



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

(HONG KONG, 25 April 2022) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr Chan Chung Mo, certified public accountant (practising) (A14996), on 9 March 2022 for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. **The Committee further ordered the cancellation of Chan's practising certificate, effective 20 April 2022, with no issuance of a practising certificate to him for 18 months.** In addition, the Committee ordered Chan to pay a penalty of HK\$50,000 and costs of the disciplinary proceedings of HK\$64,727.

Chan practices in his own name. An initial practice review in 2018 found deficiencies in the practice's audit engagements and quality control system. In 2019, a follow-up practice review was conducted to evaluate if Chan had appropriately addressed the findings. During that review, the reviewer found significant deficiencies in the practice's audit engagements and monitoring review procedures in its quality control system again. Furthermore, **the reviewer found that Chan provided, as he had done in the initial practice review, an incomplete client list and false and misleading answers in the electronic self-assessment questionnaire.**

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

Chan admitted the complaint against him. The Disciplinary Committee found that Chan had failed or neglected to observe, maintain or otherwise apply:

- (i) the fundamental principle of integrity in section 100.5(a) and as elaborated under section 110 of the Code of Ethics for Professional Accountants ("Code of Ethics");
- (ii) the fundamental principle of professional competence and due care in section 100.5(c) and as elaborated under section 130 of the Code of Ethics;
- (iii) Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*;
- (iv) Hong Kong Standard on Auditing ("HKSA") 220 *Quality Control for an Audit of Financial Statements*;
- (v) HKSA 230 *Audit Documentation*;

- (vi) HKSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;
- (vii) HKSA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*;
- (viii) HKSA 330 *The Auditor's Responses to Assessed Risks*; and
- (ix) HKSA 500 *Audit Evidence*.

The Committee further found that the Chan had been guilty of professional misconduct.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Chan under section 35(1) of the Ordinance.

About HKICPA Disciplinary Process

The Hong Kong Institute of Certified Public Accountants ("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/>

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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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香港會計師公會對一名執業會計師作出紀律處分

(香港，二零二二年四月二十五日) 香港會計師公會轄下紀律委員會，於二零二二年三月九日就執業會計師陳中武先生(會員編號：A14996)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，對他予以譴責。紀律委員會同時命令由二零二二年四月二十日起吊銷陳先生的執業證書，並在 18 個月內不向其另發執業證書。此外，紀律委員會命令陳先生須繳付罰款 50,000 港元及紀律程序費用 64,727 港元。

陳先生以個人名義執業。公會在二零一八年對該執業單位進行初次執業審核，發現其所進行的多項審計及操作的品質監控系統均有違規的情況。公會在二零一九年進行跟進執業審核，以評估陳先生有否適當地處理初次審核時發現的缺失。在跟進執業審核中，審核人員再次發現該執業單位的多個審計項目及其品質監控系統中的監督程序均有嚴重的違規。此外，審核人員發現陳先生繼初次執業審核後，再一次向審核人員提供不完整的客戶名單，及填寫電子自我評估問卷時提供虛假及誤導的答案。

公會經考慮所得資料後，根據《專業會計師條例》第 34(1)(a)(vi)條及 34(1)(a)(viii)條對陳先生作出投訴。

陳先生承認投訴屬實。紀律委員會裁定陳先生沒有或忽略遵守、維持或以其他方式應用：

- (i) Code of Ethics for Professional Accountants (「Code of Ethics」)內第 100.5(a) 條及第 110 條所闡述有關「Integrity」的基本原則；
- (ii) Code of Ethics 第 100.5(c)及第 130 條所闡述有關「Professional Competence and Due Care」的基本原則；
- (iii) Hong Kong Standard on Quality Control 1 「Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements」；
- (iv) Hong Kong Standard on Auditing (「HKSA」) 220 「Quality Control for an Audit of Financial Statements」；
- (v) HKSA 230 「Audit Documentation」；
- (vi) HKSA 240 「The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements」；

- (vii) HKSA 315 「 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment 」；
- (viii) HKSA 330 「 The Auditor's Responses to Assessed Risks 」；及
- (ix) HKSA 500 「 Audit Evidence 」。

此外，紀律委員會裁定陳先生犯有專業上的失當行為。

經考慮有關情況後，紀律委員會根據《專業會計師條例》第 35(1)條向陳先生作出上述命令。

香港會計師公會的紀律處分程序

香港會計師公會致力維持會計界的最高專業和道德標準。公會根據香港法例第 50 章《專業會計師條例》及紀律委員會訴訟程序規則，成立獨立的紀律委員會，處理理事會轉介的投訴個案。委員會一旦證明對公會會員、執業會計師事務所會員或註冊學生的檢控屬實，將會作出適當懲處。若答辯人未有提出上訴，紀律委員會的裁判將會向外公佈。

詳情請參閱：

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

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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。公會會員逾 46,000 名，學生人數逾 17,000。

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。

香港會計師公會聯絡資料：

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IN THE MATTER OF

A Complaint made under section 34(1) of the Professional Accountants Ordinance (Cap. 50)

BETWEEN

The Practice Review Committee of
Hong Kong Institute of Certified
Public Accountants

COMPLAINANT

AND

Chan Chung Mo (A14996)

RESPONDENT

Before a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants

Members: Ms. LAU, Yuk Kuen (Chairman)
Mr. CHU, Pak Ning, Ian
Mr. LEE, Tze Hong, Nathan
Mr. GUEN, Kin Shing
Mr. SO, Kwok Kay

ORDER & REASONS FOR DECISION

1. This is a complaint made by the Practice Review Committee ("**PRC**" or "**Complainant**") of the Hong Kong Institute of Certified Public Accountants (the "**Institute**") against Chan Chung Mo, a certified public accountant ("**CPA**") (practising) (the "**Respondent**" or the "**Practice**").
2. Sections 34(1)(a)(vi) and 34(1)(a)(viii) of the Professional Accountants Ordinance ("**PAO**") applied to the Respondent.
3. The particulars of the Complaint Letter from the PRC to the Registrar of the Institute dated 5 October 2021 are set out below:-

A. BACKGROUND

- (1) The Practice is a sole proprietorship. The Respondent is responsible for the Practice's quality control system and the quality of its audit engagements.
- (2) The Practice had been selected for an **Initial Review in February 2018 ("Initial Review")** and deficiencies in relation to its quality control system and audit engagements were identified.
- (3) **A follow-up practice review ("Review") was conducted in June 2019. The** main purpose of the Review was to evaluate if the Respondent had taken appropriate actions to address the findings in the Initial Review.
- (4) During the Review, the practice review team ("**Reviewer**") reviewed the Respondent's system of quality control, and the workpapers underlying his audits of the financial statements of Client S for the year ended 31 December 2017, and of Client B for the year ended 31 March 2018. Both sets of financial statements were prepared under the Small and Medium-sized Entity Financial Reporting Standard ("**SME-FRS**").
- (5) The Reviewer found a number of deficiencies in the Practice's audit engagements and also the monitoring of its quality control system. Furthermore, the Reviewer found that the Respondent had provided an incomplete client list and also false and/or misleading answers in the 2018 practice review electronic self-assessment questionnaire ("**EQS**") to the Reviewer, both of these issues having also occurred in the Initial Review.
- (6) A copy of the Reviewer's report issued on 31 December 2019 outlining the Review's findings, and the Respondent's written responses pertaining to dated draft report ("**DDR**"), were considered by the PRC.
- (7) A copy of workpapers which the Respondent had confirmed as the complete audit documentation supporting the audits of the financial statements of Client S and Client B, and the EQS, client lists and other submissions provided by the Respondent pertaining to the Review were also considered by the PRC.
- (8) The PRC considered the deficiencies identified, and in particular expressed concern about the Respondent's integrity and professional conduct and the Practice's level of compliance with professional standards. The PRC therefore decided to raise a complaint against the Respondent.

B. THE COMPLAINTS

Complaint 1

- (9) Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he failed or neglected to observe, maintain or otherwise apply professional standards in respect of his conduct in providing information for the Review.

Complaint 2

- (10) Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he failed or neglected to observe, maintain or otherwise apply a professional standard in performing an adequate monitoring review on the Practice.

Complaint 3

- (11) Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he failed or neglected to observe, maintain or otherwise apply professional standards in performing the audit of the financial statements of Client S for the year ended 31 December 2017.

Complaint 4

- (12) Section 34(1)(a)(vi) of the PAO applies to the Respondent in that he failed or neglected to observe, maintain or otherwise apply professional standards in performing the audit of the financial statements of Client B for the year ended 31 March 2018.

Complaint 5

- (13) Section 34(1)(a)(viii) of the PAO applies to the Respondent in that he has been guilty of professional misconduct.

C. FACTS AND CIRCUMSTANCE IN SUPPORT OF THE COMPLAINTS

Complaint 1

Provision of information to the Reviewer

Incomplete client list

- (14) On 22 May 2019, the Respondent provided the Reviewer with a client list for the eighteen-month period ended two months before the commencement of the Review (“**Original Client List**”), showing that he had audited the financial statements of 13 client companies during the period, and that the “reappointment” status of two other clients was “de-registration”, i.e. the list contained 15 clients altogether.
- (15) In view of the Respondent’s failure in the Initial Review to provide a complete list, the number of clients in the Original Client List being significantly less than that of the client list in the Initial Review (which had 49 clients), and the Practice’s inability to appropriately explain the nature of certain bank receipts in its bank statements, the Reviewer questioned the completeness of the Original Client List. Subsequently, the Respondent represented to the Reviewer that the Original Client List was incomplete, and furnished a revised client list with 54 audit clients (i.e. 39 more than the Original Client List covering the same period) (“**Revised Client List**”).
- (16) The Respondent was reminded by the PRC to take appropriate measures to ensure the completeness of the client list upon the conclusion of the Initial Review. Nevertheless, the Respondent had submitted to the Reviewer the Original Client List which contained significantly less clients than the Revised Client List. The Respondent failed to provide any clear explanation for submitting an incomplete client list. The Respondent therefore acted knowingly or recklessly in failing to furnish a complete client list in the Review.

False information in the EQS submitted

- (17) Practice units are required, prior to the practice review, to provide correct and complete responses in the EQSs in areas including quality control procedures put in place, nature of professional services performed, etc. in order to facilitate practice reviewers to evaluate the risk profiles of practice units in selecting practices for review.

- (18) Prior to the Review, the Respondent submitted an EQS to the Reviewer, in which he stated “Yes” to the question “*Has an EQCR¹ been carried out on any engagements?*” (“**EQCR Question**”), and “No” to the question “*Please choose the type(s) of non-assurance service(s) provided: (Please choose all that apply) [Book keeping services]*” (“**Accounting Services Question**”).
- (19) Notwithstanding the above, the Respondent subsequently submitted during the Review that no EQCR had been engaged, and that he provided accounting services to some of his audit clients. In explaining the discrepancies between the EQS and his later submissions to the Reviewer, the Respondent represented, in his letter dated 11 November 2019, that he had “misunderstood” the meaning of the term EQCR, and that “similarly” he had reported incorrect information concerning the provision of accounting services, due to “oversight”.
- (20) In fact, the Respondent made the same false and/or misleading answers in the EQS for the Initial Review, and was well alerted to the matter.
- (21) Such repeated submissions of false and/or misleading information demonstrates that the Respondent failed to comply with the fundamental principle of integrity under section 100.5(a) and as elaborated under section 110 of the Code of Ethics for Professional Accountants (“COE”), in that he acted either knowingly or recklessly in furnishing an incomplete client list to the Reviewer, and in providing a false and/or misleading answer in the EQS submitted.
- (22) As COE is a professional standard referred to in the PAO, section 34(1)(a)(vi) applies to the Respondent in this respect.

Complaint 2

Monitoring review

- (23) At the time when the Review was being conducted, the Respondent had adopted the “Quality Control Manual 2018” and “Quality Assurance Manual 2018” (collectively the “**Manual**”). The Manual specified the Practice’s policies and procedures on different aspects of its system of quality control, including managing professional risks and monitoring of compliance, maintenance of independence and integrity when performing engagements,

¹ Engagement quality control review as defined in paragraph 12(d) of Hong Kong Standard on Quality Control (“HKSQC”) 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

human resources, and the acceptance, continuance and performance of engagements.

- (24) Paragraph 48 of HKSQC1 requires that the Practice implements a monitoring process which includes an ongoing consideration and evaluation of its system of quality control, so as to provide reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate and operating effectively. An adequate monitoring review on the Respondent's practice would for example, include a proper evaluation of the design and implementation of the Manual. Such review should be documented under paragraph 57 of HKSQC 1.
- (25) In September 2018, upon conclusion of the Initial Review, the PRC directed that the Respondent conduct a monitoring review on his practice by 31 March 2019, and provide a monitoring review report by 30 April 2019. In response, the Respondent submitted a document titled "Completed File Monitoring (CFM) – Work program" in his letter dated 18 October 2018 ("CFM Checklist"). The CFM Checklist included the Respondent's responses to a number of questions on a *particular engagement* as to whether sufficient audit procedures on planning, risk assessment and response, gathering evidence and drawing conclusions, reporting on engagements, etc. have been appropriately performed, i.e. the questions and responses were engagement specific. Accordingly, the CFM Checklist did not contain any evaluation on the Practice's system of quality control, including a review of the Manual and to evaluate the Practice's systemic compliance with relevant ethical requirements, acceptance and continuance of client relationships, human resources, etc.
- (26) The Respondent had admitted to the Reviewer on 12 June 2019, that it had no monitoring review report on the Practice's quality control system subsequent to the conclusion of the Initial Review. The Respondent only submitted a monitoring review report prepared by him on 4 November 2019 in response to the DDR.
- (27) The above shows that the Respondent failed to carry out an adequate monitoring review of his system of quality control on an ongoing basis. The CFM Checklist only documented a review at the engagement level, which was inadequate for the purpose of a systemic review as required under paragraph 48 of HKSQC1. The Respondent only submitted a monitoring review report relating to the Practice's system of quality control in November 2019, which was more than one year since the conclusion of the Initial Review and more than six months after the deadline set by PRC in the Initial

Review, that highlighted the Practice's various deficiencies in its quality control system.

- (28) Accordingly, the Respondent failed to comply with paragraph 48 of HKSQC 1, and/or paragraph 57 as to adequately documenting any such monitoring review had been performed.
- (29) As HKSQC1 is a professional standard referred to in the PAO, section 34(1)(a)(vi) applies to the Respondent in this respect.

Complaint 3

Client S

Service income transaction test

- (30) At the relevant times, Client S was principally engaged in the provision of human resources and recruitment agency services. The financial statements recorded revenue of HK\$3.6 million during the year.
- (31) Paragraph 11.3 of SME-FRS states that when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the end of the reporting period. It further specifies the conditions for estimating reliably the outcome of a transaction, being that (a) the amount of revenue can be measured reliably, (b) it is probable for the economic benefits associated with the transaction to flow to the entity, (c) the stage of completion can be measured reliably, and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- (32) Client S's accounting policy on revenue recognition is consistent with the above accounting requirements.
- (33) The Respondent performed "vouching" tests of service revenue covering some HK\$2.5 million. However, the audit workpapers showed that the Respondent only checked the sales invoices issued by the company. There was no evidence that he had checked any supporting documents evidencing the stage of completion and/or actual delivery of the services, including service contracts, customers' acknowledgement of stage and/or completion of services, etc. in order to support his concurrence that the relevant revenue recognition criteria had all been fulfilled, and on the occurrence and accuracy assertions of the revenue recognised.

Service income cut-off test

- (34) The Respondent checked the supporting sales invoices of the last four revenue transactions recorded in the current accounting year, and the first four revenue transactions recorded in the subsequent accounting year, for the purposes of ascertaining the cut-off assertion of revenue. The Respondent stated that he had checked “delivery note” as “goods receipt evidence”.
- (35) Similar to the service income transaction test above, the Respondent failed to check any supporting documents evidencing the stage of completion and/or actual delivery of the services, in order for him to be satisfied of the cut-off assertion of service income recorded. Further, the audit documentation concerning “delivery note” was largely inconsistent with the nature of Client S’s business and the other audit workpapers documenting that there were no “delivery notes” / “despatch records”. The audit workpapers did not provide any explanation on such an inconsistency.
- (36) As a result, the Respondent failed to comply with paragraph 6 of HKSA 500 *Audit Evidence*, in that he failed to design and perform audit procedures to obtain sufficient appropriate audit evidence on revenue to ascertain its occurrence, accuracy and cut-off assertions. Also, given the inconsistent audit documentation noted in the cut-off test workpaper, he failed to prepare audit workpapers with sufficient clarity so as to enable an experienced auditor to understand the precise nature and extent of the audit procedures performed on the cut-off assertion of revenue, in accordance with paragraph 8 of HKSA 230 *Audit Documentation*.
- (37) As HKSAs are professional standards referred to in the PAO, section 34(1)(a)(vi) applies to the Respondent in this respect.

Complaint 4

Client B

- (38) At the relevant times, Client B was principally engaged in the manufacturing and trading of watch cases and accessories.

Client and engagement acceptance

- (39) The audit workpapers did not show that the Respondent had performed any procedures regarding client and engagement acceptance, which would

include an evaluation of the client company's business and operating results, management integrity, control environment, etc. that would impact on the level of risk associated in accepting the audit client and the engagement.

- (40) Accordingly, the Respondent failed to comply with paragraph 12 of HKSA 220 *Quality Control for an Audit of Financial Statements*.

Audit evidence

- (41) There were only limited documents filed in the audit workpapers as stated in section 4.2.6 of the Reviewer's report.
- (42) The audit workpapers did not show that the Respondent had performed any procedures to identify and/or assess the risk of material misstatement at the financial statements level and at the assertion level concerning the major financial statements items, i.e. turnover, cost of sales, inventories, accounts receivable and accounts payable. As such, the workpapers also did not show that the Respondent had designed and performed further audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks of material misstatement at the assertion level.
- (43) Accordingly, the Respondent failed to comply with paragraphs 25 and/or 32 of HKSA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, and paragraphs 6 and/or 28 of HKSA 330 *The Auditor's Responses to Assessed Risks*.
- (44) It is also evident that the Respondent failed to perform sufficient audit procedures on the above major financial statement items. There was no test of details performed on income and expenses included in the income statement, no reconciliation of the final inventory list with the inventory count attendance, no circularisation of accounts receivable to ensure their existence and accuracy, no test on the valuation of inventory and accounts receivable, and no search for unrecorded liabilities to ensure completeness of accounts payable. The Respondent failed to justify why these procedures had not been performed.
- (45) Accordingly, the Respondent failed to comply with paragraph 6 of HKSA 500.
- (46) In addition, there is no evidence that the Respondent had made any enquiry with management concerning any risk and/or instances of fraud that would impact the audit. There is also no evidence the Respondent had designed and performed any audit tests on the appropriateness of journal entries

recorded in the general ledger, which is a required audit procedure irrespective of the auditor's assessment of the risks of management override of controls.

- (47) Accordingly, the Respondent failed to comply with paragraphs 17, 18 and 32 of HKSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*.
- (48) The audit procedures which the Respondent have failed to perform on the Client B audit, as noted in the above facts, are fundamental procedures that a competent auditor would perform or adequately justify the reasons for non-performance. Accordingly, the findings indicate that the Respondent failed to comply with the fundamental principle of Professional Competence and Due Care in sections 100.5(c) and 130 of the COE.

Complaint 5

- (49) The Respondent failed to comply with the fundamental principle of integrity in that he repeatedly submitted false and/or misleading information in the EQS, and either knowingly or recklessly provided an incomplete client list to the Institute.
- (50) In addition, the Respondent is a practising member since 2000. Despite this however, his failure to conduct a proper monitoring review of the Practice, his purported misunderstanding of the meaning of "EQCR" and the vast number of fundamental audit deficiencies identified in the audit of Client B pointed to the serious lack of professional competence and due care on the part of the Respondent when carrying out audits.
- (51) The above multiple and serious failures as explained in Complaints 1 to 4 demonstrate a blatant disregard by the Respondent to the requirements under the professional standards and the fundamental principles under the COE, and amount to professional misconduct.

D. THE PROCEEDINGS

4. By a letter signed by the parties dated 1 November 2021, the Respondent admitted the Complaint against him, and the parties requested that the steps set out in paragraphs 17 to 30 of the Disciplinary Committee Proceedings Rules ("DCPR") be dispensed with.
5. The Disciplinary Committee agreed with the parties' request to dispense with the steps set out in Rules 17 to 30 of the DCPR in light of the admission made by the

Respondent, and directed the parties to make written submissions on sanctions and costs by 22 December 2021, pursuant to the Procedural Timetable issued on 24 November 2021. Neither the Complainant nor the Respondent requested for a hearing.

6. The five complaints were all found proven on the basis of the admission made by the Respondent. The Complainant and the Respondent filed their submissions on sanctions on 22 and 23 December 2021 respectively.

E. CONSIDERATIONS

7. In considering the proper order to be made in this case, the Disciplinary Committee is of grave concern with the Respondent's repeated submissions of false and/or misleading information to Reviewer. The Respondent was dishonest in committing the 1st Complaint.
8. The Disciplinary Committee considers that the Respondent has, in committing the five complaints, committed serious mis-conducts and/or failures to observe or maintain a professional standard which have or will adversely affect the reputation of the profession of the accounts.
9. Nevertheless, the Disciplinary Committee acknowledges the Respondent's admission to all complaints against him, thereby obviating the need for a full hearing. The Respondent has shown genuine remorse by pleading guilty to all five complaints. This has saved considerable time and costs, and the Disciplinary Committee has taken such admission into consideration regarding any discounts on penalty to be made. The Committee has considered the parties' respective submissions on sanctions and taken into account the totality principle.

F. SANCTIONS AND COSTS

10. The Disciplinary Committee orders that:-
 - (a) the Respondent be reprimanded under Section 35(1)(b) of the PAO;
 - (b) the practicing certificate issued to the Respondent be cancelled with effect from 42 days from the date hereof under Section 35(1)(da) of the PAO;
 - (c) a practicing certificate shall not be issued to the Respondent for eighteen (18) months with effect from 42 days from the date hereof under Section 35(1)(db) of the PAO;
 - (d) the Respondent do pay a penalty of HK\$50,000 under Section 35(1)(c) of the PAO; and
 - (e) the Respondent do pay the costs and expenses of and incidental to the

proceedings of the Complainant and that of the Clerk in full totaling HK\$64,727 under Section 35(1)(iii) of the PAO.

Dated: 9 March 2022

Ms. LAU, Yuk Kuen
Chairman

Mr. CHU, Pak Ning, Ian
Member

Mr. GUEN, Kin Shing
Member

Mr. LEE, Tze Hong, Nathan
Member

Mr. SO, Kwok Kay
Member