



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

## Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant

(HONG KONG, 9 October 2020) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 21 August 2020 that the name of Mr. Lo Yip Tong (A04089) be removed from the register of CPAs for one year with effect from 5 October 2020. In addition, Lo was ordered to pay costs of disciplinary proceedings of HK\$64,012.

Lo was the sole proprietor of Y.T. Lo & Co., which was subject to a follow-up practice review in May 2018. As a result of Lo's failure to cooperate, the Practice Review Committee ("PRC") issued a direction requiring him to provide the necessary information to enable the practice review to be conducted in the third quarter of 2018. Lo failed to comply with the PRC's direction, claiming falsely that his office was in disarray after typhoon devastation. As a result, the follow-up practice review could not be conducted.

After considering the information available, the Institute lodged a complaint against Lo under sections 34(1)(a)(v) and 34(1)(a)(vi) of the Professional Accountants Ordinance (Cap. 50) ("PAO").

The Disciplinary Committee found that Lo failed or neglected, without reasonable excuse, to comply with a direction issued by the PRC under section 32F(2)(b) of the PAO. In addition, the Disciplinary Committee found that Lo was in breach of the fundamental principle of integrity in sections 100.5(a) and 110 of the Code of Ethics for Professional Accountants.

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

### 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 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名會計師作出紀律處分

(香港，二零二零年十月九日) 香港會計師公會轄下一紀律委員會，於二零二零年八月二十一日命令，由二零二零年十月五日起將會計師盧葉堂先生(會員編號：A04089)從會計師名冊中除名，為期一年。此外，盧先生須繳付紀律程序費用 64,012 港元。

盧先生是盧葉堂會計師行的獨資經營者，該會計師行須於二零一八年五月接受公會跟進執業審核。由於盧先生不合作，執業審核委員會向他發出指示，要求他提供所需資料以便執業審核在二零一八年第三季進行。盧先生沒有遵守執業審核委員會的指示，更訛稱其辦公室在颱風中受到損毀。因此，公會未能跟進執業審核。

公會考慮所得資料後，根據香港法例第 50 章《專業會計師條例》第 34(1)(a)(v)條及 34(1)(a)(vi)條對盧先生作出投訴。

紀律委員會裁定盧先生在沒有合理辯解下，沒有或忽略遵從執業審核委員會根據《專業會計師條例》第 32F(2)(b)條發出的指示。此外，紀律委員會裁定盧先生違反 Code of Ethics for Professional Accountants 中第 100.5(a)及 110 條有關「Integrity」的基本原則。

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)條向盧先生作出上述命令。

### 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 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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IN THE MATTER OF

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

BETWEEN

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

AND

Lo Yip Tong (A04089)    RESPONDENT

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

Members:    Mr Ng Wai Yan (Chairman)  
                 Mr Wan Kah Ming  
                 Mr Wong Hing Wai, Newman  
                 Mr Law Pui Cheung, FCPA (Practising)  
                 Dr Kam Pok Man, FCPA

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**REASONS FOR DECISION**

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**A. Introduction**

1. This is a complaint by the Practice Review Committee (“**PRC**”) of the Hong Kong Institute of Certified Public Accountants (the “**Institute**”) as Complainant against Mr. Lo Yip Tong, a certified public accountant. (the “**Respondent**”)

2. The particulars of the complaints are set out in a letter dated 3 April 2019 (the “**Complaint Letter**”) from the Executive Director on behalf of the PRC of the Institute to the Registrar of the Institute, for submitting the complaints to the Council of the Institute for consideration of referral to the Disciplinary Panels under Section 34(1) of the Professional Accountants Ordinance (Cap. 50) (“**PAO**”) (the “**Complaints**”).

**B. The Complaints**

3. The Complainant filed two complaints against the Respondent, as follows:-
  - 3.1 Complaint 1 under section 34(1)(a)(v) of the PAO in that he, without reasonable excuse, failed or neglected to comply with the direction issued by the PRC dated 20 July 2018 under section 32F(2)(b) of the PAO (“**Direction**”).
  - 3.2 Complaint 2 under section 34(1)(a)(vi) of the PAO in that he failed or neglected to observe, maintain or otherwise apply a professional standard in respect of the fundamental principle of integrity.
4. A chronology of events leading to the PRC’s decision to raise a complaint against the Respondent is provided in Annex 1 to the Complaint Letter. The Particulars of the Facts and Circumstances set out in the Complaints are as follows:-

**C. Facts and Circumstances in support of Complaint 1**

5. The Respondent was the sole practising CPA in Y.T. Lo & Co. (Firm no.: 0806) (the “**Practice**”), which was subject to a follow-up practice review (“**Review**”) in May 2018. The purpose of the Review was to assess the extent of improvements made by the Practice since its last practice review in 2017.

6. In March 2018, the Respondent was informed that the Review would take place on 29 May 2018. However, the Respondent did not enable the practice reviewer to carry out the Review. He stated that the Review was a waste of time and effort as he was already retired and did not plan to renew his practising certificate (“PC”) in 2019.
7. The PRC considered that the Respondent did not have a reasonable excuse not to allow the reviewer to conduct the Review. The Respondent was told that the Review was required as long as his Practice was still in operation.
8. As such, the PRC issued a Direction requiring the Respondent to provide the information necessary for the purposes of the Review and to cooperate with the reviewer to enable the Review to be conducted in the third quarter of 2018.
9. The Respondent agreed to have the Review starting on 3 October 2018.
10. The Respondent was reminded about the Review more than once. In an email reminder dated 26 September 2018, the reviewer provided a list of documents required for the Review, which she received no reply.
11. In an email dated 2 October 2018, the day before the Review, the Respondent asked to have the Review postponed for one month claiming that his office was still in a mess because of the damages caused by a recent typhoon, such as a broken window and water leakage. He also claimed that he had to visit his sister in the hospital that day.
12. The reviewer immediately responded by offering to only hold a short opening meeting at the Practice, and to take the requested documents back to the Institute. The reviewer also telephoned the Practice and left a message to confirm the review on 3 October 2018.
13. However, the Review could not be carried out because when the reviewer arrived at the Practice on 3 October 2018, both the Respondent and the

documents requested were missing. The Respondent did not return the reviewer's telephone call or email thereafter.

14. The matter was reported to the PRC. Having considered all available information, the PRC considered that the Respondent had been deliberately uncooperative and failed to comply with its Direction without reasonable excuse.

**D. Facts and Circumstances in support of Complaint 2**

15. As mentioned above, one of the reasons based on which the Respondent asked to postpone the Review was that the Practice's office was not in working condition due to damages caused by the recent typhoon.

16. He described the damages in his email dated 2 October 2018 as follows: *"I have to report that the recent typhoon broke one large window apart from 'normal' water leakage causing my office into horrible trouble. As a matter of fact my staff picked up some of the records from the street. In the last few days, I tried desperately to resume normal working conditions by drying all the soaked records so that I can accommodate your presence in performing practice review. However up to this moment my office is still a mess."*

17. When the reviewer visited the Practice the next day, on 3 October 2018, she found that the Practice was neat and the Practice's employees were working as normal at the office. In fact, the reviewer did not see any of the damages as described by the Respondent in his aforementioned email.

18. In his submissions to the Institute dated 11 April 2019 under Rule 5 of the Disciplinary Committee Proceedings Rules ("**Rule 5 submissions**"), the Respondent clarified that it was the typhoon Mangosteen (the official name of the typhoon is "Mangkhut") that caused the damages.



**E. Correspondence between Parties**

19. In his Rule 5 submissions, the Respondent stated that:-

19.1 *“the follow up visit by Ms Tse failed totally due to my fault”* and that he was *“a bit puzzled that [he] was accused of false statement”*.

19.2 He had been struggling for a very long time *“to be or not to be”*; that his thirty years of auditing techniques were outdated, that Client E had applied for de-registration and he *“therefore considered it impossible to obtain their cooperation”*; and the fact that he had *“uncorrected working papers”*.

19.3 he would surrender his membership to the Institute and his PC.

20. By letter from the Clerk to the Disciplinary Committee (the **“Clerk”**) dated 27 June 2019, the parties were informed that a disciplinary committee was constituted under Section 33(3) of the PAO to handle the Complaints (**“Disciplinary Committee”** or **“Committee”**), and of the commencement of proceedings.

21. By letter from the Clerk to the Respondent dated 26 July 2019, the Clerk enclosed the Complainant’s Case and notified the Respondent that he should file and serve his case by 22 August 2019.

22. By letter from the Clerk to the Respondent dated 28 August 2019, the Clerk stated that he had not received the Respondent’s Case. The Clerk also telephoned the Respondent’s business and residential phone numbers. However, there was no response. The Respondent was reminded to submit the Respondent’s Case by 9 September 2019.

23. By letter from the Clerk dated 24 September 2019, the Clerk stated that:
- 23.1 According to a telephone conversation with the Respondent on 11 September 2019, the Respondent confirmed that he had received all prior correspondence relating to the proceedings and that the Respondent did not intend to file written submissions relating to the proceedings.
- 23.2 During the telephone conversation, the Respondent indicated that he had requested to resign from the Institute, however, his resignation was refused by the Institute.
- 23.3 Under Section 49(3)(b) of the PAO, the resignation of a CPA may be refused if there is an ongoing complaint against the CPA before the Disciplinary Committee. The Respondent was also reminded to attend the scheduled hearing.
- 23.4 The Chairman of the Disciplinary Committee directed that the Respondent confirm in writing whether he would serve the Respondent's Case by 8 October 2019, and to provide available dates for a substantive hearing.
24. By letter from the Clerk dated 24 December 2019, the Clerk informed the Respondent that a substantive hearing on liability and sanctions had been scheduled for 9 March 2020, at 37/F, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong. However, the Clerk confirmed that in a telephone conversation with the Respondent on 13 December 2019, the Respondent said he did not intend to attend the hearing.
25. By letter from the Clerk to the Respondent dated 5 March 2020, the Respondent was directed to lodge his submissions in reply and supporting documents, which were due on 28 February 2020. The Respondent was also reminded to attend the substantive hearing scheduled for 9 March 2020.

**F. Submissions at hearing**

26. The Respondent did not provide any written submissions on liability and/or sanctions and costs to the Disciplinary Committee. The Respondent was absent at the said hearing and did not appoint any representative to act on his behalf.

27. At the hearing on 9 March 2020, having been satisfied that the Respondent has been duly notified of the hearing, the Committee has decided to proceed in his absence. Ms Elaine Chung and Mr Donald Leo appeared on behalf of the Complainant. The Complainant made, inter alia, the following oral submissions at the hearing:-

27.1 Pursuant to Rule 15 of the Disciplinary Committee Proceedings Rules (“**Rule 15**”), since the Respondent failed to make submissions or answer questions on any matter or issue, the Disciplinary Committee may draw an adverse inference against him.

27.2 This case was fairly straight forward; that it was a simple case of the Respondent not wanting the PRC to conduct an inspection on his Practice, and thus made up excuses and lies to avoid this Review.

27.3 Both Complaints aim to deal with the false statements that the Respondent had made, and his non-compliance with the direction of the PRC without reasonable excuse.

27.4 The Respondent had an obligation to uphold professional standards, outlined in Section 2 of the PAO as: “any statement of professional ethics; or standards of accounting, auditing and assurance practices.” In this case, the standard that the Respondent is held to is the Code of Ethics for Professional Accountants.

27.5 As to Complaint 1,:

27.5.1 The Respondent was not at the Practice at the time of the Review and he did not provide the documents requested by the Quality Assurance Department (the “**QAD**”).

- 27.5.2 The Respondent did not cooperate with the QAD, and did not comply with the Direction from the PRC.
- 27.5.3 After the Respondent received the draft complaint, he made his Rule 5 submissions, found on P47 of the Bundle, which shows that he did not cooperate. He wrote: *"I must admit that the follow up visit by Ms. Tse failed totally due to my fault."*
- 27.5.4 The Respondent, by email dated 2 October 2018, attempted to cancel the Review claiming that his office was damaged by a recent typhoon, and that he had to go to the hospital to see his sister, despite the Review being scheduled for 3 October 2018.
- 27.5.5 As to the hospital visit, the Complainant did not dispute the existence of such a visit. However, there was no reason why the Respondent could not have provided the documents for review. The documents were requested several months ahead of time and thus it was unreasonable that the Respondent could not have provided them before the hospital visit.
- 27.5.6 Regarding the Respondent's excuse about his office premise having been damaged by the recent typhoon, the reviewer saw no evidence of the damage to the Respondent's office when she visited the Practice on 3 October 2018.
- 27.5.7 Although theoretically, the damage could have been cleaned up before the reviewer arrived at the Practice, however, it was unlikely that the damage would have been a reasonable excuse to delay the Review.
- 27.5.8 In any event, the alleged property damage excuse still did not justify why the Respondent failed to provide the requested documents to the reviewer so that she could carry out the Review at the Institute, as the documents were requested several months before the Review.

27.6 As to Complaint 2, the Complainant submitted the following:

27.6.1 Honesty and integrity were fundamental principles of a professional accountant under sections 100.5 and 110 of the Code of Ethics for Professional Accountants (the “Code”) and where there is a lapse the governing principles are very clear – any lapse in integrity involving dishonesty would almost invariably result in the most severe sanctions being imposed, namely removal as a member (Bolton v Law Society [1994] WLR 512). In that case, the Court of Appeal held that any solicitor who is proved to be dishonest must be removed from the Roll of Solicitors no matter how strong the mitigation advanced for him.

27.6.2 The above principle has been held by the Hong Kong Court of Appeal to apply to the accountancy profession as well (Chan Cheuk Chi v Registrar of HKICPA CACV 38/2012, 8 February 2013).

27.6.3 The Respondent, by email dated 2 October 2018 stated that his office was damaged as a result of Typhoon Mangosteen. However, the reviewer found no such damage during her visit to the Practice on 3 October 2018.

27.6.4 Typhoon Mangosteen hit Hong Kong on 16 and 17 September 2018, and that the typhoon might have damaged the Practice’s office weeks before the Review.

27.6.5 The Respondent was not present at the Practice at the time of the Review, and according to the Respondent’s Rule 5 submissions, the Respondent admitted to the Review not being able to proceed as “his fault”.

27.6.6 The Complainant submitted that although “Client E”, which was the client requested by the Institute for Review, had de-

registered, the Respondent did not take any follow up action in requesting the relevant documents, and chose to assume as to whether they would comply or not.

27.6.7 The above actions were deliberate in delaying the Review, despite the Direction by the PRC in July 2018 that required the Respondent to cooperate with the QAD and enable the practice review.

27.6.8 The Respondent had made false and untrue statements to the Institute, and by doing so, was dishonest and breached Section 100.5 of the Code.

27.6.9 Such conduct was dishonourable, and thus, the Respondent did not maintain the professional standard expected of a CPA.

27.7 The Complainant did not call witnesses, as it believed that there was sufficient evidence in the documents to prove the Complaints.

27.8 Since, according to the Respondent's answers to the electronic self-assessment questionnaire in June 2018, the Respondent's Practice had between 101-300 audits during the period 1 April 2017 to 31 March 2018, the Practice was active at the time when the practice review was ordered, and thus had a responsibility to submit to practice review to ensure quality of his services.

27.9 The Respondent de-registered the Practice and did not renew his PC in January 2019. However, this was not relevant to the present complaints as it happened after the Review period and after the PRC had decided to raise the complaints against the Respondent.

27.10 The Respondent previously requested to resign from the Institute, however, under section 49(3)(b) of the PAO, the resignation of a CPA may be refused if there is an ongoing complaint against the CPA before the Disciplinary Committee.

- 27.11 The Respondent's lack of reply and his admission that the Review failed due to "his fault" showed that the Respondent's actions were deliberate in not complying with the Direction of the PRC.
- 27.12 Typhoon Mangosteen was an unreasonable excuse for the Respondent to delay the Review.
- 27.13 The Respondent had a history of non-compliance, given that he did not cooperate with reviewers before and after the PRC Direction.
- 27.14 As there are facts in dispute, the Disciplinary Committee was entitled to call on Rule 15; to draw adverse inference to the Respondent. The Respondent was given every opportunity to make submissions in response to the Complainant. However, he did not do so.
- 27.15 The Respondent had no intention to cooperate from the start, as evidenced in a telephone conversation on 21 May 2018 where the Respondent stated that the Review was not necessary, and that he had not rectified all the issues found in the previous practice review.
- 27.16 As to sanctions, the Complainant submitted that the offences were of a serious nature.
- 27.16.1 The PRC has a statutory obligation to carry out practice reviews, with the ultimate purpose of upholding audit quality. By preventing or obstructing the Review the Respondent was preventing the PRC from upholding its duty.
- 27.16.2 The manner in which the Respondent did not comply involved giving untrue and unreasonable statements deliberately, and the Complainant found this conduct unreasonable and this further aggravated the seriousness of the complaint.
- 27.16.3 The Complainant submitted that the removal period for the Respondent should be at least 12 months.

## **G. Relevant Laws and the Code**

28. Section 100.5 of the Code of Ethics for Professional Accountants: A professional accountant shall comply with the following fundamental principles:

- (a) Integrity – to be straightforward and honest in all professional and business relationships.
- (b) Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- (c) Professional Competence and Due Care – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- (d) Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- (e) Professional Behavior – to comply with relevant laws and regulations and avoid any conduct that discredits the profession.

29. Section 110 of the Code: Integrity

110.1 The principle of integrity imposes an obligation on all professional accountants to be straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness.

110.2 A professional accountant shall not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:

- (a) Contains a materially false or misleading statement;
- (b) Contains statements or information furnished recklessly; or



- (c) Omits or obscures information required to be included where such omission or obscurity would be misleading.

When a professional accountant becomes aware that the accountant has been associated with such information, the accountant shall take steps to be disassociated from that information.

30. Section 2 of the PAO provides that:

“professional standards” (專業標準) means any—

- (a) statement of professional ethics; or
- (b) standards of accounting, auditing and assurance practices issued or specified or deemed to be issued or specified under section 18A;

31. Section 34 of the PAO: Disciplinary provisions

(1) A complaint that—

(a) a certified public accountant—...

(v) without reasonable excuse, failed or neglected to comply with any direction issued under section 32F(2) and with which he was required by the Practice Review Committee to comply;

(vi) failed or neglected to observe, maintain or otherwise apply a professional standard;...

32. Section 49 of the PAO: Resignation from the Institute

(1) A certified public accountant may, by notice in writing under his hand, tender to the Council his resignation from the Institute.

(2) The resignation shall take effect upon the deletion from the register, with the approval of the Council, of the certified public accountant's name.

(3) The Council may refuse to accept the resignation of a certified public accountant if—

(a) it has reason to believe that such accountant has been guilty of conduct, or that circumstances exist, which could justify the removal of his name from the register under section 35(1)(a);

(b) it is aware that a complaint concerning such accountant has been preferred and is before the Council or the Disciplinary Committee;  
or

(c) the certified public accountant is indebted to the Institute.

## **H. Findings**

33. All practising CPAs, whether in full or part-time practice, must submit to practice review, which is a quality assurance program oversight by the PRC for the purpose of ensuring that all practising members observe, maintain, and apply professional standards, in accordance with section 32B(1)(b) of the PAO.
34. The Respondent was a practising CPA who had been issued a practising certificate until January 2019. Therefore the Respondent had a responsibility to submit to practice review.
35. Notwithstanding that the Respondent gave the excuse of having to visit his sister at the hospital on the day of the scheduled Review, whilst the Respondent may have needed to visit his sister, that was not a sufficient reason why he failed to provide the requested documents to the reviewer to enable her to proceed with the Review. The Respondent was requested to provide those documents at least one week before the Review date, which he failed to do.
36. It is clear from the above that the Respondent, without reasonable excuse, failed or neglected to comply with the Direction issued by the PRC on 20 July 2018 under section 32F(2)(b) of the PAO.
37. The reviewer noted that on her visit to the Respondent's office on 3 October 2018, the office was clean and tidy, and the operations of the Practice seemed normal, which contradicted the earlier email dated 2 October 2018 from the Respondent and which the Respondent did not subsequently refute.
38. As no witnesses were called on either side, the Committee does not make any finding on dishonesty and consider that it is unnecessary to do so to prove the Complaints. However, the Committee does find that the Respondent was not straight forward and misled the reviewer on the condition of the office immediately prior to the date of the Review.

39. The Review on 3 October 2018 was rescheduled from the previous 29 May review, which was postponed due to the Respondent's failure to comply with the Institute's earlier requests for documents and review.
40. The Respondent failed or neglected to observe, maintain or otherwise apply sections 100.5(a) and 110 of the Code which impose an obligation on all professional accountants to comply with the fundamental principle of integrity.
41. In the Respondent's Rule 5 submissions he had admitted that it was his fault that the Review failed. His audit technique was "not up to date" and there were "uncorrected working paper[s]" for the engagements selected for the Review, which were the reasons why the Respondent did not enable the Review to be carried out.
42. The Respondent stated in his email dated 11 April 2019 that he was faced with three choices (1) to submit uncorrected papers and let the matter drag on for one or more years; (2) make up all the working papers which would be totally unacceptable to the Institute or himself; or (3) cancel the follow up visit. He then stated that "*the sky decided for me*" and made the false or misleading claim about Typhoon Mangosteen.
43. The Respondent should have been straight forward with the Institute and give as much information to the reviewer as he reasonably could and not cancel the meeting(s) with the reviewer. His misleading statements and lack of cooperation seriously aggravated the matter and led to the two Complaints being made against him, which were avoidable.
44. In view of the above, the Committee finds both Complaints 1 and 2 proved against the Respondent.

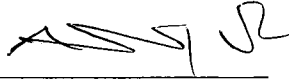
#### **I. Sanctions**

45. To assist the Committee in exercising its discretion the Complainant has referred to a number of past decisions with similar features to the current case. However, these are not binding on the Committee.

- 45.1 As to Complaint 1, the Complainant referred to previous proceedings under D-17-1255P, D-17-1287P, D-15-1050P and D-15-1063P; in two of the cases, the respondent's PC was cancelled. In all but one case, the respondent was removed from the register of CPAs.
- 45.2 As to Complaint 2, the Complainant referred to previous proceedings D-15-1051H, D-18-1338P, D-18-1339P, D-15-1117P and D-15-1102P; in all but one case, the respondent's PC was cancelled. There were also some cases of removal from the register of CPAs. In all but one case, additional penalties were imposed on top of costs. However, it must be noted that the Committee is not bound by any of these previous decisions.
46. The Committee has taken into account the following consideration when determining sanctions.
47. The offences which the Respondent committed were serious. At the time of the practice review, the Respondent still had between 101 and 300 active clients and therefore his failure to cooperate with the PRC could have substantially and adversely affected the standard of the skill and care owed to his clients during the period he was still practising and thereby adversely impacted on the reputation and integrity of the profession.
48. The Respondent aggravated the situation by his conduct in making false or misleading statements and his history of failure to cooperate.
49. The offences took place in October 2018 and the Respondent had ceased to practice in January 2019, though he is still a member of the Institute.
50. The legal costs incurred by the Institute in disciplinary proceedings are financed by membership subscriptions and registration fees, and since it was the Respondent's conduct which has brought himself within the disciplinary process, the Committee is of the view that he should pay the costs and expenses of the proceedings and not have them to be funded or subsidised by other members of the Institute.

51. The Complainant submitted a statement of costs which set out the respective hourly charging rates of the staff members of the Institute who had worked on this matter and the respective amount of time spent by them. Based on the statement and submissions by the Complainant and the statement of costs of the Clerk, and bearing in mind the volume of documents involved and the necessity for a hearing the Committee is satisfied that the costs and expenses set out in the statements of costs in the total sum of HK\$64,012 were reasonably and necessarily incurred (i.e. Complainant's costs of HK\$56,117 and the Clerk's costs of HK\$7,895).
52. Accordingly, the Committee makes the following orders:-
- 1) The name of the Respondent be removed from the register of certified public accountants for a period of one year for Complaint 1 and one year for Complaint 2, effective on the 45th day from the date of this order, both periods to run concurrently under Section 35(1)(a) of the PAO.
  - 2) The Respondent do pay the costs and expenses of and incidental to the proceedings of the Complainant/Clerk in the sum of HK\$64,012 (i.e. Complainant's costs of HK\$56,117 and the Clerk to the Disciplinary Committee's costs of HK\$7,895) under Section 35(1)(iii) of the PAO.

Dated: 21 August 2020



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Mr. Ng Wai Yan  
Chairman of the Disciplinary Committee  
Disciplinary Panel A

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Mr Wan Kah Ming

Disciplinary Panel A

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Mr Law Pui Cheung, FCPA  
(Practising)

Disciplinary Panel B

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Mr Wong Hing Wai, Newman  
Disciplinary Panel A

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Dr Kam Pok Man, FCPA  
Disciplinary Panel B

IN THE MATTER OF

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

BETWEEN

The Practice Review Committee of the                   COMPLAINANT  
Hong Kong Institute of  
Certified Public Accountants (“HKICPA”)

AND

Lo Yip Tong (A04089)   RESPONDENT

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

Members:   Mr Ng Wai Yan (Chairman)  
              Mr Wan Kah Ming  
              Mr Wong Hing Wai, Newman  
              Mr Law Pui Cheung, FCPA (Practising)  
              Dr Kam Pok Man, FCPA

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**ORDER**

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Upon considering the complaints against Mr. Lo Yip Tong (the “**Respondent**”), a certified public accountant, as set out by a letter from the Executive Director on behalf of the Practice Review Committee of the Institute dated 3 April 2019 to the Registrar of the Institute, for submitting the complaints to the Council of the Institute for consideration of the complaints for referral to the Disciplinary Panels, the written submissions of the Complainant dated 25 July 2019 and the relevant documents, the

submissions and representative of the Complainant (the Respondent being absent) on the liability and sanctions and costs hearing on 9 March 2020, the Disciplinary Committee is satisfied by the evidence adduced before it that the following complaints are proved:

Complaint 1           Section 34(1)(a)(v) of the Professional Accountants Ordinance (Cap. 50) (“**PAO**”) applies to the Respondent in that he, without reasonable excuse, failed or neglected to comply with the direction issued by the PRC dated 20 July 2018 under section 32F(2)(b) of the PAO.

Complaint 2           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 respect of the fundamental principle of integrity.

IT IS ORDERED THAT:-

- 1)   The name of the Respondent be removed from the register of certified public accountants for a period of one year for Complaint 1 and one year for Complaint 2, each being effective on the 45th day from the date of this order, both periods to run concurrently under Section 35(1)(a) of the PAO.
- 2)   The Respondent do pay the costs and expenses of and incidental to the proceedings of the Complainant/Clerk in the sum of HK\$64,012 (i.e. Complainant’s costs of HK\$56,117 and the Clerk to the Disciplinary Committee’s costs of HK\$7,895) under Section 35(1)(iii) of the PAO.

Dated: 21 August 2020





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Mr. Ng Wai Yan  
Chairman of the Disciplinary Committee  
Disciplinary Panel A

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Mr Wan Kah Ming  
Disciplinary Panel A

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Mr Law Pui Cheung, FCPA  
(Practising)  
Disciplinary Panel B

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Mr Wong Hing Wai, Newman  
Disciplinary Panel A

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Dr Kam Pok Man, FCPA  
Disciplinary Panel B