



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

(HONG KONG, 18 May 2022) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Lam Siu Hung, certified public accountant (practising) (A11966) for his failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute.

Lam was an independent non-executive director and the audit committee chair of Longrun Tea Group Company Limited, which was previously a Hong Kong listed company.

In July 2021, the Stock Exchange of Hong Kong (“Stock Exchange”) censured Lam for failing to ensure the effectiveness of the company’s safeguards over compliance with the Listing Rules, leading to violations of those rules in respect of a major and connected loan transaction undertaken by the company in September 2016. In addition, Lam was held accountable for the company’s failure to adequately address possible irregularities found in the audit of the company’s financial statements for the financial year 2017, and internal control deficiencies persisting in a number of years. Lam was also directed to undergo training in areas relating to Listing Rules compliance and directors’ duties.

In view of the findings and sanctions made by the Stock Exchange, the Institute concluded that Lam was in breach of the fundamental principle of professional behaviour in section 100.5(e), as elaborated by section 150.1, of the Code of Ethics for Professional Accountants.

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. Lam acknowledge the facts of the case and the area of non-compliance with professional standards;
2. he be reprimanded; and
3. he pay the Institute’s costs of HK\$15,000.

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.

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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 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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