

## Press Statement

2 August 2024

### Regulatory Collaboration Enhances Effectiveness in Audit Regulation

Recent cross-border regulatory collaboration between the Accounting and Financial Reporting Council (**AFRC**) and the Supervision and Evaluation Bureau of the Ministry of Finance of the People's Republic of China (**MoF**) has led to the detection of contravention of Mainland laws and regulations by a Hong Kong audit firm and follow-up regulatory actions by the MoF.

In an [announcement](#) published today, the MoF has found that between 2022 and 2023, in respect of the annual audits of 5 Mainland enterprises listed in Hong Kong, Elite Partners CPA Limited, a Hong Kong registered PIE auditor, failed to comply with various reporting obligations under the Mainland's "Interim Provisions on Accounting Firms' Provision of Auditing Services for the Overseas Listing of Enterprises in Mainland China" (**Interim Provisions**) which have, since July 2015, governed the provision of audit services in the Mainland by non-Mainland (including Hong Kong) audit firms and their audit quality. Pursuant to the Interim Provisions, the MoF has banned Elite Partners CPA Limited from undertaking audit services for Mainland enterprises listed outside the Mainland for a period of 5 years for the said serious failures.

This announcement follows an earlier decision notice by the MoF imposing sanctions on an individual Mainland certified public accountant for accepting audit work from Elite Partners CPA Limited in respect of the 5 audits on his own account rather than through the public accounting firm to which he belonged, in contravention of Mainland law.

This incident highlights the success of cross-border collaboration between the AFRC and the MoF and further attests to the importance that both parties place on regulatory cooperation to maintain high standards of audit quality, thereby enhancing public confidence in PIE auditors.

The AFRC will adopt a coordinated approach with the MoF in strengthening the supervision and management of cross-border audit services and Hong Kong audit firms' compliance with the relevant regulatory requirements including reporting obligations, cooperation with Mainland audit firms and the safekeeping of audit working papers under the Interim Provisions and other legislation, as announced by the MoF today.

Further to our [press statement](#) issued on 16 July 2024, audit firms in Hong Kong are strongly reminded of their duty to comply with all applicable laws and regulations of any jurisdictions in which they provide audit services, whether in the Mainland or overseas. Under the AFRC registration regime, practitioners are required to have the necessary competence which includes requisite knowledge of, and full compliance with applicable laws and regulations. In considering any application for registration or renewal, the AFRC will have regard to all relevant information including an applicant's compliance record. They are also reminded of the need for timely self-reporting of critical incidents or contravention of laws and regulations to the AFRC and relevant regulatory authorities.

The AFRC will act promptly and effectively to ensure compliance by PIE auditors to uphold the standards of professional conduct and to maintain Hong Kong's reputation as an international financial centre.

End

## About the Accounting and Financial Reporting Council

The Accounting and Financial Reporting Council is an independent body established under the Accounting and Financial Reporting Council Ordinance. As an independent regulator, AFRC spearheads and leads the accounting profession to constantly raise the level of quality of professional accountants, and thus protects the public interest and promotes the healthy development of the accounting profession.

For more information about the statutory functions of the AFRC, please visit [www.afrc.org.hk](http://www.afrc.org.hk).

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