

A NEW ERA  
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# Macro Trends for Businesses

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*25 October 2019*

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# History of the FRC

Time	Milestone
13 Jul 2016	Enactment of the FRC Ordinance
1 Dec 2016	Establishment of the FRC
16 Jul 2017	Commencement of full operation – Investigation & Enquiry
24 Jan 2018	Introduction of the FRC (Amendment) Bill 2018 at the Legislative Council
30 Jan 2019	Passage of the FRC Amendment Bill 2018

# FRC (Amendment) Ordinance 2019

- Effective date: 1 October 2019
- Long title amended as:

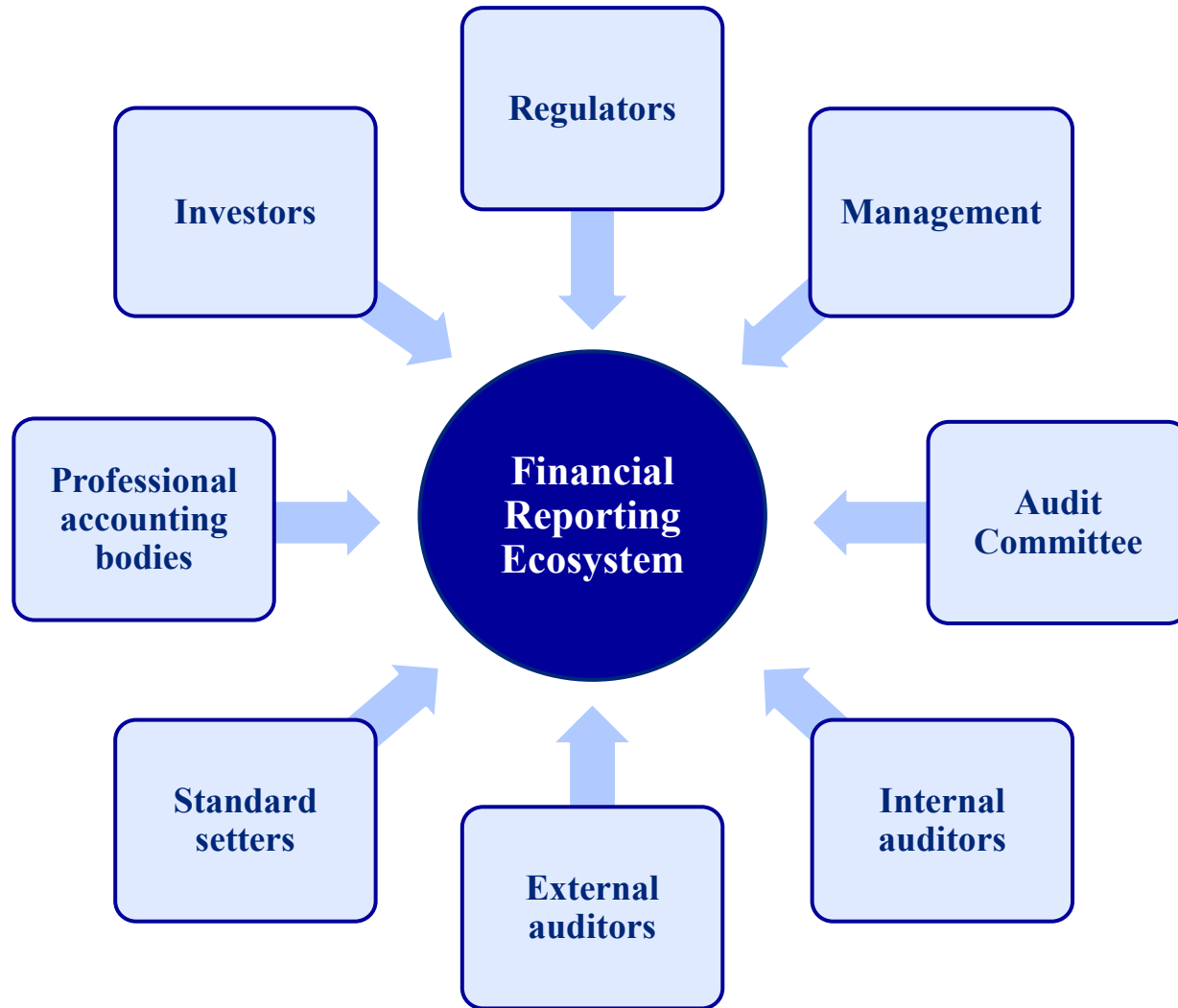
An Ordinance to establish a Financial Reporting Council acting in the public interest as an independent oversight body of auditors of listed entities; to regulate those auditors through registration, recognition, inspection, investigation and disciplinary sanction; to provide for a review and appeal mechanism regarding decisions made against those auditors; to provide for enquiries into non-compliances with regulatory requirements for financial reports of listed entities; to provide for the levies payable to the Council; and to provide for related matters.

# Mission of the FRC

Acting in the public interest:

- Uphold the quality of financial reporting of listed entities in Hong Kong
- Enhance protection for investors
- Deepen investor confidence in corporate reporting

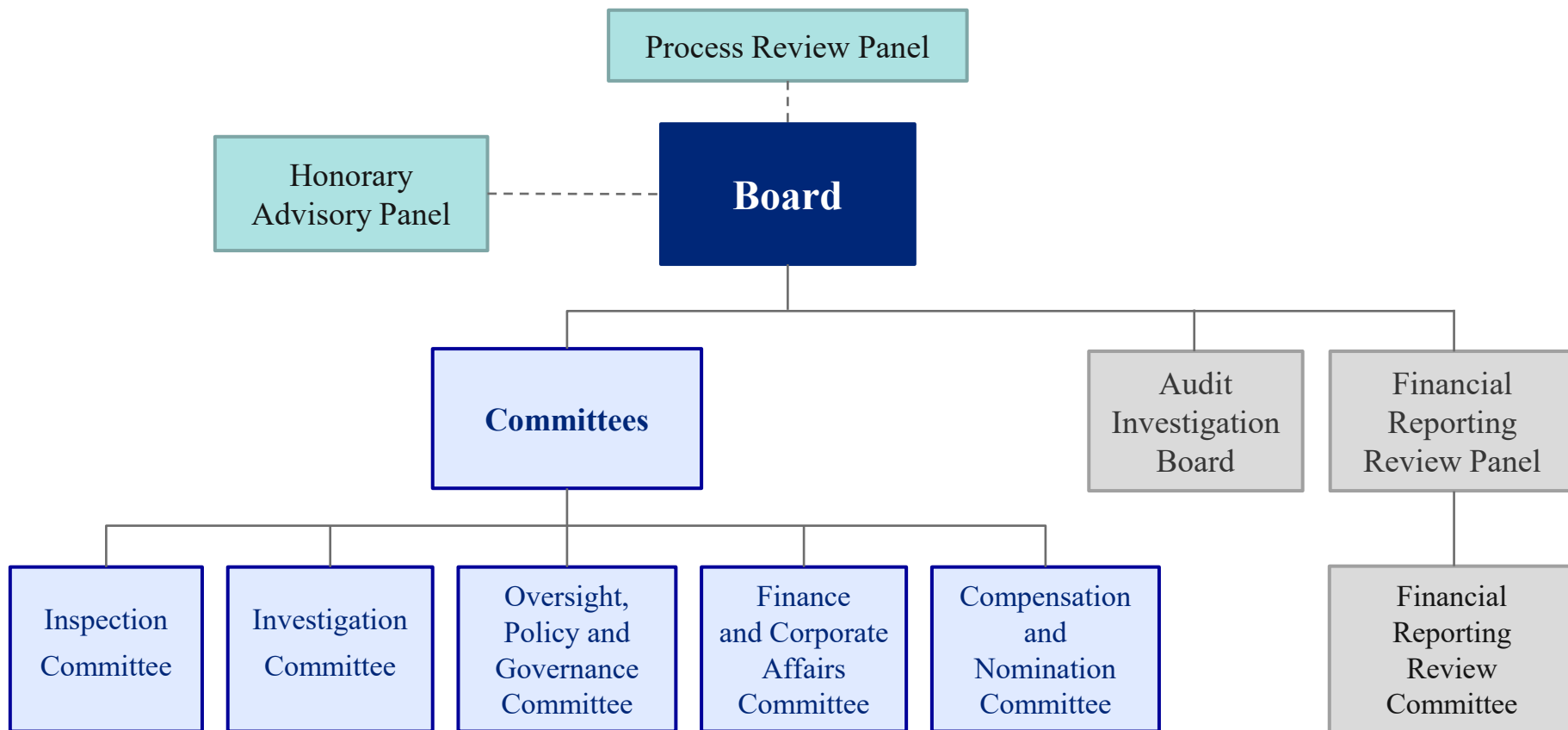
# Key Stakeholders in Financial Reporting Ecosystem



# Core values and Responsibilities of the FRC



# Governance Structure of the FRC





# Interaction with Listed Companies and their Auditors

## Macro environment

- Trade war
- Brexit
- One belt one road
- Increase adoption of new technology (e.g. big data, cloud, artificial intelligence)
- New regulatory requirements

## How does the macro environment affect the listed companies and their auditors?

### Financial reporting

- Complex business transactions and valuations
- Impairment of assets
- Liquidity and insolvency issues
- Compliance with new accounting standards
- Enhanced presentation and disclosures

### Corporate governance

- Strength governance on preparation of financial statements – true and fair

### Audit quality

- Increase complexity in audit
- More cross-border audits
- Use of new technology on audit

# Interaction with Listed Entities and their Auditors

