

China and Global Capital Markets conference

The Institute and the ICAEW stage big conference on China and global investors

▶ The Institute and the Institute of Chartered Accountants in England & Wales hosted a landmark conference on 11-12 May on the opportunities and challenges China's growth presents to global investors. Among the attendees were Wang Jun, China's vice minister of finance, Paul Boyle, chief executive of the U.K. Financial Reporting Council, Paul Chow, chief executive of the Hong Kong Exchanges and Clearing Ltd., Martin Wheatley, chairman of Hong Kong's Securities and Futures Commission, and Tatsumi Yamada, board member of the IASB.

A series of panel discussions centred on the opportunities presented by China for investors, the challenges of aligning Chinese and global accounting standards, and how policy makers can maintain investor confidence in China's market. Wang also announced at the conference that China's accounting standards would converge with Hong Kong's for Mainland companies listed in the SAR.

New listing chairman

Carlson Tong becomes new chairman of the listing committee for HKEx

▶ Carlson Tong, vice president of the Institute, has been appointed chairman of the listing committee for the Hong Kong Exchanges and Clearing Ltd. Tong, 51, was first appointed to the committee in 2001. He is currently partner in charge of audit for KPMG China & Hong Kong. He is also a member of the takeovers and mergers panel, and the dual filing advisory group at the Securities and Futures Commission.



Institute **in brief**

www.hkicpa.org.hk

▶ The 2006 IFRS bound volume published by the IASB is now available to members and member practices at the discounted price of HK\$750. A copy can be purchased at the Institute's 4th floor counter at Tower Two, Lippo Centre.

▶ The Institute has revised HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards and issued two New Interpretations, HK (IFRIC)-Int 8 Scope of HKFRS 2 and HK (IFRIC)-Int 9 Reassessment of Embedded Derivatives.

▶ On 26 May, the Institute held a full-day symposium on mergers and acquisitions in the Mainland in conjunction with the Hong Kong Polytechnic University. Attendees included mainland Chinese government officials, industry professionals and investors.

▶ Don't forget the Member and Student Services counter at Lippo Centre is due to close this summer as it moves to the 27th floor of Wu Chung House in Wan Chai.

Fund managers' survey

New survey highlights the importance of quality auditing

▶ Fund managers in Hong Kong and China say they rely more heavily on audited financial statements in making investment decisions than any other source of information, new research shows. The managers rank in-house research analysis and face-to-face meetings with company executives in the second and third place.

A big majority, or 92 percent, of Hong Kong fund managers say they have a "fair to great deal" of confidence in financial information audited in Hong Kong, while only 79 percent of fund managers in China say they have the same confidence in audited information produced in China.

These findings show the increasing importance of high quality audited information to investors around the world, says Winnie Cheung, chief executive of the Hong Kong Institute of CPAs.

More fund managers in Hong Kong say they understand the role of the auditor "fairly or very well" (92 percent) than in any other jurisdiction, while only 67 percent of China fund managers say the same. The survey, conducted by international research firm Synovate, polled 49 Hong Kong fund managers and 51 in mainland China.

England bound

Sir Gordon Macwhinnie bids farewell to Hong Kong

▶ Sir Gordon Macwhinnie, founder of the Hong Kong Institute of CPAs, bade goodbye to his adopted home, Hong Kong, on 30 March at the Hong Kong Club. Those who attended the farewell lunch included Institute President Paul Chan, Institute Chief Executive and Registrar Winnie Cheung and many past presidents and founding members of the Institute.



Sir Gordon's life story has been bound to Hong Kong since he arrived here at the end of World War II. He came here with the British army in 1945 after his accountancy training in London was disrupted by the war. He later joined Peat Marwick Mitchell, which was auditor of Hongkong and Shanghai Banking Corp. at the time in London, and the company posted him to Hong Kong in 1950.

"When I first arrived, local Chinese accountants were using abacuses to calculate figures," Sir Gordon told the *South China Morning Post* in an interview. He recalled how the start-up branch of Peat Marwick Mitchell (now renamed KPMG) in Hong Kong has grown from only two partners and five staff at the time to 1,600 employees.

Sir Gordon was the first president of the Hong Kong Society of Accountants.

All of Hong Kong's CPAs owe Sir Gordon a debt of gratitude for his vision in establishing a society to represent the accountancy community in Hong Kong and to press for the highest professional standards. Hong Kong's status as the financial gateway to China is one of the many benefits of Sir Gordon's work.

Marvin Cheung Kin-tung, former chairman of KPMG, called Sir Gordon his mentor. "He recruited me from London to join Peat Marwick in 1969 and taught me a lot about integrity and aspiring for the highest professional standards," Cheung was quoted as saying in the *Post*.

Sir Gordon has since settled in England with his family for a well-deserved retirement.

HKEx is the play

▶ Boosted by recent gains in the Hang Seng index and a huge volume of IPOs, the Hong Kong Exchange and Clearing Ltd. reported a 95 percent year-on-year profit increase for the first quarter of 2006. The exchange also noted in its report that the average daily turnover for this quarter was up 70 percent from the same period a year ago.

A job in fraud

▶ The Independent Commission Against Corruption wants to hire 11 new specialists in financial investigations and accounting, effectively doubling its corporate fraud team. The move comes amid increasing concern over the rising number of incidents of large-scale corporate fraud involving listed companies and their senior executives, as well as higher levels of sophistication of crimes.

Competition clouded

▶ Legislator Ronny Tong of the Civic Party has come out in favour of an independent competition body for Hong Kong as a way to deal with rising economic pressure from mainland China cities. He says the SAR needs an all-encompassing competition law. A motion to pass such a law was recently rejected by the Legislative Council.

Webb on top

▶ David Webb, a shareholders' rights advocate, and Christine Loh, chief executive of local think tank Civic Exchange, won seats on the 13-member board of directors for the Hong Kong Exchange. The pair advocate for greater transparency and tougher enforcement of rules. The votes for Webb and Loh far exceeded that of their competitors, including gambling tycoon Stanley Ho's son, Lawrence Ho.

Renminbi hints

▶ Hong Kong leader Donald Tsang hints that Hong Kong may one day peg its currency to the renminbi. Tsang made clear that the Hong Kong dollar will remain tied to the U.S. dollar for the long term and that the pre-requisite for a Hong Kong dollar-renminbi peg would be renminbi's convertibility. Tsang suggests that Hong Kong could be a good "test market" for a fully liberalised renminbi.

SG still running for Guangdong Bank

▶ French bank Société Générale has revised its bid for Guangdong Development Bank, widely considered one of the worst performing banks in China, after Chinese regulators told bidders to amend their offers to meet with foreign investment rules. The French bank will seek a 20 percent stake in GDB, instead of the original 24 percent. SG was locked in a bidding war for the Chinese lender with Citigroup, whose bid appears to be in trouble due to renewed government sentiment against direct foreign ownership.

China's top banks targeted

▶ The China Banking Regulatory Commission has ordered China's top five banks to reduce their bad loan ratio to less than five percent and to have a capital adequacy ratio of over eight percent following their restructuring. The requirements extend rules laid out by the commission in 2004 from only the Bank of China and China Construction Bank to all top five lenders.

BoCom applies to invest offshore

▶ The Bank of Communications has applied to invest in offshore securities and bonds under the Qualified Domestic Institutional Investor (QDII) programme, *China Daily* reports. BoCom management is positive about getting approval because of the bank's strong financial performance. Meanwhile, China's banking regulators have requested foreign banks to delay applying for QDII status. The Bank of East Asia, the only foreign bank to have applied for the status so far, may even have its application returned.

China's bank deposit tax won't go yet

▶ China will not abolish a tax on bank deposits soon, *Xinhua* quoted Liu Shangxi, deputy director of the Research Institute of Fiscal Science under the Ministry of Finance, as saying. Introduced in 1999, the tax was originally designed to encourage consumption by taxing interest earned on bank deposits. But Liu says the tax will stay because it helps narrow the income gap.

Mainland news

China gets closer to the world

▶ Chinese Vice Minister of Finance Wang Jun signed an agreement with the Hong Kong Institute of CPAs in May to allow Chinese firms listed here to use Hong Kong accounting standards in their financial reports from January.

The move aims to converge Mainland practices with Hong Kong's and also brings China a step closer to international accounting standards. With the agreement, Mainland companies in Hong Kong no longer need to prepare two separate sets of financial statements to meet with Hong Kong standards and Chinese laws.

"This will remove any confusion for investors," Wang told a news conference, which attracted wide coverage from the local media.

The official said China will continue to move towards international standards, but not all international rules will apply in China because of "language and cultural differences."

He also said China's priority now is to improve the quality of its accounting professionals and train them in the new rules.



»» Wang Jun (left), Chinese vice minister of finance, with Paul Chan, the Institute's president

“Ludicrous, distorted, ridiculous”

Ernst & Young pulls controversial bad loan report that draws Beijing's ire

▶ Ernst & Young withdrew a controversial report on China's bad loans after the Chinese central bank slammed the report as “ludicrous,” “distorted” and “ridiculous.”

The auditing firm estimated China's total nonperforming loans at about US\$900 billion – more than the country's foreign currency reserves and more than five times the official government figure – in the report released 3 May. It also suggested that bad loans at China's big four state-owned banks totalled US\$385 billion, or more than twice the official estimate of US\$133 billion. The People's Bank of China lashed out at the report for its “greatly distorted” view of asset quality in the banking system.

Ernst & Young soon backtracked, stating that the report hadn't gone through its usual internal control system before being made public. The accounting firm said the report was “factually erroneous” and “embarrassing.”

“We apologise that this erroneous report was issued. We sincerely regret any misleading views that the report conveyed,” the firm said, explaining that the researchers took the existing bad-loan number and added some projections borrowed from investment bank research about possible new bad loans Chinese banks are facing to come up with the US\$900 billion figure.

Ernst & Young denied speculation that the Chinese government pressured it to retract, but some are still suspicious that the company's role as auditor for the Industrial and Commercial Bank of China was a contributing factor.

The timing of the report was particularly sensitive for the Bank of China and ICBC, as the report re-opens the debate about China's bad loans ahead of planned massive flotations by the banks.

Betting on Document 32

The China Securities Regulatory Commission re-opens the IPO market in China

▶ The China Securities Regulatory Commission (CSRC) has re-opened the Shanghai and Shenzhen stock markets for initial public offerings after a yearlong hiatus. The commission issued new regulatory measures, known as Document 32, in May to permit the resumption of IPOs after the government put a hold on them last year to allow much-needed market reforms. The new rules, which aim to improve the quality of IPOs in China, require the candidate companies to have at least three years of annual profitability of a minimum of Rmb30 million prior to listing and fulfil corporate governance guidelines, including an independent board of directors.

The document, however, says little on the issue of setting the price for an IPO, which the CSRC was largely responsible for previously. The CSRC will retain the right to reject new listings, as will the provincial government for which the company is based. This means, contrary to market rumours, China's stock exchange will not be playing a bigger role in vetting IPO applications.

Bankers and industry insiders point to the resurgence of the Shanghai exchange as a primary reason for the resumption of IPOs in China. The Shanghai Composite Index has gained almost 70 percent since June 2005, following a steady decline for the last four years. However, liquidity in these markets is still too limited to handle listings of the size now done in Hong Kong.

Close Ties

EU seeks deeper ties with China

▶ The European Union is seeking closer ties with China to help European banks gain better access to the world's fastest growing economy, EU Financial Services Commissioner Charlie McCreevy says in an interview with *Bloomberg* newswire.

"The Chinese market is opening up in financial services as well and naturally I, as EU commissioner, want to make sure that EU companies get an increasing share of the increasing action that's in China," McCreevy said as he wrapped up his trip to China in May. McCreevy also noted that China is moving towards accounting systems and bank capital standards used in Europe.

On the subject of China's currency exchange rate, McCreevy says that Chinese officials are taking appropriate measures to make the renminbi more responsive to market forces and stressed that the EU would leave it to Chinese authorities to handle its exchange rate policy.

McCreevy's statements contrast sharply with recent U.S. efforts to pressure the Chinese government to make its currency more flexible sooner rather than later.

During his trip, McCreevy met with Chinese Finance Minister Jin Renqing and other finance industry officials.



Beijing to insure bank deposits

▶ The China Banking Regulatory Commission is working on a deposit insurance scheme similar to the one used in the United States. Regulators have hinted at releasing more details in October as part of the effort to liberalise China's banking market by December. However, foreign banks with branches in China will be required to incorporate in China, a factor that worries some offshore lenders.

China's exchange rate hits eight

▶ The Chinese renminbi appreciated past the eight renminbi per dollar level on 15 May, its highest level in more than a decade. Some currency traders say the event might indicate Beijing's willingness to allow its currency to appreciate faster.

Time to bailout?

▶ The Agricultural Bank of China reported that its profits dropped by 48 percent on 18 May. The bank holds an estimated 12 percent of China's bank deposits and employs approximately 500,000 people – the largest number of China's four biggest banks. The Agricultural Bank is the only one of the big four that has not received a government bailout.

One code, one market

▶ The China Banking Regulatory Commission plans to release a unified banking code by the end of the year. Chen Sheng of the commission's rules and regulations department says the code will create a transparent legal system for all players in China's finance market. Currently, there are several agencies that can issue financial regulations.



Supply-side accounting

▶ About 1.27 million people sat for the two-day national exam to become accountants, reports the official *Xinhua* news agency. Since the test was launched in 1992, 3.15 million people have become certified accountants and over 12 million have taken the test.

B for Bernanke

▶ According to a recent *Wall Street Journal* survey, economists gave new U.S. Federal Reserve Chairman Ben Bernanke a grade of B+ for his performance in the first three months of his tenure. Bernanke has tried to be more open with his pronouncements, but voters in the survey noted he could use a little more polish.

Fine for Fannie Mae

▶ U.S. mortgage giant Fannie Mae is expected to be fined US\$300 million to US\$500 million for allegedly manipulating accounting rules to boost bonuses for executives, *The Associated Press* reported. The deal with the U.S. Office of Federal Housing Enterprise Oversight and the U.S. Securities and Exchange Commission comes as the government-sponsored company struggles to emerge from a US\$11-billion accounting scandal.

FASB on lawsuits

▶ A Financial Accounting Standards Board member indicated during a recent financial reporting conference that the board is considering lowering the threshold for recognising a public company's potential loss from pending litigation. The current standard, measured as a likelihood of 80 percent, would be dropped to the "more likely than not" measure of 51 percent.

AICPA damage control

▶ The American Institute of CPAs revealed in May that it had lost a computer hard drive containing names, addresses and social security numbers. The hard drive had been damaged and sent for repair by an employee, which was against the AICPA's internal control procedures. The AICPA is offering free credit monitoring for all concerned for one year.

Deloitte out of Africa

▶ Deloitte is in dispute with the African Development Bank after refusing to approve the bank's accounts unconditionally. The bank claims that new international standards, particularly IAS 32, would misrepresent its financial position.

International news

Under Siege

PwC's Japan unit ordered to halt audit services for two months over Kanebo fraud

▶ On 10 May, Japan's financial regulator, the Financial Services Agency, imposed an unprecedented business ban on Chuo Aoyama PricewaterhouseCoopers, the Japanese unit of PwC, because of its role in an accounting fraud at cosmetics firm Kanebo Ltd.

The company will be barred from doing business with more than 2,000 companies for two months starting in July. The penalty – the harshest ever on a Big Four auditor in Japan – deals a serious blow to Chuo Aoyama PwC, whose long list of clients includes Toyota and Sony.

Three Chuo Aoyama accountants charged in connection with the Kanebo fraud pleaded guilty to helping the company hide losses to disguise its financial decline for up to nine years. Kanebo declared US\$2 billion in non-existent profits between 1995 and 2004. The company confessed to inflating profits by exaggerating sales figures, under-reporting costs and improperly removing unprofitable subsidiaries from its books, media reports say.

The regulators say Chuo Aoyama's failure to prevent the fraud was due to "serious deficiencies" in its internal controls. The auditor could well lose its clients to rivals in coming reporting periods because of the scandal.

Meanwhile, PwC announced that it would create a new audit firm in Japan. But the company promised to maintain its partnership with Chuo Aoyama and help its stricken Japanese partner with internal controls reforms.

Tsuguoki Fujinuma, chairman of the Japanese Institute of Certified Public Accountants, warned other auditing firms against poaching clients or staff from the ailing Chuo Aoyama.

"If they breach the rules we will take firm steps," Fujinuma was quoted as saying in the *Financial Times*. But support from the Japanese Institute may not save the audit firm from extinction. Koyo, the auditor of Livedoor Co., an Internet company that went bust amid accounting scandals, is due to cease operation in July.

The next two months could reveal new splits in corporate Japan as companies are forced to choose between new auditors or maintaining a relationship with a long-standing auditor. Nippon Telegraph and Telephone Corp. announced that they plan to continue their relationship with Chuo Aoyama, pending the outcome of the next shareholders' meeting. But the management of Toray Industries Inc., Japan's top synthetic fibers maker and a client of Chuo Aoyama for 40 years, announced that they would propose switching to Ernst & Young ShinNihon at the next shareholders' meeting in June.

Shiseido Co., Japan's biggest cosmetics maker and the world's fourth largest, also said it plans to change to KPMG Azsa & Co. and will seek approval for the switch at a shareholders' meeting in June.



Guilty!

Enron executives convicted of fraud, conspiracy

▶ Former Enron executives Kenneth Lay and Jeffrey Skilling have been found guilty of fraud and conspiracy for their role in the spectacular collapse of the energy giant in 2001 that sparked sweeping corporate and regulatory reforms in the U.S., including the Sarbanes-Oxley act, media reports say.

The *Financial Times* described the verdict as the U.S. government's "most important win" in its crackdown on a series of corporate scandals that rocked investor confidence, cost thousands of jobs and wiped out billions of investments.

Lay, 64, former chairman, was convicted on all six counts of fraud and conspiracy; Skilling, 52, former CEO, was found guilty on 19 counts of conspiracy, fraud, insider trading and making false statements but was acquitted on nine counts of insider trading, the report says. The pair will be sentenced on 11 September, with Lay facing a prison term of up to 45 years and Skilling up to 185 years.

The jury rejected the defence's argument that Enron was a law-abiding company brought down by newspaper reports, speculators and market panic.

One of the jurors, Kathy Harrison, told *The Wall Street Journal* that she hoped executives at other companies would realize that "those in charge have responsibility. There's too much hurt here."

Experts also say the convictions can help restore investor confidence and deter corporate abuse. "Symbolically this is the end of the morality play," Henry Hu, business and law professor at the University of Texas, was quoted as saying in *FT*. "Enron has become a word that you can use to scare children."

During the 56-day trial, the prosecution painted Skilling and Lay as knowing participants in massive fraud and guilty of misrepresenting the state of Enron's financial affairs in order to secure their own profits from stock sales.

But the pair denied any wrongdoing, claiming they were kept in the dark about the failing financial state of the company and other executives were to blame.

Prosecutors initially faced an uphill challenge due to the lack of documentation linking Skilling and Lay to financial misdeeds at Enron, but the judge later lowered the burden of proof for the prosecution.

After the verdict was delivered, Lay joined his friends and family members in a circle in a corner of the courtroom to pray, *WSJ* reported. "We'll all come through this stronger," Lay was quoted as saying. Meanwhile, Skilling maintained his innocence, telling the newspaper that when he was pronounced guilty on the first count of conspiracy, "that floored me. God, there was no conspiracy." The men's defence lawyers said they would appeal the convictions.

Enron winners!

Below are the winners of our Enron quiz from last month's edition of *A Plus* (page 19). They will each get a copy of the documentary DVD, *Enron: The Smartest Guys in the Room*.

1. Andy So 2. Lisa Xu 3. Joey Cheng

Another DVD goes to Genevieve Ostrov for correcting the number of people who lost their jobs after Enron's bankruptcy, which is 20,000 instead of 40,000 as quoted in the last issue.

The answers are: 1. c 2. d 3. c 4. a 5. c 6. c 7. a 8. b 9. a 10. d



news digest ➤➤the world

Survive this!

▶ Richard Hatch, the first winner of reality TV show *Survivor*, was sentenced to a four-year term on 16 May for not paying tax on his game show winnings. The judge gave Hatch, who was convicted in January, a harsh sentence because he committed perjury in court; he claimed to have forgotten to tell his accountants about some of his earnings.

Naked in Russia

▶ Tony Thompson, head of advisory at KPMG's Moscow office, noted that Russian firms are leaving themselves vulnerable to a sudden downturn in Russia's economic fortunes, currently boosted by high oil prices. Noting that most Russian firms don't have any contingency plans, Thompson recalled Warren Buffet's analogy to a receding tide showing who "swims naked."



ICAEW in China

▶ The Institute of Chartered Accountants of England & Wales has been hired by the Chinese Institute of CPAs to train more world-class accountants in China. The ICAEW's move follows the introduction of the Hong Kong Institute of CPAs' qualification programme in Beijing, which is also intended to groom the elite.

SOX goes back to Washington

▶ A group of Republican congressmen announced they would introduce legislation exempting small businesses from section 404 of the U.S. Sarbanes-Oxley Act. The proposed legislation follows the recommendations of a Securities and Exchange Commission panel report, which stated that all businesses must ultimately comply with SOX.

Lease liability

▶ FASB Chairman Bob Herz announced that the IASB and the FASB were planning to start work on a project that would lead to new standards on lease accounting. The FASB is waiting for feedback from the IASB's advisory council before the project, which could recognise leases as liabilities on balance sheets, commences in June.

The Italian job

▶ IASC Foundation Chairman Tommaso Padoa-Schioppa has stepped down from his post to become Italy's finance chief. Padoa-Schioppa reconfirmed the IASC Foundation's commitment to the standards convergence project in a *Financial Times* editorial last week, but some EU regulators have questioned the need for the project.

Misunderstood Saudis

▶ Dr. Ahmed Bin Abdulla Al Moghames, secretary general of the Saudi Organisation of CPAs, recently challenged misconceptions of Saudi accounting ethics. "People think that accounting in Saudi Arabia is weak, and that our standards come from nowhere. But those who don't know can't judge," he said, noting the close cooperation of SOCPA with the American Institute of CPAs on peer review programmes and SOCPA's commitment to IFRS.

PCAOB fights back

▶ The U.S. Public Company Accounting Oversight Board has filed a motion in Washington to dismiss a constitutional challenge to its legitimacy. The motion centres on the fact that the Free Enterprise Fund, an anti-tax group challenging the PCAOB, lacks legal standing because it doesn't allege sufficient injury.

Aussie accountants on the barbie

▶ After the Australian Securities and Investments Commission announced that it would investigate unlicensed pension fund advice with a focus on accountants, the Institute of Chartered Accountants in Australia and CPA Australia revealed that many accountants are unaware of what constitutes unlicensed advice, since the boundaries were "hazy."

International news

NYSE pops the question

The New York Stock Exchange proposes merger with Euronext

▶ The New York Stock Exchange Group Inc. has made a formal proposal to link up with Euronext NV, one of Europe's largest exchange operators, *The New York Times* reports. Under the proposal, NYSE would combine with Euronext through a stock swap, creating a company with a market value of US\$21 billion.

The structure of the deal would leave the U.S. exchange in charge, with 11 out of 20 board seats held by the NYSE, with its chief executive, John Thain, remaining as CEO. Euronext Chairman Jan-Michiel Hessels would be the chairman and Euronext CEO Jean-Francois Theodore would be deputy CEO in charge of European affairs.

The report says that Euronext, which operates exchanges in Paris, Amsterdam, Brussels and Lisbon, favours the NYSE proposal over a merger with German suitor Deutsche Borse AG, operator of the Frankfurt Stock Exchange.

The merger will beef up NYSE's derivatives business and counters NASDAQ's recent efforts at acquiring the London Stock Exchange. A NYSE-Euronext tie up would put pressure on NASDAQ and LSE to consummate their deal.

For both U.S. exchanges, the need for overseas expansion has also been driven by the fact that many non-U.S. firms are choosing to list in London, Europe or Hong Kong rather than deal with the burden of Sarbanes-Oxley. However, cross-Atlantic regulatory issues remain and could scuttle any attempts at a deal.

Hedging on four

The EU considers its hedging strategies against another global accounting meltdown

▶ The next big accounting scandal could lead to the collapse of a major audit firm, reducing the Big Four to three, and the European Union should urgently address such concerns, according to a EU document cited by XFN-Asia. If that happens, there may not be enough big accounting firms capable of handling the accounts of major multinational public companies, the EU notes.

The document also reflects accounting firms' wish to limit the extent on their liability to claims filed by unhappy investors against their client firms, at least to acts for which they can be held directly responsible. They argue this can prevent another major meltdown akin to the Arthur Anderson debacle, which would further reduce their numbers.

The EU paper mentions that a study into the economic impact of a new liability regime in EU member states should be completed by September.

The briefing paper was prepared ahead of a meeting between EU Commissioner for Internal Market and Services Charlie McCreevy with Chinese Finance Minister Jin Renquing and Commerce Minister Bo Xilai. It also mentions the added risks that Big Four firms may be facing due to their rapid expansion in the China market. Several of them have faced lawsuits or extra scrutiny due to their activities in China.