



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

(HONG KONG, 14 January 2020) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Chan Wai Nam, William, certified public accountant (practising) (A33344), Mr. Jimmy Siu, certified public accountant (practising) (A32710), and Elite Partners CPA Limited (M0269) (collectively “Respondents”) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Elite audited the consolidated financial statements of **China Finance Investment Holdings Limited (“Company”)** (formerly known as **Cypress Jade Agricultural Holdings Limited**), a Hong Kong listed company and its subsidiaries for the year ended 31 December 2015 and expressed an unmodified auditor’s opinion. Chan was the engagement director and Siu was the engagement quality control reviewer.

Under an agreement made with a third party during the year, the Company acquired an option (“Option”) to require the third party to subscribe for the Company’s convertible bonds up to a certain amount. The Company recognized the Option as a financial asset in the financial statements at a year-end fair value determined by **an external valuer**, with a corresponding gain on changes in fair value of the financial asset recognized in the income statement. The Company did not eventually exercise the Option.

In the audit, the Respondents failed to obtain sufficient evidence of the assumptions adopted by the valuer in valuing the Option. The Respondents also failed to prepare adequate documentation of their purported discussions with management concerning the Option and other audit procedures purportedly carried out on it. In addition, the Respondents failed to identify the inadequate financial statement disclosures of the fair value measurement and risks associated with the Option.

The Institute concluded as follows:

- (i) Chan and Elite failed or neglected to observe, maintain or otherwise apply the following professional standards:
  - Hong Kong Standard on Auditing (“HKSA”) 230 *Audit Documentation*;
  - HKSA 500 *Audit Evidence*; and
  - HKSA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*.

- (ii) Siu failed or neglected to observe, maintain or otherwise apply HKSA 220 *Quality Control for an Audit of 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. The Respondents acknowledge the facts of the case and their non-compliance with the relevant professional standards;
2. they be reprimanded; and
3. Chan, Siu and Elite pay an administrative penalty of HK\$35,000, HK\$20,000 and HK\$50,000, respectively, and they jointly pay costs of the Institute and the Financial Reporting Council totalling HK\$173,241.20.

### **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](http://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 more than 44,000 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.

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## 香港會計師公會對兩名執業會計師及一間執業法團作出監管行動

(香港，二零二零年一月十四日) 香港會計師公會就執業會計師陳偉楠先生 (會員編號：A33344)、執業會計師蕭俊武先生 (會員編號：A32710) 及開元信德會計師事務所有限公司 (執業法團編號：M0269) (統稱「答辯人」) 沒有或忽略遵守、維持或以其他方式應用公會頒佈的專業準則，對他們作出監管行動。

開元信德曾審計香港上市公司中國金控投資集團有限公司 (「該公司」，前稱從玉農業控股有限公司) 及其附屬公司截至二零一五年十二月三十一日止年度的綜合財務報表，並發表了無保留的核數師意見。陳先生是該審計項目的執業董事，而蕭先生是該審計項目的質量控制覆核人。

該公司在該年中與第三方訂立協議購入一項期權 (「期權」)，可要求對方認購該公司的可換股債券達指定上限金額。該公司根據由一位外部估值師對期權評估出的年末公平值，將期權於財務報表確認為一項金融資產，並在損益表中確認相應的金融資產公平值變動收益。該公司最終沒有行使期權。

在審計過程中，答辯人沒有就估值師進行期權估值所採納的假設獲取足夠憑證。答辯人亦沒有編備充分的文件，以記錄他們聲稱曾與管理層就期權所作的討論及曾就期權進行的其他審計程序。此外，答辯人沒有察覺財務報表內未有披露足夠的期權公平值計量及相關風險資料。

公會的結論如下：

- (i) 陳先生及開元信德沒有或忽略遵守、維持或以其他方式應用以下的專業準則：
  - Hong Kong Standard on Auditing (「HKSA」) 230 「Audit Documentation」；
  - HKSA 500 「Audit Evidence」；及
  - HKSA 540 「Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures」。
- (ii) 蕭先生沒有或忽略遵守、維持或以其他方式應用 HKSA 220 「Quality Control for an Audit of Financial Statements」。

## 監管行動

基於上文所述及為省卻進一步程序，香港會計師公會理事會決定以下列的方案解決這宗投訴：

1. 答辯人承認此個案中的事實及違反了相關專業準則；
2. 他們被譴責；及
3. 陳先生、蕭先生及開元信德須分別繳交行政罰款 35,000 港元、20,000 港元及 50,000 港元，以及共同繳交公會及財務匯報局的費用共 173,241.20 港元。

## 有關解決方案

為保障公眾及會計界的利益，香港會計師公會以有效及具透明度的方式處理投訴個案。根據《專業會計師條例》概述的公會理事會權力，公會在考慮投訴個案的性質與嚴重性、答辯人的過往處分紀錄，以及加重與寬減等因素後，若認為個案屬中度嚴重，便可在答辯人不抗辯的情況下藉解決方案處理。然而，如個案涉及不誠實行為的投訴，則不可藉解決方案處理，而須另按紀律處分程序處理。

對於所有解決方案，公會均作出強制性的公開譴責及公佈答辯人的姓名、個案涉及的事實和所違反的專業準則。公會投訴處理程序及解決方案的指引，可於公會網頁（[www.hkicpa.org.hk](http://www.hkicpa.org.hk)）內「Compliance」部份查閱。

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## 關於香港會計師公會

香港會計師公會是根據《專業會計師條例》成立的法定機構，負責培訓、發展和監管本港的會計專業。公會會員超過 44,000 名，學生人數逾 18,000。

公會開辦專業資格課程，確保會計師的入職質素，同時頒佈財務報告、審計及專業操守的準則，以鞏固香港作為國際金融中心的領導地位。

CPA 會計師是一個獲國際認可的頂尖專業資格。公會是全球會計聯盟及國際會計師聯合會的成員之一，積極推動國際專業發展。

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