

Press Release  
13 December 2011

#### Fifth investigation completed in 2011

(13 December 2011, Hong Kong) The Financial Reporting Council (the "FRC") completed an investigation in respect of the preparation of the accountants' report required for a listing document issued on behalf of a listed entity.

The FRC directed the Audit Investigation Board (the "AIB") to conduct this investigation on 14 September 2011 following the receipt of a complaint. The FRC adopted the investigation report prepared by the AIB which summarizes the findings of the investigation on 6 December 2011.

The AIB found that the basic and diluted earnings per share presented on the face of the consolidated statements of comprehensive income in the accountants' report were not calculated based on the number of ordinary shares outstanding after a share split. The share split occurred after the end of the reporting period but before the issuance of the accountants' report. The AIB is of the view that the earnings per share were not correctly calculated and presented in accordance with the applicable financial reporting standard.

The FRC would like to emphasize that earnings per share amounts provide useful information to investors. Preparers of financial statements are reminded that the calculation of basic and diluted earnings per share for all periods presented should be adjusted for any change in the number of ordinary or potential ordinary shares outstanding as a result of a capitalization issue, a bonus issue, a share split or a reverse share split which occurred after the reporting period but before the financial statements are authorized for issue and the adjusted earnings per share should be presented in the statement of comprehensive income.

The investigation report has been referred to the Hong Kong Institute of Certified Public Accountants to determine if any disciplinary actions are warranted.

The AIB is chaired by the CEO and its members are full-time staff of the FRC.

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#### **Note to editors**

#### **About the FRC**

The FRC is a statutory body established in December 2006 under the Financial Reporting Council Ordinance. The FRC is entrusted with the statutory responsibilities to conduct independent investigations into possible auditing and reporting irregularities in relation to listed entities and to enquire into possible non-compliance with accounting requirements on the part of listed entities. The FRC has 10 members with a variety of professional backgrounds and the majority of whom, including the chairman, are lay persons. For more information, please visit [www.frc.org.hk](http://www.frc.org.hk).