



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 corporate practice and two certified public accountants (practising)

(HONG KONG, 25 January 2019) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Pan-China (H.K.) CPA Limited (M0268) ("Pan-China"), Mr. Fung Pui Cheung (F01100) and Mr. Wong Ho Yuen, Gary (F01794), both certified public accountants (practising) (collectively, "Respondents") on 24 December 2018 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. The Committee ordered Pan-China, Fung and Wong to pay penalties of HK\$250,000, HK\$50,000 and HK\$50,000 respectively. In addition, the Respondents were ordered to pay costs of the disciplinary proceedings and the Financial Reporting Council ("FRC") totalling HK\$124,914.10.

Pan-China issued an unmodified auditor's opinion on the financial statements of a Hong Kong listed company, China Yunnan Tin Minerals Group Company Limited (now known as GT Group Holdings Limited) for the year ended 31 December 2010. Fung was the engagement director and Wong was the engagement quality control reviewer of the audit.

The Institute received a referral from the FRC about irregularities in the audit of the financial statements. The Respondents failed to perform adequate audit procedures and prepare adequate audit documentation in respect of the carrying amounts of mining rights and goodwill, which were material assets included in the financial statements.

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

The Respondents admitted the complaints against them. The Disciplinary Committee found that:

- (i) Pan-China and Fung were in breach of Hong Kong Standard on Auditing ("HKSA") 620 *Using the Work of an Auditor's Expert*, HKSA 500 *Audit Evidence and HKSA 230 Audit Documentation*;
- (ii) Fung was in breach of sections 100.5(c) and 130.1 of the Code of Ethics for Professional Accountants ("Code") for his failure to diligently carry out the audit;
- (iii) Wong was in breach of sections 100.5(c) and 130.1 of the Code for his failure to diligently carry out the engagement quality control review; and
- (iv) Pan-China was guilty of professional misconduct as a result of its systemic failure to comply with professional standards.

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.

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/>

- 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 more than 43,000 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:

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