



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) and a corporate practice**

(HONG KONG, 25 October 2018) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Tsang Chiu Keung (A25104) and Pan-China (H.K.) CPA Limited (M268) on 13 September 2018 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee further ordered Tsang and Pan-China to pay penalties of HK\$60,000 and HK\$90,000 respectively. In addition, the respondents were ordered to pay costs of disciplinary proceedings of HK\$70,656.

Pan-China issued an unmodified auditor's opinion on the consolidated financial statements of a Hong Kong listed company, GT Group Holdings Limited (formerly known as China Yunnan Tin Minerals Group Company Limited), and its subsidiaries for the year ended 31 December 2014 and an unqualified review opinion on the group's consolidated interim financial statements for the six months ended 30 June 2015. Tsang was the engagement quality control reviewer.

Both sets of financial information contained misstatements of earnings per share of the holding company, contrary to Hong Kong Accounting Standard 33 *Earnings Per Share*. The misstatements were due to errors in calculating adjustments to the weighted average number of shares following rights issue exercises made by the company. Tsang reviewed the earnings per share calculation but neither he nor the audit team identified the errors.

After considering the information available and prior disciplinary records of the respondents, the Institute lodged a complaint under section 34(1)(a)(vi) of the Professional Accountants Ordinance (Cap 50).

The Disciplinary Committee found that the respondents were in breach of the fundamental principle of Professional Competence and Due Care in sections 100.5(c) and 130 of the Code of Ethics for Professional Accountants.

Having taken into account the circumstances of the case and history of the respondents' non-compliance, 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 Accounts (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 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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