



## **Hong Kong Institute of Certified Public Accountants settles regulatory proceedings involving a certified public accountant (practising)**

(HONG KONG, 28 July 2021) The Hong Kong Institute of Certified Public Accountants (HKICPA) has settled regulatory proceedings concerning alleged non-compliance of its professional standards involving Mr. Wan Hing Chuen, certified public accountant (practising).

The matter concerns audit deficiencies identified in a practice review conducted on Li, Tang, Chen & Co. Mr. Wan was the engagement partner of an audit of the consolidated financial statements of a Hong Kong listed company and its subsidiaries for the year ended 31 December 2016. The audit was selected for review as part of the Institute's practice review of the firm in 2018.

The practice reviewer identified significant deficiencies that showed that Mr. Wan failed to perform adequate audit procedures, and/or prepare adequate documentation, on a number of material items in the financial statements: available-for-sale financial assets, convertible bonds at fair value through profit or loss, and a gain on disposal of financial assets. As a result, Mr. Wan failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing ("HKSA") 230 *Audit Documentation* and/or HKSA 500 *Audit Evidence*.

### **Settlement agreement**

The Council of the Institute has agreed with Mr. Wan that:

1. Mr. Wan acknowledges the facts of the case and areas of non-compliance with professional standards;
2. Mr. Wan be reprimanded; and
3. Mr. Wan pays a financial penalty to the Institute of HK\$75,000 and makes a contribution to the costs of the Institute in the amount of HK\$50,000.

The Institute considers a settlement on the agreed basis to be in the public interest. In the circumstances, the Institute is satisfied that there is no purpose to be served in pursuing disciplinary proceedings.

### **HKICPA Settlement Process**

The interests of the public, the profession and Council's regulatory function may be best served by early resolution of complaints which are either anticipated to result in disciplinary proceedings or are already the subject of disciplinary proceedings. Settlement

requests will be assessed based on established criteria. Appropriate sanctions will be based on the nature and gravity of the complaint, past disciplinary records of the respondent and any aggravating or mitigating circumstances. The HKICPA will not agree to a settlement unless the matter is subject to publicity in A Plus, press release, and other means deemed appropriate.

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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.

### **Hong Kong Institute of CPAs' contact information:**

Dr Wendy Lam  
Director of Corporate Communications  
Phone: 2287-7209  
Email: [wendylam@hkiipa.org.hk](mailto:wendylam@hkiipa.org.hk)