



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

HKICPA takes disciplinary action against a certified public accountant (practising)

(HONG KONG, 8 August 2018) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 3 July 2018 that the name of Lee Yiu Sun, certified public accountant (practising) (F03440) be removed from the register of CPAs for 3 years with effect from 12 August 2018. In addition, Lee was ordered to pay costs of the disciplinary proceedings of HK\$35,857.

Lee was the Executive Director, Chief Executive Officer and the Compliance Officer of a Hong Kong listed company, First China Financial Network Holdings Ltd. ("First China"). He was found by the Court of First Instance in a court action filed by Securities and Futures Commission to have breached his director's duties to First China by falsely putting forward a non-existent agreement, causing First China to wrongly pay a dividend of RMB18.69 million. Lee was ordered to be disqualified from being a director or involved in the management of any listed or unlisted corporation in Hong Kong for five years.

After considering the information available, the Institute lodged complaints against Lee under sections 34(1)(a)(vi) and 34(1)(a)(viii) of the Professional Accountants Ordinance (Cap 50).

Disciplinary Committee found that Lee failed or neglected to observe, maintain or otherwise apply (i) the fundamental principle of integrity under sections 100.5(a) and 110.2(a) of the Code of Ethics for Professional Accountants ("Code") and (ii) the fundamental principle of professional behavior under sections 100.5(e) and 150.1 of the Code. As a result of these multiple failures, the Committee further found that Lee was guilty of professional misconduct.

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

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/>

- End -

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 42,000 members and 16,000 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.

Hong Kong Institute of CPAs' contact information:

Gemma Ho
Manager, Public Relations
Phone: 2287-7002
Email: gemmaho@hkicpa.org.hk

Terry Lee
Director, Marketing and Communications
Phone: 2287-7209
Email: terrylee@hkicpa.org.hk



香港會計師公會對一名執業會計師作出紀律處分

(香港，二零一八年八月八日) 香港會計師公會轄下一紀律委員會，於二零一八年七月三日命令將執業會計師李耀新先生（會員編號：F03440）由二零一八年八月十二日起從會計師名冊中除名，為期三年。此外，李先生須繳付紀律程序費用 35,857 港元。

李先生曾是首華財經網絡集團有限公司（「首華」，香港上市公司）的執行董事、行政總裁及監察主任。於證券及期貨事務監察委員會提起的法庭訴訟中，原訟法庭發現李先生違反了作為首華董事的責任，虛假提出一項不存在的協議，導致首華錯誤地支付股息 1,869 萬元人民幣。李先生被命令不得於香港任何上市或非上市公司擔任董事或參與管理工作，為期五年。

公會經考慮所得資料後，根據香港法例第 50 章《專業會計師條例》第 34(1)(a)(vi)條及第 34(1)(a)(viii)條對李先生作出投訴。

紀律委員會裁定李先生沒有或忽略遵守、維持或以其他方式應用(i) Code of Ethics for Professional Accountants（「Code」）第 100.5(a)條及第 110.2(a)條有關「Integrity」的基本原則；及(ii) Code 第 100.5(e)條及第 150.1 條有關「Professional Behavior」的基本原則。由於李先生的多項違規，紀律委員會進一步裁定他犯有專業上的失當行為。

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)條向李先生作出上述命令。

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/>

— 完 —

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 42,000 名，學生人數逾 16,000。

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。

香港會計師公會聯絡資料：

何玉淳

公共關係經理

直線電話：2287-7002

電子郵箱：gemmaho@hkickpa.org.hk

李志強

市務及傳訊總監

直線電話：2287-7209

電子郵箱：terrylee@hkickpa.org.hk

IN THE MATTER OF

A Complaint made under Section 34(1) and 34(1A) of the Professional Accountants Ordinance (Cap.50) (“the PAO”) and referred to the Disciplinary Committee under Section 33(3) of the PAO

BETWEEN

The Registrar of the Hong Kong Institute of Certified Public Accountants

AND

Lee Yiu Sun
(Membership no.: F03440)

RESPONDENT

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

Members: Mr. Raymond Chan (Chairman)
Ms. Chan Ka Man Margaret
Ms. Chan Chui Bik Cindy
Ms. Chua Suk Lin Ivy
Mr. Li Ka Fai David

ORDER & REASONS FOR DECISION

1. This is a complaint made by the Registrar of the Hong Kong Institute of Certified Public Accountants (the “**Institute**”) against Lee Yiu Sun, CPA (the “**Respondent**”).
2. The Complaint as set out in a letter dated 6 November 2017 from the Registrar to the Council of the Institute (the “**Complaint**”) are as follows:-

(1) BACKGROUND

- 1.1 In April 2017, the Institute was made aware of certain announcements issued by the Securities and Futures Commission ("SFC"). They showed that the Respondent had been reprimanded in 2015 for breaching his fiduciary duties under the Listing Rules. He was also sanctioned by the Court of First Instance for his failure to act diligently, honestly and in a company's best interest, as further explained in paragraphs 4.1 to 4.7 below.

(2) THE COMPLAINTS

Complaint 1

- 2.1 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, namely section 100.5(a) as elaborated in section 110.2 of the Code of Ethics for Professional Accountants ("Code"), when he put forward a non-existent Mutual Understanding and Agreement in a Letter of Confirmation dated 5 December 2008 and a Clarification Announcement dated 16 December 2008, thereby making materially false or misleading statements.

Complaint 2

- 2.2 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, namely section 100.5(e) as elaborated in section 150.1 of the Code, when he was found to have acted in breach of his duties as director under the GEM Listing Rules and common law, thereby failing to comply with relevant laws and regulations and avoid any action that discredits the profession.

Complaint 3

- 2.3 Section 34(1)(a)(viii) of the PAO applies to the Respondent in that his failure to observe the Code as set out in Complaints 1 and/or 2 above amounted to professional misconduct.

(3) RELEVANT STATUTORY PROVISIONS AND PROFESSIONAL STANDARDS

- 3.1 Section 34(1)(a)(vi) of the PAO provides that a complaint may be made against any certified public accountant ("CPA") for having failed or neglected to observe, maintain or otherwise apply a professional standard.

3.2 Section 34(1)(a)(viii) of the PAO provides that a complaint may be made against any CPA for having been guilty of professional misconduct.

3.3 Section 100.5(a) of the Code states that a professional accountant shall comply with the fundamental principle of integrity, to be straightforward and honest in all professional and business relationships. Section 100.5(e) of the Code states that a professional accountant shall comply with the fundamental principle of professional behavior to comply with relevant laws and regulations and avoid any action that discredits the profession.

3.4 Section 110.2 of the Code states that:

"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....."

3.5 Section 150.1 of the Code further states that:

"The principle of professional behavior imposes an obligation on all professional accountants to comply with relevant laws and regulations and avoid any action that the professional accountant knows or should know may discredit the profession. This includes actions that a reasonable and informed third party, weighing all the specific facts and circumstances available to the professional accountant at that time, would be likely to conclude adversely affects the good reputation of the profession."

(4) FACTS AND CIRCUMSTANCES IN SUPPORT OF COMPLAINTS 1 & 2

4.1 The Respondent was the Executive Director and Chief Executive Officer of First China Financial Network Holdings Ltd. ("**First China**")¹, as well as the Compliance Officer of First China², during the relevant times.

4.2 In November 2007, First China completed an acquisition to acquire the entire interest of a PRC company ("**Acquisition** ") from Fame Treasure Ltd. ("**Fame Treasure**").

¹ First China was listed on the Growth Enterprise Market ("GEM") of the Hong Kong Stock Exchange (stock code: 8123) on 11 January 2002.

² Paragraph 69, page B22.

4.3 On 16 December 2008, First China issued a Clarification Announcement ("CA") stating that prior to the Acquisition, First China and Fame Treasure had an alleged mutual understanding and agreement ("MUA") that net assets in excess of RMB 8 million would be distributed as dividends. The MUA was not referred to in the agreement or supplemental agreement relating to the Acquisition, but was allegedly confirmed by (inter alia) the Respondent in a Letter of Confirmation ("LC") dated 5 December 2008. The sum of RMB18,692,000 was distributed as dividend pursuant to the MUA.

4.4 In November 2012, the Respondent was named as one of the respondents in a court action filed by the SFC under section 214 of the Securities and Futures Ordinance for breaching his director's duty to First China by falsely putting forward the non-existent MUA. The court found that the MUA did not in fact exist, and that in putting forward the MUA in the LC and the CA the Respondent was acting dishonestly. He therefore breached his duties as directors both under the GEM Listing Rules and under common law. As a result, RMB 18,692,000 was wrongly paid to Fame Treasure.

4.5 In response to the SFC's application, the court ordered the Respondent to be disqualified from being a director or involved in the management of any listed or unlisted corporation in Hong Kong for five years.

4.6 The court's judgement demonstrated that the Respondent had made false or misleading statements concerning the MUA dishonestly, and also failed to comply with the relevant laws and regulations concerning director's duties, namely Rule 5.01 of the GEM Listing Rules and the common law.

4.7 As such, the Respondent failed to comply with sections 100.5(a) & (e), 110.2(a) and 150.1 of the Code.

(5) FACTS AND CIRCUMSTANCES IN SUPPORT OF COMPLAINT 3

5.1 The judge in this case stated that he was in no doubt that the Respondent "had acted dishonestly in respect of the MUA"³. The court also said that breach of trust by a fiduciary is a very serious matter, and a large sum of money was involved.

5.2 In addition to dishonesty there is also the breach of director's duties, as the Respondent failed to consider the matter carefully with due regard to the interests of the company.

³ Paragraph 200, page B47.

- 5.3 A CPA is expected to carry out his professional duties with integrity, competence and due care. The Respondent failed to act with integrity and to fulfil his duties as director of First China to ensure the company complied with relevant laws and regulations. His improper actions undermined the professional reputation of a CPA.
- 5.4 It was undisputed that the legal saga and the resulting judgement has not only brought disgrace to the Respondent personally⁴, but also discredit to the profession as admitted in the Respondent's submissions to the Institute⁵.
- 5.5 Further, SFC's public reprimand of the Respondent's non-compliances had an adverse impact on both the Respondent and the accountancy profession.
- 5.6 Based on the above, the Respondent's breaches also amounted to professional misconduct in accordance with Section 34(1)(a)(viii) of the PAO.
3. The Respondent admitted the complaints against him. He did not dispute the facts as set out in the Complaint. On 3 January 2018, the parties agreed that the steps set out in paragraphs 17 to 30 of the Disciplinary Committee Proceedings Rules ("DCPR") be dispensed with.
4. The Disciplinary Committee approved the parties' joint application to dispense with the steps set out in Rule 17 to 30 of the DCPR in light of the admission made by the Respondent and directed the parties to make written submissions on sanctions and costs.
5. The complaints were all found proved on the basis of the admission by the Respondent.
6. Parties provided their submissions on sanctions and costs in May 2018.
7. In considering the proper order to be made in this case, the Disciplinary Committee has had regard to all the aforesaid matters, including the particulars in support of the Complaints, the Respondent's personal circumstances, and the conduct of the Respondent throughout the proceedings.
8. The Disciplinary Committee orders that:-
- (a) the name of the Respondent be removed from the register of certified public accountants for three years under Section 35(1)(a) of the PAO;
 - (b) the Respondent do pay the costs and expenses of and incidental to the proceedings of the Complainant in the sum of HK\$35,857 under Section 35(1)(iii) of the PAO.

⁴ Paragraph 22, page B58.

⁵ Paragraph 7(f) of the letter dated 23 June 2017 to the Institute (page A78).

The above shall take effect on the 40th day from the date of this Order.

Dated 3 July 2018

Mr. Raymond Chan
Chairman

Ms. Chan Ka Man Margaret
Disciplinary Panel A

Ms. Chua Suk Lin Ivy
Disciplinary Panel B

Ms. Chan Chui Bik Cindy
Disciplinary Panel A

Mr. Li Ka Fai David
Disciplinary Panel B