

Press Release
27 December 2007

Memorandum of Understanding between the Stock Exchange and the Financial Reporting Council

The Stock Exchange of Hong Kong Limited (SEHK), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, and the Financial Reporting Council (FRC) announced today (Thursday) that they have entered into a Memorandum of Understanding (MOU).

The aim of the MOU is to facilitate co-operation and co-ordination between the two parties so that they can discharge their respective functions effectively under the Hong Kong regulatory regime.

The main functions of FRC are to investigate, with respect to listed entities, auditing and reporting irregularities, enquire into non-compliance with financial reporting requirements and, where appropriate, to require listed entities to remove any non-compliance identified. The SEHK administers the Listing Rules and is the frontline regulator of issuers listed on its markets. The SEHK and the FRC will endeavour to ensure that the party with the more appropriate functions and powers will take action in cases in which the parties have a mutual interest.