

Press Release  
13 May 2011

### The FRC publishes its fourth investigation report

(13 May 2011, Hong Kong) Today, the Financial Reporting Council (the "FRC") publishes its fourth investigation report in relation to the audit of the consolidated financial statements of a listed entity.

The FRC directed the Audit Investigation Board (the "AIB") to conduct this investigation on 5 November 2009 and adopted the investigation report prepared by the AIB which summarizes the findings of the investigation on 5 May 2011.

Based on its findings, the AIB is of the view that the principal auditor (the auditor of the parent company) did not properly document the nature, timing and extent of the audit procedures performed and the conclusions reached on its review of the working papers prepared by the other auditor (the auditor of the subsidiaries) in accordance with relevant auditing and assurance requirements.

The FRC would like to remind auditors that they should prepare sufficient and appropriate audit documentation so as to enable an experienced auditor, having no previous connection with the audit, to understand the nature, timing, and extent of the audit procedures performed. Moreover, principal auditors should properly document the procedures performed and the conclusions reached on their review of the working papers prepared by other auditors.

The investigation report has been referred to the Hong Kong Institute of Certified Public Accountants to determine if any disciplinary actions are warranted. In the meantime, the investigation report is published on a "no-name" basis to avoid the disclosure of the identity of the auditor.

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

The [investigation report](#) is available on the website of the FRC ([www.frc.org.hk](http://www.frc.org.hk)).