

Press Release

9 July 2020

### Completed investigation

On 29 June 2020, the FRC adopted the investigation report on the audit of the consolidated financial statements of a listed entity for the year ended 31 March 2017.

The FRC found that the auditor, the engagement partner and the engagement quality control reviewer failed or neglected to observe, maintain or otherwise apply certain professional standards in the relevant audit in relation to the corresponding figures on inventories and revenue.

The investigation revealed that the auditor and the engagement partner failed to properly perform the relevant audit, in relation to the above matters, in accordance with the relevant provisions of Hong Kong Standard on Auditing (HKSA) 500 *Audit Evidence*, HKSA 600 *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)* and HKSA 710 *Comparative Information – Corresponding Figures and Comparative Financial Statements*.

It was also found that the engagement quality control reviewer of the relevant audit failed to fully comply with the relevant provisions of HKSA 220 *Quality Control for an Audit of Financial Statements*.

The investigation report has been referred to the Hong Kong Institute of Certified Public Accountants to determine if any disciplinary actions are warranted. Names of the relevant parties are withheld because of the potential disciplinary proceedings.

— End —

## **Note to editors**

### **About the FRC**

The FRC is the full-fledged independent listed entity auditor regulator for Hong Kong committed to upholding the quality of financial reporting of listed entities of Hong Kong so as to enhance investor protection and strengthen investor confidence in corporate reporting. For more information about the statutory functions of the FRC, please visit [www.frc.org.hk](http://www.frc.org.hk).

### **For media enquiries:**

Celian Cheung  
Associate Director, Corporate Communications  
Financial Reporting Council  
Tel: (852) 2236 6025  
Fax: (852) 2810 6320  
Email: [celiancheung@frc.org.hk](mailto:celiancheung@frc.org.hk)