

PROFESSIONAL ACCOUNTANTS ORDINANCE (Chapter 50)

It is hereby notified that a Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ('the Institute'), having considered a complaint lodged by the Institute against SETO Man-fai ('Seto') under section 34(1A) of the Professional Accountants Ordinance, Chapter 50 ('the Ordinance'), found that sections 34(1)(a)(vi) and 34(1)(a)(viii) of the Ordinance applied to Seto in that he was in breach of multiple professional standards and guilty of professional misconduct.

Seto was the managing director of Parker Randall CF (H.K.) CPA Limited, a corporate practice which is now de-registered. The corporate practice audited the consolidated financial statements of three Hong Kong listed companies for financial periods ended in 2010 and 2011. Seto was the engagement director of those audits.

The Institute received several referrals from the Financial Reporting Council ('FRC') about breaches of auditing standards in the relevant audits and the conduct of Seto during the FRC's enquiry. Seto failed to provide any working paper for the audits, claiming they were either lost or withheld by a third party. He repeatedly gave inconsistent and unbelievable explanations to the FRC as to why the working papers were unavailable. There were irregularities found in the audits in relation to accounting for an acquisition, use of the going concern basis and failure to appoint an engagement quality control reviewer.

Under section 35(1) of the Ordinance, the said Disciplinary Committee ordered on 31 January 2018 that:—

- (i) the name of SETO Man-fai be removed from the register of certified public accountants for five years with effect from 22 March 2018; and
- (ii) Seto pay the costs of the Institute and FRC of HK\$523,697.20.

23 March 2018

Donald LEO *General Counsel,*
Hong Kong Institute of Certified Public Accountants