



Driving Financial Reporting and Audit Quality through Better Investor Engagement

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Outline

- How to achieve quality financial reporting?
- What is audit quality and why is it important?
- How to enhance investor engagement?
- What are the roles of FRC to financial reporting and audit quality?

How to achieve quality financial reporting?

■ Preparation

- Resources

■ Information

- Financial information
- Non-GAAP financial information

■ Materiality

- Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity

What is audit quality and why is it important?

■ External audit of financial information

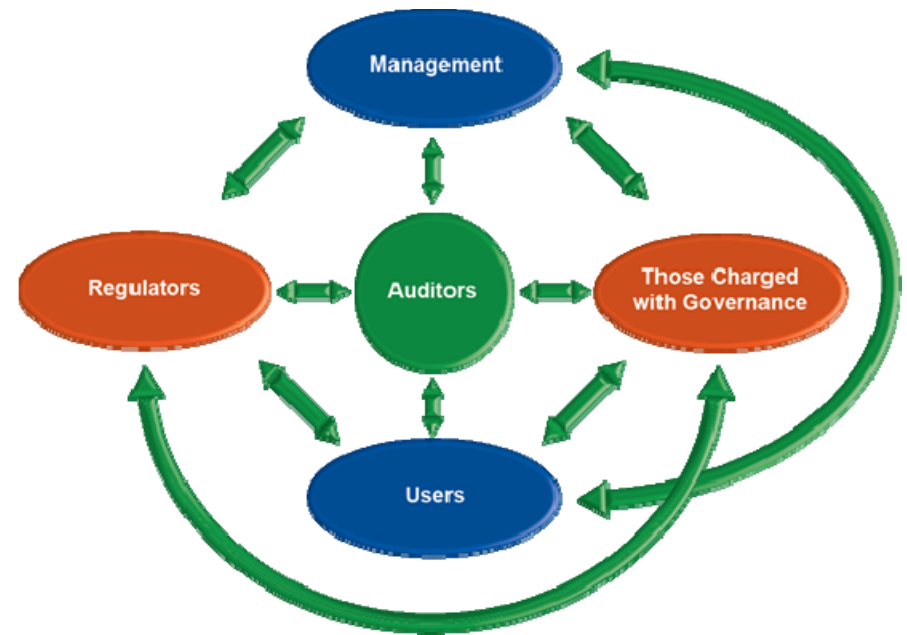
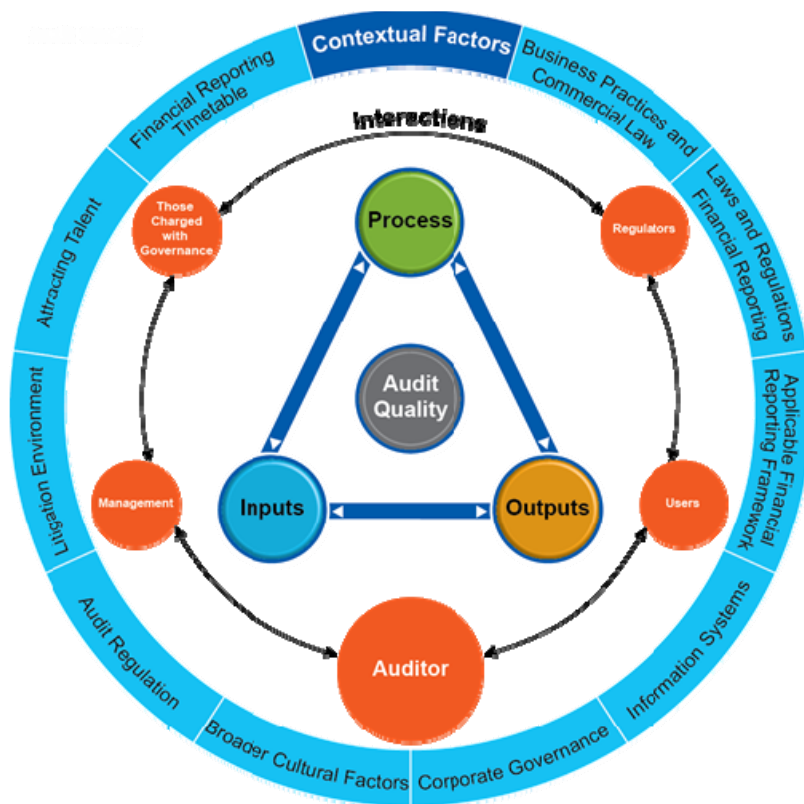
- Auditors provide an opinion that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework (i.e. the financial statements as a whole are free from material misstatement, whether due to fraud or error)
- Give users confidence that the information can be trusted

■ Audit quality

- 5 Key elements that create an environment which maximizes the likelihood that quality audit are performed on a consistent basis.
- An environment where there is support from and appropriate interactions among participants in the financial reporting supply chain

What is audit quality and why is it important?

■ Framework for Audit Quality (IAASB)



How to enhance investor engagement?

■ Investor relations

- Investor relations is a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company's securities achieving fair valuation (NIRI)

■ Information

- Quality of information
- Presentation and communication of information

■ Support and involvement from the top management

What are the roles of FRC to financial reporting and audit quality?

Independent auditor regulator

- Inspection
- Investigation and enquiry
- Discipline
- Recognition of overseas auditors
- Oversight of HKICPA's performance

Thank You!