

Press Release

Clarification on recent market speculations arising from appointments of acting Chairman and temporary members to the FRC

(22 September 2015, Hong Kong) The Financial Reporting Council (**FRC**) noted recent market speculations and news reporting arising from the appointments of the acting Chairman and temporary members to the FRC announced on 18 September 2015.

Dr John Poon is and remains the Chairman of the FRC and performs the functions of his office unless he has declared an interest in a subject matter, in which case the acting Chairman will perform the functions of the Chairman in relation to such matter. There is also no change to the composition of the Council. The appointment of temporary members is to avoid insufficient quorum at Council meetings if four or more Council members have declared an interest in one or more of the matters under consideration. Similar appointments have been made before - in January 2014.

The FRC is entrusted with the statutory responsibilities to investigate possible auditing irregularities committed by auditors of listed entities and to enquire into possible non-compliance with accounting requirements on the part of listed entities. Section 53 of the Financial Reporting Council Ordinance (**FRCO**) sets out the avoidance of conflict of interests obligation for any person who performs a function under the FRCO (www.legislation.gov.hk/eng/home.htm). This section is very broad, and covers even very remote conflicts, for example being a client or

former client of an accounting firm. Accordingly, it is unavoidable that members of the Council may declare conflict of interests from time to time.

— End —

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 or 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 11 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.