



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 a firm of certified public accountants

(HONG KONG, 7 December 2020) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Li, Tang, Chen & Co., a firm of certified public accountants (0050), for its failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

The firm expressed an unmodified auditors' opinion on the consolidated financial statements of **China Smarter Energy Group Holdings Limited, a listed company ("Company")**, and its subsidiaries for the year ended 31 March 2015. Both the engagement partner and the engagement quality control reviewer of the audit have since resigned from the Institute.

In the audit, **the firm did not properly assess the method, bases and assumptions used by the Company's management and valuer in valuing intangible assets acquired in a business combination. The firm also failed to identify the Company's error in accounting for the consideration shares issued for the business combination, in that the fair value of the shares was not measured at closing market price on the date of acquisition as required** under Hong Kong Financial Reporting Standard ("HKFRS") 3 (Revised) *Business Combinations* and HKFRS 13 *Fair Value Measurement* but at a significantly lower issue price.

The Institute concluded that the firm failed or neglected to observe, maintain or otherwise apply 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*.

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 firm acknowledges the facts of the case and areas of non-compliance with professional standards;
2. the firm be reprimanded; and
3. the firm pays an administrative penalty of HK\$50,000 and costs of the Institute of HK\$15,000 and of the Financial Reporting Council of HK\$228,799.

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 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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香港會計師公會對一間會計師事務所作出監管行動

(香港，二零二零年十二月七日) 香港會計師公會就李湯陳會計師事務所(事務所編號：0050) 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，對事務所作出監管行動。

該事務所曾就上市公司中國智慧能源集團控股有限公司及其附屬公司截至二零一五年三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。負責該審計項目的執業董事及質量控制覆核人其後已退出公會。

在審計項目中，該事務所沒有進行適當評估，該公司管理層及估值師在一項業務合併中購入的無形資產所採用的估值方法、基礎及假設。另外，事務所未能發現該公司計算該業務合併中發行的對價股份的公允值時，沒有根據 Hong Kong Financial Reporting Standard (「HKFRS」) 第 3 號(經修訂)「Business Combinations」及 HKFRS 第 13 號「Fair Value Measurement」的規定按收購當日的收市價作計算，而錯誤地以大幅較低的發行價格作計算。

公會認為該事務所沒有或忽略遵守、維持或以其他方式應用 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」及 HKSA 540「Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures」。

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. 該事務所承認此個案中的事實及違反了專業準則之處；
2. 該事務所被譴責；及
3. 該事務所須繳交行政罰款 50,000 港元、公會費用 15,000 港元及財務匯報局的費用 228,799 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。公會會員逾 46,000 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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