



## **Hong Kong Institute of Certified Public Accountants takes disciplinary action against two certified public accountants (practising)**

(HONG KONG, 7 October 2021) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Lin Ching Yee, Daniel, certified public accountant (practising) (A07204) and Mr. Kwong Kam Wing, Kelvin, certified public accountant (practising) (A19664) (collectively “Respondents”) on 31 August 2021 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. In addition, the Committee ordered Lin and Kwong to pay penalties of HK\$200,000 and HK\$100,000 respectively, and to pay costs of the Institute and the Financial Reporting Council (“FRC”) totalling HK\$3,635,673.70.

Lin and Kwong were partners of JBPB & Co. and Grant Thornton, two firms that have since been de-registered. JBPB & Co. and Grant Thornton expressed unmodified auditor’s opinions on the consolidated financial statements of E. Bon Holdings Limited, a Hong Kong listed company (“Company”), and its subsidiaries (collectively “Group”) for the years ended 31 March 2010 and 31 March 2011 respectively. Lin was the engagement partner and Kwong was the engagement quality control reviewer of the audits.

The Institute received referrals from the FRC about deficiencies in the 2010 and 2011 audits. For both years, the audit team failed to perform sufficient audit procedures and prepare adequate documentation in relation to provision for inventories and revenue from sales of goods. For the 2011 audit, the audit team failed to obtain sufficient evidence and prepare adequate documentation on revenue from contract variations and claims and relevant expenses, and on share-based payments made to the Group’s personnel.

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

The Respondents admitted the complaints against them. The Disciplinary Committee found as follows:

- (i) Lin failed or neglected to observe, maintain or otherwise apply the following professional standards to the extent that they applied to one or both of the audit periods:
- Hong Kong Standard on Auditing (“HKSA”) 230 *Audit Documentation*;
  - HKSA 315 *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*;
  - HKSA 330 *The Auditor’s Responses to Assessed Risks*;
  - HKSA 450 *Evaluation of Misstatements Identified during the Audit*;
  - HKSA 500 *Audit Evidence*;

- HKSA 530 *Audit Sampling and Other Means of Testing* and its subsequent revised version entitled *Audit Sampling*; and
  - HKSA 540 *Audit of Accounting Estimates* and its subsequent revised version entitled *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*.
- (ii) Kwong failed or neglected to observe, maintain or otherwise apply HKSA 220 *Quality Control for Audits of Historical Financial Information* and its subsequent revised version entitled *Quality Control for an Audit of Financial Statements*.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against the respondents 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/>

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#### **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 over 46,000 members and 17,000 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.

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