

Press Statement

13 September 2024

Maintaining the Quality of Cross-Border Audit Services

The Accounting and Financial Reporting Council (**AFRC**) has been closely collaborating with the Supervision and Evaluation Bureau of the Ministry of Finance of the People's Republic of China (**MoF**) in maintaining the standards and quality of cross-border audit services.

In an announcement published today, the MoF has imposed administrative sanctions against Mainland audit firm PricewaterhouseCoopers Zhong Tian LLP for its serious infractions in the audit work on Hengda Real Estate Group Co Ltd (**Hengda**). This marks a significant milestone in the coordinated cross-border enforcement actions in relation to the audits of China Evergrande Group, of which Hengda is a principal subsidiary.

With the conclusion of the MoF's investigation into the Mainland audit work on Hengda, the AFRC's concurrent independent investigation into the audits of China Evergrande Group by PricewaterhouseCoopers in Hong Kong is in progress.

Notwithstanding the seriousness of this anomalous incident and its potential regulatory implications for the group's auditors, the accounting profession of Hong Kong remains credible and well-equipped to provide a sufficient supply of high-quality audit services that our capital markets require.

Maintaining a high level of audit quality remains the AFRC's foremost priority. Where cross-border audit services are concerned, it is of common strategic interest to the AFRC and MoF to further strengthen their regulatory collaboration based on close mutual support and reliance. The AFRC would like to acknowledge and thank the MoF for its strong commitment in this regard. We are confident that upholding high audit quality will protect the interests of the investing public on both sides of the border and maintain Hong Kong's reputation as an international financial centre.

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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.

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