

**Press Release**  
**3 December 2020**

## **Effective cross-boundary cooperation between the Supervision and Evaluation Bureau of the PRC Ministry of Finance and the FRC**

(3 December 2020, Hong Kong) The FRC has obtained the first of the audit working papers located in the Mainland that it requires to carry out its investigations into possible auditing irregularities. This marks a critical milestone in cooperation between the Supervision and Evaluation Bureau (SEB) of the PRC Ministry of Finance and the FRC.

In view of the significance of listed entities with Mainland operations to the capital markets in Hong Kong, cooperation with the SEB is a strategic priority for the FRC. It is founded on successful implementation of the Memorandum of Understanding (MoU) signed by both parties on 22 May 2019. The objective of the MoU is for the SEB and the FRC to work collaboratively on the basis of mutual reliance to:

- Enhance the quality and reliability of listed entities' audits;
- Protect the interests of investors and the public; and
- Strengthen public trust in audits and investor confidence in the capital markets.

Mr Marek Grabowski, CEO of the FRC said: “This is an exciting moment. We extend our sincere gratitude to the SEB for all the assistance and support rendered in obtaining access for us to these working papers. This is an important step but is just the beginning. I look forward to extending the excellent spirit of co-operation between us across the full scope of our regulatory functions of inspection, investigation and discipline. This is crucial to the effective achievement of our regulatory outcomes.”

Dr Kelvin Wong, Chairman of the FRC remarked, “With the great assistance of the SEB, the FRC has been able to obtain access to the first audit working papers located in the Mainland relating to our investigation cases, despite all the practical challenges brought about by the outbreak of COVID-19 in the past several months. This demonstrates that the MoU works well for the FRC to extend our cross-boundary auditor regulatory functions through the cooperation with the SEB. A strong foundation has been laid to build a strategic relationship between the SEB and the FRC. The enhanced collaboration resulting from the MoU will further strengthen Hong

Kong's position as a robust international financial centre.”

Under the MoU, the FRC has made requests for the SEB's assistance in gaining access to audit working papers located in the Mainland. To date, the FRC has raised such requests for 11 investigation cases. The audit working papers that have been received relate to the first 7 of these cases.

The scope of cooperation under the MoU is the regulation of the audit profession within the respective remits of the parties, including inspection, investigation and discipline.

The MoU enables both parties to provide mutual assistance in exchanging information, based on mutual reliance, to secure compliance with their respective laws relating to the regulation of the audit profession within their respective remits.

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## **Note to editors**

### About the FRC

The FRC is the full-fledged independent listed entity auditor regulator for Hong Kong committed to upholding the quality of financial reporting of listed entities of Hong Kong so as to enhance investor protection and strengthen investor confidence in corporate reporting.

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

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