



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

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

(HONG KONG, 8 June 2020) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Li Wing Sum, Steven, certified public accountant (practising) (F01698), 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 was the auditor which expressed an unmodified auditor’s opinion on the consolidated financial statements of Natural Dairy (NZ) Holdings Limited, a Hong Kong listed company (“Company”) and its subsidiaries (collectively, “Group”) for the year ended 31 May 2012. Li was the engagement director and Tong was the engagement quality control reviewer.

In 2010, the Company acquired an equity interest in a foreign company which held several dairy farms in New Zealand. Consideration for the investment was settled with convertible notes issued by the Company. Subsequently, the local authority in New Zealand refused the Company’s application for retrospective consent for the acquisition. Following this, in the 2011/12 fiscal year, the Group changed its business model to operating a dairy business on leased farmlands, amending the terms of the consideration, and appointing a manager for the dairy operations.

In their audit, the Respondents failed to perform sufficient appropriate procedures to address the risks of material misstatement associated with the investment, and assess the impact of the changed business model on the ownership and valuation of the investment. In addition, the Respondents failed to obtain adequate evidence of the valuations in relation to the investment and convertible notes issued pursuant to the amended terms of acquisition, and the appropriate accounting treatment of securities issued in consideration for the manager’s services.

Further, there were deficiencies in the procedures carried out by the Respondents to verify the Group’s sales revenue and assess possible impairment of the Company’s interests in subsidiaries.

The Institute concluded as follows:

- (i) Li and Cheng & Cheng failed or neglected to observe, maintain or otherwise apply the following professional 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 300 *Planning an Audit of Financial Statements*;
 - HKSA 330 *The Auditor’s Responses to Assessed Risks*;
 - HKSA 500 *Audit Evidence*;
 - HKSA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*;
 - HKSA 620 *Using the Work of an Auditor’s Expert*; and
 - HKSA 700 *Forming an Opinion and Reporting on Financial Statements*.
- (ii) Tong 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. each of the Respondents pay an administrative penalty of HK\$50,000 and they jointly pay costs of the Institute and the Financial Reporting Council totalling HK\$53,078.

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 more than 46,000 members and 19,000 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，二零二零年六月八日) 香港會計師公會就執業會計師李永森先生 (會員編號：F01698)、執業會計師湯日烘先生 (會員編號：A01188) 及鄭鄭會計師事務所有限公司 (執業法團編號：M0035) (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。

鄭鄭曾擔任香港上市公司天然乳品 (新西蘭) 控股有限公司 (「該公司」) 及其附屬公司 (統稱「該集團」) 的核數師，並就該集團截至二零一二年五月三十一日止年度的綜合財務報表發表了無保留的核數師意見。李先生是該審計項目的執業董事，而湯先生是該審計項目的質量控制覆核人。

該公司於二零一零年收購一間在新西蘭持有數個奶農場的海外公司的股權，並以該公司發行的可換股票據作為投資的代價。其後新西蘭當地機關拒絕該公司就收購提出的追溯許可申請。因此，於二零一一至一二年財政年度，該集團將相關營運模式變改為在租賃農地經營乳品產業，並修改投資代價的條款及委任一名經理營運該乳品業務。

答辯人在審計中沒有進行充分合適程序應對該項投資所附帶的重大錯誤陳述風險，亦未有評估改變業務模式對該項投資的擁有權及價值的影響。另外，答辯人並沒有就該項投資與更改收購條款後發行的可換股票據的估值，以及作為經理服務報酬而發行的證券的適當會計處理獲取充分的憑證。

此外，答辯人在查核該集團的銷售收入及評估該公司的附屬公司權益減值兩方面所進行的程序有缺失。

公會的結論如下：

- (i) 李先生及鄭鄭沒有或忽略遵守、維持或以其他方式應用以下的專業準則：
- Hong Kong Standard on Auditing (「HKSA」) 200「Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing」；
 - HKSA 300「Planning an Audit of Financial Statements」；
 - HKSA 330「The Auditor's Responses to Assessed Risks」；
 - HKSA 500「Audit Evidence」；

- HKSA 540 「Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures」；
 - HKSA 620 「Using the Work of an Auditor's Expert」；及
 - HKSA 700 「Forming an Opinion and Reporting on Financial Statements」。
- (ii) 湯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. 各答辯人須分別繳交行政罰款 50,000 港元，以及共同繳交公會及財務匯報局的費用共 53,078 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）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 46,000 名，學生人數逾 19,000。

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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