



Dear Assignment / News / Business Section Editor

Hong Kong Institute of Certified Public Accountants takes regulatory action against a certified public accountant (practising)

(Hong Kong, 30 December 2016) - The Hong Kong Institute of Certified Public Accountants has undertaken regulatory action against Lai Man Shing, Stephen a certified public accountant (practising) (membership number A22232) for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Lai was engaged to set up a Hong Kong company and provide other services for an overseas client. He failed to properly carry out the client's instructions in setting up the company. In addition, Lai did not obtain the client's authorisation before creating an e-Registry account with the Companies Registry and filing a form which bore the client's electronic signature and indicated the client's consent to act as the company's director.

The Institute concluded that Lai was in breach of the Fundamental Principle of "*Professional Competence and Due Care*" in sections 100.5 (c) and 130.1 of the Code of Ethics for Professional Accountants.

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council concluded that the following should resolve the complaint:

1. Lai acknowledges the facts of the case and his non-compliance with the relevant professional standards;
2. Lai be reprimanded; and
3. Lai pays an administrative penalty of HK\$25,000 and costs of HK\$10,000.

In accordance with Council powers outlined in the Professional Accountants Ordinance and as a part of the regulatory process to handle complaints, a Resolution by Agreement (RBA) may be offered to respondents in cases considered to be moderate after taking into account factors including, but not limited to, the nature and seriousness of a complaint, past disciplinary records of the respondents and any aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty.

Information on the Institute's complaint handling process and guidelines for Resolution is available at the Institute website under the "Compliance" section at www.hkicpa.org.hk.

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About the Hong Kong Institute of Certified Public Accountants

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant

practising certificates to certified public accountants in Hong Kong. The Institute has more than 40,000 members and more than 18,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation CPA.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance – an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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