

Press Release

24 May 2019

Financial Reporting Council welcomes the consultation conclusions on proposed rule changes relating to disclaimer or adverse audit opinion on issuer’s financial statements published by The Stock Exchange of Hong Kong Limited

(24 May 2019, Hong Kong) The Financial Reporting Council (FRC) welcomes the consultation conclusions on the proposed rule changes relating to disclaimer or adverse audit opinion on issuer’s financial statements published by the The Stock Exchange of Hong Kong Limited (the Exchange) today.

The FRC firmly believes that high quality auditing by auditors and reliable financial reporting by issuers combined play a pivotal role in protecting investor’s interest. In response to the Consultation, the FRC expressed its full support of the Exchange’s objective of encouraging issuers to maintain appropriate and effective risk management and internal control systems, and of requiring issuers to act promptly to resolve audit issues with their auditors. This will in essence enhance the effectiveness of communication between listed issuers and their auditors.

Dr Kelvin Wong, Chairman of the FRC remarked, “The FRC is pleased to note from the consultation conclusions that the Exchange has considered, among others, our comments. We believe that the revised proposal by the Exchange will foster a constructive and proactive working relationship between PIE auditors and their clients where auditors can duly, fairly, and independently discharge their statutory duty in relation to financial reports prepared by the issuers. At the same time, listed issuers are encouraged to resolve audit issues on a timely basis.”

Ms Wincey Lam, Acting CEO of the FRC added, “It is encouraging to see that the financial regulatory environment of Hong Kong keeps improving. We believe that the quality of financial reporting of listed entities in Hong Kong would be further enhanced when the Financial Reporting Council (Amendment) Ordinance and the proposed amendments of the listing rules by the Exchange take effect.”

-Ends-

Note to editors

About the FRC

When the Financial Reporting Council (Amendment) Ordinance takes effect, the FRC will become the independent listed entity auditor regulator for Hong Kong with the direct powers of inspection, investigation and discipline concerning auditors of listed entities and oversight of the performance of the Hong Kong Institute of Certified Public Accountants in respect of their functions for registration, standards on professional ethics and auditing and assurance; and continuing professional development requirements in relation to PIE auditors. The FRC is committed to achieving its mission of upholding the quality of financial reporting of listed entities in Hong Kong. For more information, please visit www.frc.org.hk.

For media enquiries

Celian Cheung

Corporate Communications Manager

Financial Reporting Council

Tel: 2236 6025 Fax: 2810 6320

Email: celiancheung@frc.org.hk