



The Stock Exchange of Hong Kong Limited
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref.: MD20101210-021

10 December 2010

To: Main Board and GEM Listed Issuers incorporated in the Mainland

Attn: Authorised Representatives

Dear Sirs,

Publication of Consultation Conclusions and Listing Rule amendments on acceptance of Mainland accounting and auditing standards and Mainland audit firms

Today we published our Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong.

We have decided to adopt the proposals set out in our consultation paper. These proposals:

- Allow Mainland incorporated issuers to prepare their financial statements using Mainland accounting standards;
- Allow Mainland audit firms vetted, nominated and endorsed by the Central Government's Ministry of Finance and the China Securities Regulatory Commission to service these issuers using Mainland auditing standards; and
- Provide for a reciprocal arrangement to allow companies incorporated or registered in Hong Kong and listed on the Mainland to prepare their financial statements using Hong Kong Financial Reporting Standards or International Financial Reporting Standards and be audited by Hong Kong audit firms that are vetted, nominated, endorsed and registered with the Hong Kong Institute of Certified Public Accountants (HKICPA) and use Hong Kong Standards on Auditing or International Standards on Auditing for the audits.

The proposed framework was a joint effort of Mainland authorities and Hong Kong regulators, including the Financial Services and the Treasury Bureau, the Securities and Futures Commission, the Financial Reporting Council, the HKICPA and The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx.

.../2

香港交易及結算所有限公司
Hong Kong Exchanges and Clearing Limited

香港中環港景街一號國際金融中心一期12樓
12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

電話 Tel: + 852 2522 1122 傳真 Fax: +852 2295 3106 網址 Website: www.hkex.com.hk 電郵 E-mail: info@hkex.com.hk

The Stock Exchange of Hong Kong Limited

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

- 2 -

An overwhelming majority of respondents supported the proposals. The Consultation Conclusions are available on the HKEx website at <http://www.hkex.com.hk/eng/newsconsul/mktconsul/documents/cp200908cc.pdf> in English and http://www.hkex.com.hk/chi/newsconsul/mktconsul/documents/cp200908cc_sc.pdf in Simplified Chinese.

The new rules will provide Mainland incorporated listed issuers with an option to prepare their financial statements using Mainland accounting standards and have them audited by endorsed Mainland audit firms using Mainland auditing standards. This is expected to increase market efficiency and reduce compliance costs of Mainland incorporated companies listed in Hong Kong.

The related Listing Rule amendments come into effect on 15 December 2010. They are available on the HKEx website at “Rules & Regulations – Rules and Guidance on Listing Matters – Amendments to Main Board Listing Rules” and “Rules & Regulations – Rules and Guidance on Listing Matters – Amendments to GEM Listing Rules”. Re-printed pages of the Listing Rules will be distributed shortly.

If you have any questions on the above, please do not hesitate to contact our case officers.

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited

[Signed]

Mark Dickens JP
Head of Listing