



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

(HONG KONG, 21 June 2021) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Ng Ka Hong, certified public accountant (practising) (F07043) on 11 May 2021 for his failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute. In addition, Ng was ordered to pay a penalty of HK\$150,000 and costs of the Institute and the Financial Reporting Council ("FRC") totalling HK\$100,222.

Ng was the engagement quality control reviewer ("EQCR") for a corporate practice's audit of the consolidated financial statements of China E-Learning Group Limited (currently known as China E-Information Technology Group Limited), a Hong Kong listed company, and its subsidiaries (collectively "Group") for the year ended 31 December 2014. The corporate practice, which has now been de-registered, expressed an unmodified auditor's opinion on the consolidated financial statements of the Group and on the company's balance sheet.

The Institute received a referral from the FRC about deficiencies in the audit. The audit team failed to obtain sufficient audit evidence to support that there was no impairment of significant amounts due by certain subsidiaries included in the company's balance sheet. In addition, the audit team failed to perform proper audit procedures in respect of two convertible bonds issued by the Group during the year to settle certain existing liabilities. As EQCR, Ng failed to adequately evaluate the audit team's judgements and conclusions reached in those areas.

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

Ng admitted the complaint against him. The Disciplinary Committee found that Ng failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing 220 *Quality Control for an Audit of Financial Statements*.

Having taken into account the impact of Ng's audit deficiencies on the reputation of the profession, the fact that Ng committed similar deficiencies in case after case, and the public interest involved, the Disciplinary Committee made the above order against Ng 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.

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