

**CIMA Disciplinary Committee Hearing held on 7 May 2019
Mr Lee Yiu Sun of Hong Kong**

The Charge

The Charge against the Respondent provided as follows:

Factual charges

1. *You, Lee Yiu Sun, were registered as a certified public accountant with the Hong Kong Institute of Certified Public Accountants (the HKICPA).*
2. *You are a registered Member of CIMA.*
3. *At all relevant times you were Executive Director, Chief Executive Officer and Compliance Officer of First China Financial Network Holdings Ltd. ("First China").*
4. *Following First China's acquisition from Fame Treasure Ltd of its entire interest in a PRC company in November 2007, you put forward a non-existent Mutual Understanding and Agreement (MUA) in a Letter of Confirmation dated 5 December 2008 and a Clarification Announcement dated 16 December 2008.*
5. *The Court of First Instance found that the MUA did not exist and that you had acted dishonestly and in breach of your director's duties.*
6. *You were disqualified from being a director or involved in the management of any listed or unlisted corporation in Hong Kong for five years.*
7. *Following admissions by you on 3 July 2018 the Disciplinary Committee of Hong Kong Institute of Certified Professional Accountants (HKICPA) found that you –*
 - (i) had 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 you 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.*
 - (ii) had 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 you were found to have acted in breach of your 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.*
 - (iii) were guilty of professional misconduct*
8. *The Disciplinary Committee ordered that your name be removed from the register of certified public accountants for a period of three years.*
9. *Your actions as set out in paragraph 4 were dishonest.*

10. You failed to notify CIMA with relevant details of the findings and order of the HKICPA within 30 days, or at all.

Misconduct charges

By reason of the facts alleged above, either individually or collectively, you are guilty of misconduct as defined in Byelaw 1 of the Institute's Royal Charter Byelaws and Regulations (October 2008, October 2012 and July 2015 versions). In particular –

1. you have failed to comply with the Laws of the Institute by breaching the following fundamental principles of the Code of Ethics (November 2007, October 2010 and January 2015 versions):
 - a. Integrity;
 - b. Professional Competence and Due Care;
 - c. Professional Behavior
2. the conduct which resulted in a finding of professional misconduct by the HKICPA is conduct resulting in an adverse finding by, or sanction or order of a body or authority relevant to your membership with the Institute.
3. you have breached Regulation Part I 19 (July 2015 version)"

Findings of Fact

Stage 1 – Decision on Facts

Having regard to Mr Yiu Sun's email to CIMA dated 3 May 2019 and to the document titled, "Written Submission As To Sanction", enclosed by Mr Yiu Sun with his email, the committee was satisfied that the charges were admitted and accordingly announced them as being proved.

Stage 2 – Decision on Misconduct

The facts having been proved, the Committee considered the matter of misconduct. CIMA's Byelaws and Regulations define "misconduct" as "failure to comply with the Laws of the Institute"; or "conduct resulting in any conviction (or adverse finding by, or sanction or order of, or undertaking to, any tribunal or court or other body or authority) relevant to their membership or registration with the Institute.

The committee had regard to the seriousness of the breaches of standards found proved by the court of first instance in Hong Kong and by the Hong Kong Institute of Certified Professional Accountants (HKICPA). In his judgement on the court action in Hong Kong, the judge was in no doubt that Mr Lee Yiu Sun had acted dishonestly by putting forward a non-existent Mutual Understanding and Agreement letter of confirmation dated 5 December 2008.

At the relevant time, Mr Lee Yiu Sun was the Executive Director and Chief Executive Officer of a large financial entity which was listed on the GEM board of the Hong Kong stock exchange. Mr

Lee Yiu Sun was also the compliance officer of the financial entity. As well as acting dishonestly, the Hong Kong Court also found Mr Lee Yiu Sun to be guilty of breach of trust as a fiduciary as well as breaching his director's duties. A large sum of money, in the region of €2 million was involved, albeit, there is no evidence that Mr Lee Yiu Sun had personally benefited.

Further, Mr Lee Yiu Sun failed to inform CIMA as to the findings made against him by the court in Hong Kong or by the disciplinary committee of HKICPA.

The committee was in no doubt that the facts found proved fell far below the standards required of a CIMA member and amounted to misconduct.

Stage 3 - Mitigation and Sanction

Having found misconduct as alleged the Panel went on to consider the questions of mitigation and sanction. In considering what sanction if any to impose, the panel had regard to the Indicative Sanctions Guidance and to the advice of the Legal Assessor. It also had regard to the principle of proportionality and that the sanction imposed should be the least onerous suitable to reflect the seriousness of the misconduct.

The Panel took into account the following aggravating and mitigating factors. As aggravating factors, the committee considered that Mr Lee Yiu Sun was the most senior employee of the financial entity. Further, even after the findings made against him by HKICPA, he failed to inform CIMA of these matters. A large amount of money was involved, and his conduct had the potential to seriously damage the reputation of his profession and their regulators. As mitigating factors, the committee considered that there is no previous disciplinary history against Mr Lee Yiu Sun, he had made full admissions and had demonstrated some remorse in his written submissions.

The committee considered each available sanction in ascending order of seriousness. It considered the misconduct was far too serious for an admonishment, reprimand or severe reprimand to be appropriate. For the same reasons the committee did not consider this to be an appropriate case for a fine to be imposed. The committee considered that Mr Lee Yiu Sun's misconduct displayed attitudinal problems for which conditions on his membership would be neither appropriate nor workable. The committee carefully considered whether suspension of Mr Lee Yiu Sun's membership would be appropriate and proportionate. The committee was of the view that a period of suspension would not achieve the required attitudinal change which would be necessary, especially as the events took place some time ago and there has been no compelling evidence of any change in attitude to date. Further, the committee considered that Mr Yiu Sun had displayed a persistent lack of insight as shown by his failure to report the court proceedings and the HKICPA findings to CIMA.

The committee was satisfied that Mr Lee Yiu Sun's misconduct was fundamentally incompatible with membership of CIMA. The committee concluded that the only proportionate and appropriate sanction in this case was expulsion from membership and so ordered.

Stage 4 - Costs

The Panel determined that there should be costs in the sum of £2425.00 ordered against the Respondent.