



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

Dear Assignment / News / Business Section Editor

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

(HONG KONG, 9 October 2017) — The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Lee Ping Kai, certified public accountant (practising) (membership number F03719) for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Lee was a director of a corporate practice. The practice was appointed as auditor of a Hong Kong listed group and Lee was the engagement director. The practice issued an unmodified auditor's opinion on the group's financial statements for the year ended 31 December 2014 and an unqualified review opinion on the group's interim financial statements for the six months ended 30 June 2015.

The 2014 annual financial statements and 2015 interim financial statements misstated the earnings per share of the holding company. The misstatements were caused by wrongly calculated adjustments made for the company's share consolidation and rights issue. The errors represented a breach of Hong Kong Accounting Standard 33 *Earnings Per Share*. The company issued announcements in August and December 2015 about the misstated earnings per share disclosed in the financial statements.

The Institute concluded that Lee was in breach of Hong Kong Standard on Auditing 500 *Audit Evidence* in the audit of the 2014 annual financial statements. In addition, Lee was in breach of Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* in the review of the 2015 interim financial statements.

### **Regulatory action**

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

1. Lee acknowledges the facts of the case and his non-compliance with the relevant professional standards;
2. he be reprimanded; and
3. he pays an administrative penalty of HK\$30,000 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 are available at the Institute website under the "Compliance" section at <http://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 41,000 members and 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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