



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

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

(HONG KONG, 3 May 2021) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Yu Chi Fat, certified public accountant (practising) (F06857) for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Yu was the engagement partner in an audit conducted by HLB Hodgson Impey Cheng, a firm now deregistered, on the consolidated financial statements of See Corporation Limited (now known as Emperor Culture Group Limited), a Hong Kong listed company, and its subsidiaries (collectively, “Group”) for the year ended 30 June 2012. HLB expressed an unmodified auditor’s opinion on the financial statements.

The Institute received a referral from the Financial Reporting Council about deficiencies in the audit. The financial statements included the Group’s investment in a private group that was classified as an interest in an associate, and stated that the accounting policy for the investment was to incorporate the results and assets and liabilities of the associate using the equity method of accounting under Hong Kong Accounting Standard (“HKAS”) 28 *Investments in Associates*. This stated accounting policy was inconsistent with the Group’s accounting practice of stating the investment at fair value.

Yu failed to carry out audit procedures to resolve the inconsistency between the Group’s accounting practice adopted for the interest in associate and relevant accounting policy disclosed in the financial statements.

The Institute concluded that Yu failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing (“HKSA”) 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing*, HKSA 500 *Audit Evidence* and HKSA 700 *Forming an Opinion and Reporting on Financial Statements*.

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council of the Hong Kong Institute of Certified Public Accountants concluded that the following should resolve the complaint:

1. Yu acknowledges the facts of the case and areas of non-compliance with professional standards;
2. Yu be reprimanded; and

3. Yu pays the costs of the Institute and the Financial Reporting Council totalling HK\$39,132.

About Resolution by Agreement

In order to better serve the interests of the public and the profession, the Hong Kong Institute of Certified Public Accountants ("HKICPA") ensures complaints are dealt with in an effective and transparent manner. In accordance with Council powers outlined in the Professional Accountants Ordinance, a Resolution by Agreement ("RBA") may be offered in uncontested cases considered to be moderate after taking into account the nature and gravity of the complaint, past disciplinary records of the respondent and any aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty, which are handled through a separate disciplinary process.

The RBA includes a mandatory public censure which entails publication of the name of the respondent, facts of the case and areas of non-compliance with professional standards. Information on the Institute's complaint handling process and guidelines for Resolutions by Agreement are available at the Institute website under the "Compliance" section at www.hkicpa.org.hk.

- End -

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 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.

Hong Kong Institute of CPAs' contact information:

Ms Gemma Ho
Public Relations Manager
Phone: 2287-7002
Email: gemmaho@hkicpa.org.hk

Ms Rachel So
Head of Corporate Communications and Member Services
Phone: 2287-7085
Email: rachelso@hkicpa.org.hk