



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 firm and three certified public accountants**

(HONG KONG, 18 June 2021) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded KPMG (0035) and three certified public accountants, namely Mr. Fung Kwong Ming (F02151), Ms. Wong Sau Ling (F02782) and Mr. Tse Hau Yin, Aloysius (F01190), (collectively “Respondents”) on 29 April 2021 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. Furthermore, the Committee ordered KPMG, Fung, Wong and Tse to pay penalties of HK\$400,000, HK\$100,000, HK\$150,000 and HK\$50,000 respectively. In addition, the Respondents were ordered to pay costs of the disciplinary proceedings in the sum of HK\$215,672 jointly and severally.

KPMG was the auditor of Moulin International Holdings Limited (subsequently known as Moulin Global Eyecare Holdings Limited) for the three years ended 31 March 1999, 2000 and 2001. It expressed unqualified audit opinions on the financial statements of the company and its subsidiaries (collectively “Group”) for those years. Fung was the engagement partner in the 1999 audit and Wong was the engagement partner in the 2000 and 2001 audits. Tse was the concurring review partner in the audits for the three years.

In 2005, trading of the Group’s shares on the Hong Kong stock exchange were suspended and provisional liquidators were appointed for the company after it defaulted on repayment of its bank loans. The liquidators uncovered apparent accounting irregularities and certain senior personnel of the company were arrested. Having considered the available information, the Council of the Institute then directed an investigation under the Professional Accountants Ordinance (Cap. 50) (“PAO”) be conducted into the audit of the Group’s financial statements for the year ended 31 December 2003, which was conducted by another auditor.

In 2008, the Council considered information revealed in the liquidators’ legal actions and expanded the scope of the investigation to cover, among other things, the audits of the Group’s financial statements for the years ended 31 March 1999 to 2001 conducted by KPMG. An Investigation Committee was subsequently formed. Investigation of the auditor engaged during the years that led up to the aforementioned loan default was delayed as a result of audit staff departure and seizure of certain audit working papers by the authorities. This impacted the progress of the investigation of KPMG.

In March 2018, the Investigation Committee issued a report and found that the respondents failed to have proper regards for the technical and professional standards expected of them in the audits for the three years. There were deficiencies in the audit procedures performed on prepayment of subcontracting charges, trade receivables, other receivables and PRC tax exposures. On the basis of the findings set out in the

Investigation Committee's report, a complaint was lodged against the Respondents under section 42C(1) of the PAO.

The Respondents admitted the complaints against them. The Disciplinary Committee found that the Respondents were in breach of Statement of Auditing Standards ("SAS") 100 *Objective and General Principles Governing an Audit of Financial Statements*, SAS 230 *Audit Documentation*, SAS 300 *Audit Risk Assessments and Accounting and Internal Control Systems*, SAS 400 *Audit Evidence*, SAS 440 *Representations by Management* and SAS 460 *Related Parties*.

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 PAO.

#### 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 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.

**Hong Kong Institute of CPAs' contact information:**

Ms Gemma Ho

Public Relations Manager

Phone: 2287-7002

Email: [gemmaho@hkicpa.org.hk](mailto:gemmaho@hkicpa.org.hk)