



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

(HONG KONG, 6 July 2022) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Chan Shek Chi, certified public accountant (practising) (A22613), Mr. Tong Yat Hung, certified public accountant (practising) (A01188) and Cheng & Cheng Limited (M0035) (collectively “Respondents”) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Cheng & Cheng Limited audited the consolidated financial statements of Asia Investment Finance Group Limited (currently known as Amber Hill Financial Holdings Limited), a Hong Kong listed company, and its subsidiaries (collectively, “Group”) for the year ended 31 December 2018. Mr. Chan was the engagement director and Mr. Tong was the engagement quality control reviewer of the audit.

The Institute received a referral from the Financial Reporting Council (“FRC”) about audit irregularities. The FRC’s investigation revealed that the Respondents failed to carry out sufficient audit procedures when they evaluated management’s impairment assessment on the Group’s interest in an associate, which had been identified as one of the key audit matters in the auditor’s report.

The Institute concluded as follows:

- (i) Mr. Chan and Cheng & Cheng Limited failed or neglected to observe, maintain or otherwise apply the following standards:
 - 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 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*.
- (ii) Mr. Tong failed or neglected to observe, maintain or otherwise apply HKSA 220 *Quality Control for an Audit of Financial Statements*.
- (iii) Mr. Chan and Mr. Tong failed or neglected to observe, maintain or otherwise apply 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.

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. The Respondents acknowledge the facts of the case and areas of non-compliance with professional standards;
2. The Respondents be reprimanded; and
3. Cheng & Cheng Limited, Mr. Chan and Mr. Tong pay administrative penalties of HK\$50,000, HK\$35,000 and HK\$25,000 respectively to the Institute, and they jointly pay the costs of the Institute of HK\$15,000 and of the FRC of HK\$93,243.82.

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 13,000 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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