



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

(HONG KONG, 30 September 2019) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants (“the Institute”) reprimanded Mr. Ho Pak Tat, certified public accountant (practising) (A21013), Ms. Yuen Suk Ching, certified public accountant (practising) (A02183) and HLM CPA Limited (M0481) (collectively “Respondents”) on 15 August 2019 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee further ordered Ho, Yuen and HLM to pay penalties of HK\$50,000, HK\$100,000 and HK\$100,000 respectively. In addition, the Respondents were ordered to pay costs of disciplinary proceedings of HK\$99,269.

HLM expressed an unmodified auditor’s opinion on the consolidated financial statements of a Hong Kong listed company, Chinese Energy Holdings Limited, and its subsidiaries for the year ended 31 March 2015. Ho was the engagement director and Yuen was the engagement quality control reviewer.

The Institute received a referral from the Financial Reporting Council about irregularities in the audit. Loss per share was misstated as a result of including the effect of the company’s offer of shares which was still open at the date of issuance of the financial statements and therefore should not have been taken into account under Hong Kong Accounting Standard 33 *Earnings Per Share*. In their audit, the Respondents failed to identify the error and ensure the loss per share was properly disclosed in the consolidated financial statements.

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

The Respondents admitted the complaint against them. 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 130.1 of the Code of Ethics for Professional Accountants.

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. The Committee noted that Yuen and HLM had disciplinary records concerning listed company audits when HLM previously operated as a firm. This demonstrated their persistent failure to comply with professional standards. The Committee further noted that earnings or loss per share is one of the most basic pieces of financial information of listed companies, and the significant misstatement of this information rendered the breach serious.

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 44,000 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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