

**Press Release**

22 May 2019

**The Supervision and Evaluation Bureau of the Ministry of Finance and the Financial Reporting Council of the Hong Kong Special Administrative Region sign a Memorandum of Understanding to promote cross-boundary cooperation and enhance audit quality**

(22 May 2019, Hong Kong) The Supervision and Evaluation Bureau (SEB) of the Ministry of Finance (MOF) and the Financial Reporting Council (FRC) of the Hong Kong Special Administrative Region today signed a Memorandum of Understanding (MOU) on cooperation in respect of audit regulation which marked a new page of collaboration.

The MOU was signed by Dr Gao Jinxing, Director General of the SEB and Ms Wincey Lam, Acting CEO of the FRC in the presence of Mr James Lau, Secretary for Financial Services and the Treasury of the HKSAR Government, Ms Song Wei, Deputy Director, Coordination Department of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region and Dr Kelvin Wong, Chairman of the FRC. The MOU aims to enhance the quality and reliability of listed entities' audits in order to protect the interests of investors and the public, and strengthen public trust in financial reporting and investors' confidence in capital markets, thereby reinforcing Hong Kong's position as an international financial centre.

As the SEB and the FRC have achieved audit regulatory equivalence, both parties will expand cooperation based on the principle of mutual reliance under the MOU. The SEB and the FRC will provide assistance to each other in respect of their audit regulatory responsibilities in relation to inspection, investigation and discipline in order to enhance regulatory efficiency. In the future, the FRC will be able to make request under the MOU to the SEB for assistance in gaining access to audit working papers of Hong Kong audit firms located in the Mainland.

Dr Goa Jinxing, Director General of SEB said, "Years of practice have proved that the cooperation mechanism of audit regulation based on mutual reliance between the Mainland and Hong Kong is operating smoothly and effectively, and has played a positive role in improving the quality of the annual reports of listed entities in Hong

Kong and promoting the connectivity of the financial markets between the two places. The signing of this MOU will further strengthen the regulatory cooperation between the two places and deepen the audit regulatory equivalence of the Mainland and Hong Kong. My congratulations once again on the successful enactment of the Financial Reporting Council (Amendment) Ordinance 2019 at the Legislative Council of Hong Kong. We will continue to implement the directives of the Central Government to support Hong Kong's integration into the overall development of our country, and support and assist the Financial Reporting Council in fulfilling its new regulatory functions. Under the development frameworks of the “One Belt, One Road” and the “Guangdong, Hong Kong and Macau Greater Bay Area”, we will join hands to promote the integration of the financial capital markets and the healthy development of the accounting profession.”

Dr Kelvin Wong, Chairman of the FRC remarked, “When the Financial Reporting Council (Amendment) Ordinance 2019 takes effect, the FRC will be vested with the direct powers of inspection, investigation and discipline concerning auditors of listed entities. It is indeed an opportune time for us to sign the MOU with the SEB. The MOU facilitates our ability to gain access to audit working papers located in the Mainland through an effective mechanism and clear procedures, thereby enhancing our efficiency in discharging our duties in respect of inspection and investigation as an effective independent auditor regulator. We would like to express our heart-felt thanks to Dr Gao Jinxing for his continued support and assistance to the FRC. We believe that with the MOU in place, the FRC and the SEB will be able to further promote cross-boundary collaboration on audit regulation. ’

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## **Note to editors**

### **About the Supervision and Evaluation Bureau**

The PRC's Ministry of Finance formulates the accounting regulations in PRC and the industry of Certified Public Accountant according to the Accounting Law of the People's Republic of China and the Law of the People's Republic of China on Certified Public Accountant. Based on the division of responsibilities by the PRC's Ministry of Finance, the Supervision and Inspection Bureau is responsible for the supervision and inspection of companies in China in abiding the laws and rules of accounting, and the standards and systems of accounting. The Bureau is also responsible for the supervision and inspection of the public practice quality of Certified Public Accountants and accounting firms. Besides, the Bureau conducts exchanges and collaborations with regulators outside China in respect of the cross border affairs related to accounting and audit regulation.

### **About the FRC**

When the Financial Reporting Council (Amendment) Ordinance takes effect, the FRC will become the independent listed entity auditor regulator for Hong Kong with the direct powers of inspection, investigation and discipline concerning auditors of listed entities and oversight of the performance of the Hong Kong Institute of Certified Public Accountants in respect of their functions for registration, standards on professional ethics and auditing and assurance; and continuing professional development requirements in relation to PIE auditors. The FRC is committed to achieving its mission of upholding the quality of financial reporting of listed entities in Hong Kong. For more information, please visit [www.frc.org.hk](http://www.frc.org.hk).

### **For media enquiries**

Celian Cheung

Corporate Communications Manager

Financial Reporting Council

Tel: 2236 6025 Fax: 2810 6321

Email: [celiancheung@frc.org.hk](mailto:celiancheung@frc.org.hk)