

Press Release  
12 July 2007

## Commencement of Operation of the Financial Reporting Council

The Financial Reporting Council (FRC) announced today that it will be fully operational as from 16 July 2007.

With effect from next Monday, the FRC will begin receiving complaints and conducting investigations and enquiries into audit irregularities and non-compliances with financial reporting requirements in relation to listed entities in Hong Kong.

In response to the public demand to enhance the regulation of the accounting profession, the Hong Kong SAR government, upon the proposal of the Hong Kong Institute of Certified Public Accountants (HKICPA), decided to set up a new and independent statutory body, the FRC, to take over from the HKICPA investigations into misconducts of auditors and reporting accountants. On 13 July, 2006, the Legislative Council enacted the Financial Reporting Council Ordinance (FRCO), which provided the statutory basis for the establishment of the FRC.

“An effective regulatory framework for the accounting profession is crucial to reinforcing Hong Kong's position as an international financial centre,” said Ms. Sophia Kao, Chairman of the FRC. “Members and staff of the FRC are firmly committed to safeguarding the integrity of financial reporting in Hong Kong and protecting the interest of the investing public.”

Members of the public can visit FRC's website [www.frc.org.hk](http://www.frc.org.hk), to obtain information on how to lodge a complaint with the FRC and other aspects of its work. “Anyone who possesses information or evidence, which suggest that there are or may be auditing and reporting irregularities or non-compliances with financial reporting requirements, may lodge a complaint with us,” said Mr. M.T. Shum, the Chief Executive officer (CEO) of the FRC. “And for those who have difficulties in lodging a complaint in accordance with the published complaint procedure, they may contact FRC staff for assistance.”

Under the FRCO, the FRC is an independent statutory body comprising a maximum of 11 members, including two ex-officio members and other members appointed by the Chief Executive. Current FRC members were appointed on 1 December 2006 with a term of three years. Ms. Sophia Kao is the current Chairman. Council members include Mr. Moses Cheng, Mr. Mark Dickens, Mr. Martin Hadaway; Mr. P.M. Kam, Hon. Mrs. Sophie Leung, Mr. Vernon Moore and Prof. Judy Tsui, with two ex-officio members, the Registrar of Companies and the CEO of the FRC.