



Dear Assignment/News/Business Section Editor

Hong Kong Institute of Certified Public Accountants settles regulatory proceedings involving Arthur Andersen & Co. (a de-registered CPA firm)

(HONG KONG, 27 February 2009) – The Hong Kong Institute of Certified Public Accountants announced today that it has settled investigation and disciplinary proceedings in respect of alleged violations of its professional standards involving Arthur Andersen & Co. (“AA”) (a de-registered CPA firm).

The alleged violations related to the conduct by AA of the audits of the consolidated financial statements of three listed companies and the reporting by AA as the Reporting Accountants in the prospectuses issued by two companies. The relevant engagements covered various financial years from 31 December 1996 to 31 December 2001. The relevant reports were signed in the name of AA by three former partners of AA, namely, Chao Pak Ki, Raymund, Liu Tat Yin, Kennedy and Leung Tai Chiu.

Agreement

The Council of the Institute has agreed with AA and the three former partners that the Institute will cease all current regulatory proceedings involving them and AA will make an ex gratia payment of HK\$4,000,000 to the Institute.

No admission of culpability is made by AA or the three former partners.

Having considered the alleged violations and the time and costs involved in the on-going proceedings, the Council of the Institute considers that it is in the best interests of the public and the profession to bring about an early resolution of these regulatory proceedings.

END

About Hong Kong Institute of Certified Public Accountants

The Hong Kong Institute of CPAs is the only body authorised by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more than 28,000 members and over 13,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designatory letters *CPA*.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance. The Institute has wide-ranging responsibilities, including assuring the quality of entry to the profession through its postgraduate CPA qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

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