was the company secretary and financial controller of Greencool Technology Holdings Limited, which was formerly listed in Hong Kong. He was also a "qualified accountant" of the group under the GEM listing rules applicable at the time. The Group conducted its commercial activities through various subsidiaries in Mainland China. Mok's responsibilities covered the Group's financial reporting, ensuring its financial integrity and overseeing and supervising all financial information of the Group.

As a result of fraud perpetrated by other members of the senior management, the Group's audited financial statements for the years 2000 to 2004 contained materially false information about sales, projects, bank deposits and bank loans of certain subsidiaries in Mainland China. The Market Misconduct Tribunal started proceedings in 2014 in relation to the identified accounting fraud.

The Tribunal's proceedings revealed that at the time of the fraud, Mok tried to remove himself from any responsibility for the subsidiaries' activities. He accepted a limitation of his role as financial controller to only carrying out financial reporting at group level, and entered into a self-imposed compromise with the directors that potentially damaged the financial integrity of the Group. Mok failed to implement the recommendations of the Group's auditor to address their concerns about the finance department's inability to maintain appropriate financial supervision and control over the Group subsidiaries. In the circumstances, the subsidiaries were given free rein over an extended period, working under the management of directors complicit in the accounting fraud.

The Tribunal found Mok negligent in relation to the financial statements and, therefore, culpable of market misconduct. It issued sanctions against Mok in 2017 and recommended referring the findings to the Institute.

After considering the information available, the Institute lodged a complaint under section 34(1A) of the Professional Accountants Ordinance (Cap 50).

Mok admitted the complaint. The Disciplinary Committee found that Mok failed to carry out his professional work with a proper regard for the technical and professional

standards expected of him as a CPA, and to conduct himself in a manner consistent with the good reputation of the profession and Institute, and as a result he was in breach of paragraphs 2 and 4 of Statement 1.200 *Professional Ethics Explanatory Foreword*. The Committee further found that Mok was guilty of dishonourable conduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order under section 35(1) of the ordinance. The Committee noted the case involved a serious breach of professional standards over an extended period, and the incidence of fraud in a listed company had a great impact on public interest and damage to the profession's reputation. In mitigation, the Committee noted the respondent's early admission to the complaint and his cooperative attitude in the proceedings.

#### 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 43,000 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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