

Appointments to Financial Reporting Council

The Government announced today (November 2) the appointment of Dr Kelvin Wong Tin-yau as the Chairman of the Financial Reporting Council (FRC). Dr Wong's current term as a Member of the FRC will cease on December 1, 2018, and he will assume the chairmanship on December 15, 2018, upon the expiry of the term of appointment of the incumbent Chairman, Dr John Poon Cho-ming.

The Government also announced the following appointments to the FRC with effect from December 1, 2018:

Appointment of New Members

Mr Eugene Fung Ting-sek

Mr Stephen Hung Wan-shun (will cease to be a Temporary Member of the FRC on the same date (December 1, 2018))

Ms Miranda Kwok Pui-fong

Ms Rosita Lee Pui-shan (will cease to be a Temporary Member of the FRC on the same date (December 1, 2018))

Re-appointment of Members

Mr Wong Kai-man

Mr Ignatius Chan Tze-ching

Mr Wilson Fung Ying-wai

Ms Eirene Yeung

Re-appointment of Temporary Member

Ms Anna Wong Wai-kwan

Ms Eirene Yeung is also appointed as the Acting Chairman of the FRC upon the expiry of the term of appointment of the incumbent Acting Chairman, Mr Nicholas Robert Sallnow-Smith. Ms Yeung will be the Acting Chairman in the event that the Chairman is not able to perform the functions of his office as Chairman. The appointment of the Acting Chairman will come into effect whenever the need arises.

The above appointments are made in accordance with the relevant provisions of the FRC Ordinance (Cap. 588) and on a two-year term, subject to the commencement of the new auditor regulatory regime proposed in the FRC (Amendment) Bill 2018 which is currently being examined by a Bills Committee of the Legislative Council.

In announcing the appointments, the Secretary for Financial Services and

the Treasury, Mr James Lau, said, "The FRC is tasked with the important duties of enhancing the regulation of the accounting profession and the quality of financial reporting of entities listed in Hong Kong. With his wealth of experience in senior positions of listed corporations, Dr Kelvin Wong is well versed in corporate governance and financial regulatory issues. He has contributed most positively to the work of the FRC since his appointment as a Member in December 2015. We are confident that under his leadership, the FRC will continue to discharge its statutory functions effectively to reinforce Hong Kong's position as an international financial and business centre."

Mr Lau also welcomed the new Members on board and expressed his heartfelt gratitude to the outgoing Members. Mr Lau said, "We would like to thank the outgoing Chairman, Dr John Poon Cho-ming, and the three outgoing Members, Mr Nicholas Robert Sallnow-Smith, Mr Sin Chung-kai and Mr David Peter Robert Stannard, for their dedicated services and valuable contributions to the FRC in the past six years. Under Dr Poon's leadership and with the support from Members, the FRC has been faithfully discharging its statutory duties as an important regulatory body in upholding the quality and integrity of financial reporting in Hong Kong and in safeguarding the interest of the investing public. During his tenure as the Chairman, Dr Poon has led the FRC in laying a solid foundation for its new role as a full-fledged independent oversight body for auditors of listed entities upon the enactment of the FRC (Amendment) Bill 2018."

Established under the FRC Ordinance, the FRC is an independent statutory body to investigate possible auditing and reporting irregularities, as well as to enquire into possible non-compliance with accounting requirements, in relation to listed entities in Hong Kong.

The FRC comprises 11 Members, including two ex-officio Members (the Registrar of Companies and the Chief Executive Officer (CEO) of the FRC). The Chairman is appointed by the Chief Executive and other Members by the Financial Secretary under delegated authority.

Section 53 of the FRC Ordinance requires any Member of the FRC who has disclosed an interest in a matter under consideration by the FRC to be absent during any deliberation of the matter unless the Council determines otherwise. The Temporary Members of the FRC will serve on a rotating basis in the event that an appointed Member is not able to perform the functions of his office as Member as a result of his disclosure of interests. Under the FRC Ordinance, Temporary Members are appointed by the Financial Secretary under delegated authority. In addition, section 3(1) of Schedule 2 to the FRC Ordinance provides that if the Chairman is unable to perform the functions of his office because of his absence from Hong Kong or any other reason, the Chief Executive may appoint another appointed Member of the FRC who is a lay person to act as the Chairman during the absence, incapacity or vacancy.

The FRC (Amendment) Bill 2018 aims to enhance the independence of the existing regulatory regime for auditors of listed entities from the audit profession so as to enhance investor protection and ensure that the regime is

benchmarked against the international standard and practice. Under the legislative proposals, the FRC will become an independent oversight body regulating auditors of listed entities, and be responsible for the inspection, investigation and disciplinary functions with regard to listed entity auditors. The Bill also prescribes a new composition of the FRC under the new regime. Accordingly, the term of the above appointments to the FRC will cease upon the commencement of the new auditor regulatory regime proposed in the Bill, in the event that the commencement date of the Bill is earlier than the expiry date of the appointments.

The membership list of the FRC with effect from December 15, 2018, is as follows:

Chairman

Dr Kelvin Wong Tin-yau

Members (in alphabetical order of surname)

Mr Ignatius Chan Tze-ching

Mr Eugene Fung Ting-sek

Mr Wilson Fung Ying-wai

Mr Stephen Hung Wan-shun

Ms Miranda Kwok Pui-fong

Ms Rosita Lee Pui-shan

Mr Wong Kai-man

Ms Eirene Yeung

Ex-officio Members (in alphabetical order of surname)

Ms Ada Chung Lai-ling (in the capacity as the Registrar of Companies)

Mr Paul F Winkelmann (in the capacity as the CEO of the FRC)

The Temporary Members of the FRC with effect from December 1, 2018, are (in alphabetical order of surname):

Mr Edward Kwan Pak-chung

Mr Michael William Scales

Ms Anna Wong Wai-kwan