PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Zhen Hui Certified Public Accountants and Man Kit Horace Ho, CPA,

Respondents.

PCAOB Release No. 105-2026-008

July 21, 2026

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order"), the Public Company Accounting Oversight Board ("Board" or "PCAOB") is:

(1) censuring Zhen Hui Certified Public Accountants ("Zhen Hui" or the "Firm"), a registered public accounting firm, and Man Kit Horace Ho ("Ho") (collectively, "Respondents");

(2) revoking the Firm's registration;[1]

(3) barring Ho from being an associated person of a registered public accounting firm;[2]

(4) imposing a civil money penalty in the amount of $60,000, jointly and severally, on the Firm and Ho;

(5) requiring the Firm to undertake certain remedial actions concerning its system of quality control prior to submitting any future registration application and to provide evidence of such measures with any future registration application; and

(6) requiring Ho to complete 40 hours of continuing professional education ("CPE"), in addition to any CPE required in connection with any professional license, before

1 The Firm may reapply for registration after two years from the date of this Order.

2 Ho may file a petition for Board consent to associate with a registered public accounting firm after two years from the date of this Order.

filing any petition for Board consent to associate with a registered public accounting firm.

The Board is imposing these sanctions on the basis of its findings that: (a) Respondents violated PCAOB rules and audit standards in connection with performing six issuer audits; (b) the Firm violated PCAOB quality control standards; and (c) Ho directly and substantially contributed to certain of the Firm's violations of PCAOB rules and standards.[3]

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports, that disciplinary proceedings be, and hereby are, instituted against Respondents pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 5200(a)(1).

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement (collectively, "Offers") that the Board has determined to accept. Solely for the purpose of these proceedings and any other proceeding brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over Respondents and the subject matter of these proceedings, which is admitted, Respondents consent to the entry of this Order as set forth below.[4]

III.

On the basis of Respondents' Offers, the Board finds that:[5]

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[3] All references to PCAOB rules and standards in this Order are to the versions of those rules and standards, and to their organization and numbering, in effect at the time of the audits discussed herein.

[4] The findings herein are made pursuant to Respondents' Offers and are not binding on any other person or entity in this or any other proceeding.

[5] The Board finds that each Respondent's conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5), which provides that certain sanctions may be imposed in the event of: (1) intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard; or (2) repeated instances

A. Respondents

1. **Zhen Hui Certified Public Accountants** is, and at all relevant times was, a public accounting firm headquartered in Hong Kong, a Special Administrative Region of the People's Republic of China ("China"). The Firm is registered as a certified public accounting firm with the Hong Kong Accounting and Financial Reporting Council (membership no. 0634). Zhen Hui is, and at all relevant times was, registered with the PCAOB pursuant to Section 102 of the Act and PCAOB rules.

2. **Man Kit Horace Ho** is, and at all relevant times was, the managing partner of the Firm. Ho is a certified public accountant licensed by the Hong Kong Institute of Certified Public Accountants (membership no. F02554). At all relevant times, Ho was the engagement partner for each of the issuer audits discussed in this Order. Ho is, and at all relevant times was, an "associated person of a registered public accounting firm," as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Issuers

3. Issuer A was, at all relevant times, a Nevada corporation headquartered in Hong Kong. Its public filings disclose that Issuer A is a provider of customer-centric technology solutions for the retail industry in Hong Kong and certain regions of China and the Republic of the Philippines. At all relevant times, Issuer A was an "issuer," as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). The Firm audited Issuer A's financial statements for the years ended December 31, 2021, and December 31, 2022 (the "2021 Issuer A Audit" and "2022 Issuer A Audit," respectively, and collectively, the "Issuer A Audits").

4. Issuer B was, at all relevant times, a Nevada corporation headquartered in Hangzhou City, China. Its public filings disclose that Issuer B is an automobile aftermarket products wholesaler, as well as an auto detailing store consultancy company. At all relevant times, Issuer B was an "issuer," as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). The Firm audited Issuer B's financial statements for the years ended May 31, 2022, and May 31, 2023 (the "2022 Issuer B Audit" and "2023 Issuer B Audit," respectively, and collectively, the "Issuer B Audits").

5. Issuer C was, at all relevant times, a Nevada corporation headquartered in Hong Kong. Its public filings disclose that Issuer C is a logistics service provider. At all relevant times, Issuer C was an "issuer," as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule

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of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

1001(i)(iii). The Firm audited Issuer C's financial statements for the years ended March 31, 2022, and March 31, 2023 (the "2022 Issuer C Audit" and "2023 Issuer C Audit," respectively, and collectively, the "Issuer C Audits").

C. Summary

6. This matter concerns Respondents' violations of PCAOB rules and standards in connection with the Issuer A Audits, the Issuer B Audits, and the Issuer C Audits (collectively, the "Issuer Audits").[6] In each of those six audits, the Firm violated PCAOB auditing standards by failing to obtain an engagement quality review ("EQR"), in violation of AS 1220, *Engagement Quality Review*.

7. Respondents also violated PCAOB rules and auditing standards in the performance of the 2022 Issuer A Audit, 2023 Issuer B Audit, and 2023 Issuer C Audit. In each of those audits, Respondents failed to obtain sufficient appropriate audit evidence in connection with testing revenue, and also failed to make certain required audit committee communications. Additionally, Respondents failed to obtain sufficient appropriate audit evidence in connection with testing goodwill in the 2023 Issuer B Audit, and failed to comply with audit documentation requirements in the 2022 Issuer A Audit.

8. As evidenced by the foregoing violations, the Firm also violated PCAOB rules and PCAOB quality control standards by failing to establish and implement an appropriate system of quality control. Specifically, the Firm did not establish quality control policies and procedures to provide it with reasonable assurance that the work performed by engagement personnel met applicable professional standards and regulatory requirements with respect to: (1) complying with EQR requirements; (2) obtaining sufficient appropriate audit evidence in the testing of revenue; or (3) completing all required audit committee communications. In addition, the Firm failed to establish policies and procedures, including monitoring procedures, to provide it with reasonable assurance that its system of quality control was suitably designed and effectively applied.

9. Finally, Ho violated PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*, by knowingly or recklessly, and directly and substantially, contributing to the Firm's EQR and quality control violations.

[6] Issuer A, Issuer B, and Issuer C are collectively referred to as the "Issuers."

D. Respondents Violated PCAOB Rules and Standards in Connection with Six Issuer Audits

10. In connection with the preparation or issuance of an audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with the Board's auditing and related professional practice standards.[7] Additionally, PCAOB Rule 3502 provides that "[a] person associated with a registered public accounting firm shall not take or omit to take an action knowing, or recklessly not knowing, that the act or omission would directly and substantially contribute to a violation by that registered public accounting firm of the Act, the Rules of the Board, the provisions of the securities laws relating to the preparation and issuance of audit reports and the obligations and liabilities of accountants with respect thereto, including the rules of the Commission issued under the Act, or professional standards."[8]

11. PCAOB standards require an auditor to exercise due professional care in the planning and performance of the audit and the preparation of the report.[9] An auditor may express an unqualified opinion on an issuer's financial statements only when the auditor has conducted an audit in accordance with PCAOB standards and concludes that the financial statements, taken as a whole, are presented fairly, in all material respects, in conformity with the applicable financial reporting framework.[10]

12. The engagement partner is responsible for the engagement and its performance.[11] Accordingly, the engagement partner is responsible for proper supervision of the work of engagement team members.[12] The engagement partner also is responsible for compliance with PCAOB standards.[13]

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[7] *See* PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*.

[8] PCAOB Rule 3502.

[9] *See* AS 1015.01, *Due Professional Care in the Performance of Work*.

[10] AS 3101.02, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*.

[11] *See* AS 1201.03, *Supervision of the Audit Engagement*.

[12] *See id*.

[13] *See id*.

13. As described below, Respondents failed to comply with PCAOB rules and standards in the Issuer Audits.

i. Respondents Failed to Obtain EQRs for All Six Issuer Audits

14. PCAOB standards require that an EQR be performed on all audit engagements.[14] A firm may grant permission to a client to use the engagement report only after an engagement quality reviewer provides concurring approval of the issuance of the report.[15]

15. The Firm failed to obtain EQRs for each of the six Issuer Audits and improperly permitted the issuer audit clients to use its engagement reports for those audits without having obtained concurring approval of issuance from an engagement quality reviewer. As a result, the Firm violated AS 1220 in each of those audits.

16. Ho was responsible for resource allocation for each of the Issuer Audits, in his capacity as the Firm's managing partner. He also served as the engagement partner for each of the Issuer Audits. He directly and substantially contributed to the Firm's violations of AS 1220 in his capacity as the Firm's managing partner, by failing to engage or assign an accountant to serve as the engagement quality reviewer, and in his capacity as the engagement partner for the Issuer Audits, by authorizing the issuance of the engagement reports without first obtaining a concurring approval of issuance from an engagement quality reviewer. Ho knew, or was reckless in not knowing, that his acts and omissions would cause the Firm to violate AS 1220. As a result, Ho violated PCAOB Rule 3502 in each of the six Issuer Audits.

ii. Respondents Failed to Obtain Sufficient Appropriate Audit Evidence for Three Issuer Audits

17. Auditors are required to plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the opinion expressed in the auditor's report, including obtaining reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.[16] An auditor should design and perform audit procedures in a manner that addresses the assessed risks of material misstatement for each relevant assertion of each significant account and disclosure.[17]

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14 AS 1220.01.

15 *Id.* at .13.

16 *See* AS 1105.04, *Audit Evidence*; AS 1001.02, *Responsibilities and Functions of the Independent Auditor*; AS 2401.01, .12, *Consideration of Fraud in a Financial Statement Audit*.

17 AS 2301.08, *The Auditor's Responses to the Risks of Material Misstatement*.

The auditor should perform substantive procedures for each relevant assertion of each significant account and disclosure, regardless of the assessed level of control risk.[18] For significant risks, including fraud risks, the auditor should perform substantive procedures, including tests of details, that are specifically responsive to the assessed risks.[19]

18. Due professional care requires that the auditor exercise professional skepticism, which is an attitude that includes a questioning mind and a critical assessment of audit evidence.[20] An auditor "should not be satisfied with less-than-persuasive evidence because of a belief that management is honest."[21]

19. As discussed further below, Respondents failed to exercise due professional care and failed to obtain sufficient appropriate audit evidence to support the audit opinion for three issuer audits—the 2022 Issuer A Audit, the 2023 Issuer B Audit, and the 2023 Issuer C Audit.

a. Respondents Failed to Adequately Test Revenue in the 2022 Issuer A Audit, the 2023 Issuer B Audit, and the 2023 Issuer C Audit

20. Respondents failed to obtain sufficient appropriate audit evidence with respect to the Issuers' reported revenues in the 2022 Issuer A Audit, the 2023 Issuer B Audit, and the 2023 Issuer C Audit. In the fiscal years under audit, Issuer A disclosed that it derived its revenues by providing retail management software and related technology services, Issuer B disclosed that it derived its revenues as an automobile aftermarket product wholesaler and through auto detailing store consulting, and Issuer C disclosed that it derived its revenues as a logistics service provider. In each of the 2022 Issuer A Audit, the 2023 Issuer B Audit, and the 2023 Issuer C Audit, revenue was a significant account and the Firm assessed a risk of material misstatement related to improper revenue recognition.

21. In each of these three audits, Respondents selected a sample of revenue transactions from the internal sales ledger summary and traced the revenue amounts to company-generated invoices. However, Respondents failed to obtain any evidence showing that (1) the Issuers had actually performed the services described in the invoices, (2) the

18 *Id*. at .36.

19 *Id*. at .11, .13.

20 *See* AS 1015.07; AS 2301.07; AS 2401.13.

21 AS 2401.13.

revenue amounts recorded by the Issuers were accurate, or (3) any such amounts were collected or collectible.[22]

22. Respondents also failed, in the 2022 Issuer A Audit and the 2023 Issuer C Audit, to evaluate information in the financial statements that could indicate possible departures from the applicable financial reporting framework, U.S. Generally Accepted Accounting Principles. PCAOB standards require an auditor to evaluate whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework.[23] "As part of the evaluation of the presentation of the financial statements, the auditor should evaluate whether the financial statements contain the information essential for a fair presentation of the financial statements in conformity with the applicable financial reporting framework. Evaluation of the information disclosed in the financial statements includes consideration of the form, arrangement, and content of the financial statements (including the accompanying notes), encompassing matters such as the classification of items in the statements, and the bases of amounts set forth."[24]

23. In the 2022 Issuer A Audit, Respondents failed to adequately evaluate Issuer A's financial statement disclosures. Those disclosures stated that Issuer A was reporting revenue in accordance with FASB Accounting Standards Codification ("ASC") 605, *Revenue Recognition*, despite the fact that ASC 606, *Revenue from Contracts with Customers*, had become effective for Issuer A on January 1, 2018, and superseded ASC 605. Respondents failed to evaluate whether the disclosures were in conformity with ASC 606, and they also failed to evaluate whether Issuer A had identified all separate performance obligations in its contracts and determined and allocated the transaction prices to the performance obligations, as required under ASC 606.

24. In the 2023 Issuer C Audit, Respondents failed to adequately "evaluate whether the financial statements contain the information essential for a fair presentation of the financial statements in conformity with the applicable financial reporting framework."[25] Specifically, Respondents failed to evaluate whether the financial statements contained all of the revenue disclosures required by ASC 606, as evidenced by the failure to address omitted disclosures related to: (1) disaggregated revenue; (2) the satisfaction of performance obligations; (3) the significant judgments used in making those determinations; and (4) the methods, inputs, and

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22 AS 2301.08.

23 AS 2810.30, *Evaluating Audit Results*.

24 *Id*. at .31.

25 *Id*.

assumptions used to determine and allocate the transaction prices, including estimates of variable consideration and standalone selling prices.[26]

25. As a result of the foregoing failures, Respondents violated AS 1105, AS 2301, and AS 2810.

b. Respondents Failed to Adequately Test the Valuation of Goodwill in the 2023 Issuer B Audit

26. When performing substantive procedures to respond to the identified and assessed risks of material misstatement associated with accounting estimates, the auditor should test an accounting estimate by using one or a combination of the following approaches: (1) test the company's process used to develop the accounting estimate; (2) develop an independent expectation for comparison to the company's estimate; and (3) evaluate audit evidence from events or transactions occurring after the measurement date related to the accounting estimate for comparison to the company's estimate.[27]

27. Issuer B's reported goodwill as of fiscal year ("FY") 2023 represented approximately 50% of the company's total assets. Issuer B disclosed that it reviewed its goodwill for impairment on an annual basis, or more frequently if events or changes in circumstances indicated that an impairment may exist.

28. In FY 2023, Issuer B performed a quantitative assessment to assess whether its reported goodwill was impaired by comparing the book value of each reporting unit against its fair value determined using a discounted cash flow ("DCF") method.[28]

29. During the 2023 Issuer B Audit, Respondents understood that when Issuer B estimated the fair value of its goodwill, Issuer B began by estimating the cash flows that would be generated by each reporting unit. For the projected cash flows, Issuer B applied certain assumptions, including various projected growth rates. Issuer B then discounted those cash flows based on a variety of assumptions, including the cost of debt, risk-free rate, and a built-in risk premium.

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[26] ASC 606-10-50, *Revenue from Contracts with Customer− Overall− Disclosure*, at 5, 12-13, 17-20.

[27] AS 2501.07, *Auditing Accounting Estimates, Including Fair Value Measurements*.

[28] *See* FASB ASC 820-10-05-1, *Fair Value Measurement− Overall− Overview and Background* (defining fair value as "[t]he price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date").

30. During the 2023 Issuer B Audit, Respondents elected to test Issuer B's process for estimating the value of (any impairments to) its goodwill. To do so, Respondents obtained the Issuer B-prepared DCF, mathematically recalculated the DCF using the same method and assumptions as Issuer B, and compared the results. However, Respondents failed to perform audit procedures to identify and evaluate the reasonableness of the significant assumptions Issuer B used for its DCF-based valuation of goodwill, as required by PCAOB standards.[29] In particular, Respondents failed to identify which assumptions were significant and evaluate the reasonableness of the significant assumptions, such as revenue growth rates and the discount rate that were used in the DCF.

31. By not adequately evaluating the significant assumptions that Issuer B used to estimate the fair value of its goodwill, Respondents failed to obtain sufficient appropriate audit evidence concerning Issuer B's impairment assessment.

32. Accordingly, Respondents violated AS 1105 and AS 2501.

iii. Respondents Failed to Comply with PCAOB Audit Documentation Requirements for One Issuer Audit

33. PCAOB standards require that the auditor "prepare audit documentation in connection with each engagement conducted pursuant to the standards of the PCAOB."[30] PCAOB standards further provide that audit documentation must clearly demonstrate that the work was in fact performed, who performed the work and the date such work was completed, and the person who reviewed the work and the date of such review.[31]

34. In connection with the 2022 Issuer A Audit, Respondents failed to prepare audit documentation that included who performed the audit work, the person or persons who reviewed the audit work, and the date of such review in any of the work papers.

35. As a result, Respondents violated AS 1215.

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29 *See* AS 2501.15-.16.

30 AS 1215.04, *Audit Documentation.*

31 *Id.* at .06.

iv. Respondents Failed to Make Required Audit Committee Communications for Three Issuer Audits

36. PCAOB standards require the auditor to communicate certain matters related to the conduct of an audit to the issuer's audit committee or its equivalent.[32] The auditor should communicate, among other things, the overall audit strategy and the significant risks identified during the auditor's risk assessment procedures.[33] The auditor should also communicate the results of the audit, including information specified in AS 1301 relating to: significant and critical accounting policies and practices; critical accounting estimates; the results of the auditor's evaluation of the quality of the company's financial reporting; matters relating to the auditor's evaluation of the company's ability to continue as a going concern; and corrected misstatements.[34] The auditor should also provide to and discuss with the audit committee a draft of the auditor's report.[35]

37. In connection with the 2022 Issuer A Audit and the 2023 Issuer B Audit, Respondents failed to make any of the required audit committee communications.

38. In connection with the 2023 Issuer C Audit, Respondents failed to make certain required audit committee communications related to: (a) Respondents' evaluation of Issuer C's ability to continue as a going concern;[36] (b) the results of the audit, including providing to and discussing with the audit committee equivalent a draft of the Firm's audit report; (c) the corrected misstatements; (d) the critical accounting policies and practices, (e) the critical accounting estimates; and (f) the results of Respondents' evaluation of the quality of Issuer C's financial reporting.

39. PCAOB rules require that a registered public accounting firm and its associated persons be independent of the firm's audit client throughout the audit and professional engagement period.[37] PCAOB rules further require that a registered public accounting firm, at least annually for each audit client, describe in writing to the audit committee of an audit client

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[32] AS 1301.01, .A2 *Communications with Audit Committees*.

[33] *See id*. at .09.

[34] *Id*. at .09, .12-.13, .17, .19.

[35] *Id*. at .21.

[36] In the audit report for the 2023 Issuer C Audit, the Firm identified that Issuer C had net current liabilities and a net capital deficiency that raised substantial doubt about its ability to continue as a going concern.

[37] PCAOB Rule 3520, *Auditor Independence.*

all relationships between the firm and the client that may reasonably be thought to bear on independence.[38]

40. For the 2022 Issuer A Audit, the 2023 Issuer B Audit, and the 2023 Issuer C Audit, the Firm also failed to make any communications in writing to the Issuers' audit committees about all relationships between the Firm and the Issuers that may reasonably be thought to bear on independence.

41. Accordingly, Respondents violated AS 1301, and the Firm violated PCAOB Rule 3526.

E. Respondents Violated PCAOB Rules and Standards in Connection with the Firm's System of Quality Control

42. PCAOB rules require a registered public accounting firm and its associated persons to comply with PCAOB quality control standards.[39] These standards require that a registered public accounting firm have a system of quality control for its accounting and auditing practice.[40] A firm's system of quality control provides a critical foundation and infrastructure for a firm's audit quality as it should "ensure that services are competently delivered and adequately supervised."[41] The quality control system should include policies and procedures to provide the firm with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality.[42]

43. As described below, the Firm failed to establish policies and procedures sufficient to provide reasonable assurance that its personnel complied with applicable professional standards and regulatory requirements, and Ho directly and substantially contributed to those violations.

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38 PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence.*

39 *See* PCAOB Rule 3100; PCAOB Rule 3400T, *Interim Quality Control Standards*.

40 *See* QC § 20.01, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

41 *Id.* at .02.

42 *Id.* at .17.

i. The Firm's System of Quality Control Failed to Provide Reasonable Assurance with Respect to Engagement Performance

44. A firm's system of quality control should include policies and procedures "to provide the firm with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality."[43] To the extent appropriate and as required by applicable professional standards, these policies and procedures should cover, among other areas, planning, performing, and documenting the results of each engagement, and should address EQRs.[44] During the period covered by the Issuer Audits, the Firm's quality control policies and procedures related to engagement performance were deficient in multiple respects.

45. As illustrated by Respondents' repeated violations concerning EQRs, revenue testing, and audit committee communications in the Issuer Audits, the Firm failed to establish and implement sufficient policies and procedures to provide reasonable assurance that: (a) the Firm would comply with PCAOB standards requiring EQRs for all issuer audits; (b) the Firm and its associated persons would obtain sufficient appropriate audit evidence when testing revenue, including evidence to support that an audit client had earned revenue by satisfying its performance obligations and accurately recorded revenue; and (c) the Firm and its associated persons would comply with audit committee communication requirements under PCAOB rules and standards.

46. In addition, the Firm's written quality control policies were addressed exclusively to Hong Kong auditing regulations and requirements, and contained no provisions that were tailored to the professional standards and regulatory requirements that were uniquely applicable to audits under PCAOB standards for financial statements required to be filed with the U.S. Securities and Exchange Commission.

47. Accordingly, the Firm violated QC §§ 20.17 and .18.

ii. The Firm's System of Quality Control Failed to Provide Reasonable Assurance with Respect to Monitoring

48. PCAOB quality control standards also provide that policies and procedures, including monitoring procedures, should be established to provide the firm with reasonable

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43 *Id*.

44 *See id*. at .18.

assurance that its system of quality control is suitably designed and being effectively applied.[45] Monitoring involves an ongoing consideration and evaluation of: (1) the relevance and adequacy of the firm's policies and procedures; (2) the appropriateness of the firm's guidance materials and any practice aids; (3) the effectiveness of professional development activities; and (4) compliance with the firm's policies and procedures.[46] Monitoring procedures taken as a whole should enable the firm to obtain reasonable assurance that its system of quality control is effective.[47]

49. At all relevant times, the Firm lacked any process to monitor its quality control system. For example, although the Firm's policies and procedures for monitoring its practice required the performance of internal inspections every three years, the Firm never performed an internal inspection or other evaluation to assess whether the work performed by its engagement personnel on issuer audits met applicable professional standards, regulatory requirements, and the Firm's standards of quality.

50. The Firm's failure to implement monitoring procedures to enable it to obtain reasonable assurance that its system of quality control was effective violated QC §§ 20 and 30.

iii. Ho Directly and Substantially Contributed to the Firm's Quality Control Violations

51. Ho is, and at all relevant times was, the Firm's managing partner. Ho was also responsible for developing and maintaining quality control policies and procedures applicable to the Firm's auditing practice. Ho was also responsible for initiating the Firm's periodic internal inspections.

52. Ho directly and substantially contributed to the Firm's quality control violations described above by: (1) failing to create appropriate policies and procedures around EQRs and revenue testing; (2) failing to initiate any internal inspections in the Firm, despite a policy calling for such inspections to be conducted every three years; and (3) failing to design or implement other appropriate monitoring procedures in light of the decision to forego internal inspections. Ho knew, or was reckless in not knowing, that his acts and omissions would cause the Firm to violate PCAOB quality control standards.

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45 *Id*. at .20; *see also* QC § 30.02, *Monitoring a CPA Firm's Accounting and Auditing Practice*.

46 QC § 30.02; *see also* QC § 20.20.

47 QC § 30.03.

53. As a result, Ho violated PCAOB Rule 3502.

IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondents' Offers. Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), the Firm and Ho are hereby censured.

B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the Firm's registration is revoked.

C. After two years from the date of this Order, the Firm may reapply for registration by filing an application for registration pursuant to PCAOB Rule 2101.

D. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Ho is barred from being an "associated person of a registered public accounting firm" as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).[48]

E. After two years from the date of this Order, Ho may file a petition for Board consent to associate with a registered public accounting firm pursuant to PCAOB Rule 5302(b).

F. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of $60,000 is imposed, jointly and severally, on the Firm and Ho.

[48] As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Ho. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

1. All funds collected by the PCAOB as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act.

2. Respondents shall pay the civil money penalty within ten (10) days of the issuance of this Order by: (a) wire transfer in accordance with instructions furnished by PCAOB staff; or (b) United States Postal Service money order, bank money order, certified check, or bank cashier's check (i) made payable to the Public Company Accounting Oversight Board, (ii) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (iii) submitted under a cover letter, which identifies the Firm and Ho as respondents in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006.

3. If timely payment is not made, interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to post-Order interest.

4. By consenting to this Order, the Firm acknowledges that a failure to pay the civil money penalty described above may alone be grounds to deny any reapplication for registration pursuant to PCAOB Rule 2101.

5. By consenting to this Order, Ho acknowledges that a failure to pay the civil money penalty described above may alone be grounds to deny any petition to terminate a bar pursuant to PCAOB Rule 5302(b).

G. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), the Firm is required:

1. Before filing with the Board any future registration application, to establish, revise, or supplement, as necessary, policies and procedures, including monitoring procedures, to provide the Firm with reasonable assurance that: (a) Firm personnel will comply with PCAOB standards when conducting issuer audits; (b) Firm personnel will obtain engagement quality reviews for all issuer audits in accordance with

applicable professional standards; and (c) the Firm will properly assemble for retention complete and final sets of audit documentation in accordance with professional standards.

2. To provide with any future registration application a written certification, signed by the individual ultimately responsible for the Firm's system of quality control, to the Director of the PCAOB's Division of Enforcement and Investigations, stating that the Firm has complied with paragraph IV.G.1 above. The certification shall identify the actions undertaken to satisfy the conditions specified above, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Firm shall also submit such additional evidence of, and information concerning, compliance as the staff of the Division of Enforcement and Investigations or the staff of the Division of Registration and Inspections may reasonably request.

H. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), Ho is required to complete, prior to filing any petition to terminate his bar and for Board consent to associate with a registered public accounting firm, 40 hours of continuing professional education and training relating to PCAOB auditing standards (such hours shall be in addition to, and shall not be counted in, the continuing professional education he is required to obtain in connection with any professional license).

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

July 21, 2026