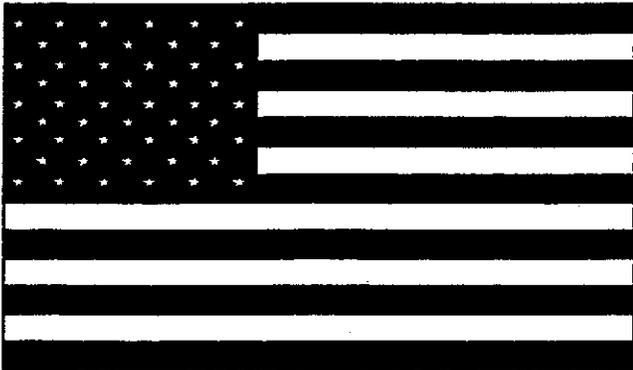
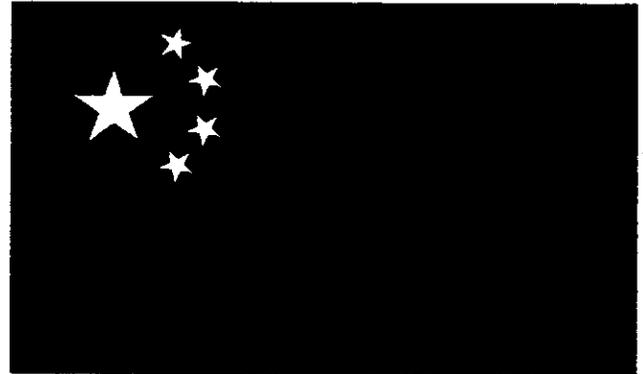


MEMORANDUM OF UNDERSTANDING



*The United States
Securities and Exchange Commission*



*The China Securities Regulatory
Commission*

*Regarding Cooperation, Consultation
and the Provision of
Technical Assistance*

*Beijing
April 28, 1994*

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
AND
THE CHINA SECURITIES REGULATORY COMMISSION
REGARDING COOPERATION, CONSULTATION, AND
THE PROVISION OF TECHNICAL ASSISTANCE**

The United States Securities and Exchange Commission (the "SEC") and the China Securities Regulatory Commission (the "CSRC") (collectively, the "Authorities"),

Sharing the goal of building and maintaining open, fair, efficient and sound securities markets,

Recognizing that the development of effective domestic legal and regulatory structures is essential to market integrity and investor protection,

Believing that international cooperation can facilitate the development and effective operation of securities markets, and

Desiring to establish a mutually acceptable basis for cooperation and consultation,

Have reached the following understanding:

GENERAL PRINCIPLES

1. This Memorandum of Understanding is a statement of the intent of the Authorities and does not create any binding international legal obligations.
2. The Authorities recognize the need and desirability of providing assistance to each other pursuant to this Memorandum of Understanding. The provision of such assistance will be consistent with the domestic laws of the respective States of the Authorities and the availability of resources. Where the provision of assistance would be contrary to the public interest of the State of an Authority, such assistance may be denied.

3. Procedures for making and executing requests for assistance, permissible uses of information, confidentiality requirements and other matters not explicitly included in this Memorandum of Understanding will be addressed on a case by case basis.

ENFORCEMENT COOPERATION AND CONSULTATION

4. The Authorities hereby declare their intent to provide each other assistance in obtaining information and evidence to facilitate the enforcement of their respective laws relating to securities matters. The Authorities recognize that such assistance will be particularly important in matters involving possible fraud in the offer, purchase or sale of securities. Where necessary, the Authorities will use all reasonable efforts to obtain the cooperation of other domestic governmental agencies or entities to provide assistance pursuant to this Memorandum of Understanding.

5. The Authorities believe that it is necessary and appropriate to develop a framework to enhance communication and cooperation in all matters relating to the operation of their markets and the protection of investors. In furtherance of these objectives, the Authorities intend to consult periodically about subjects of mutual interest, in order to strengthen their respective securities markets and promote and maintain the stability, efficiency and integrity of those markets.

6. To further ensure the effective operation of this Memorandum of Understanding, and to facilitate communication between the Authorities, the Authorities hereby designate contact officials as set forth in Attachment A.

TECHNICAL ASSISTANCE

7. In furtherance of the objective of promoting the development of sound securities regulatory mechanisms, the SEC intends to consult with and provide advice to the CSRC with a view to establishing and implementing an ongoing technical assistance

program. In this regard, the Authorities intend to work together to identify and address, subject to the availability of personnel and other resources, training and technical assistance needs to facilitate the development of a regulatory framework for the offer, purchase and sale of securities in China as well as the cross border offering of securities, including:

- a. Laws and regulations to protect investors;
- b. Standards for offering securities, including disclosure standards, accounting and auditing principles and standards, and methods and standards to be used in valuing securities;
- c. Market oversight and enforcement mechanisms; and
- d. Systems of supervision and standards of conduct for market professionals, including brokers, dealers and investment advisers.

8. The Authorities anticipate that specific assistance may be provided in the following manner:

- a. Assistance by the SEC staff in drafting laws and regulations;
- b. Advisory missions by SEC staff and other relevant experts to China to conduct intensive training in specific subject areas;
- c. General training sessions in the United States and/or China concerning securities regulation; and
- d. Internship programs for CSRC personnel at the SEC and with U.S. financial services providers.

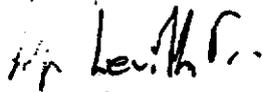
EFFECTIVE DATES AND FUTURE UNDERSTANDINGS

9. This Memorandum of Understanding will take effect from the date of its signing by the Authorities and will continue in effect until terminated by either Authority.

10. The Authorities will regularly review the operation of this Memorandum of Understanding with a view toward improving cooperation between them. In this regard, when the Chinese securities law has taken effect, the Authorities intend to consider whether this Memorandum of Understanding should be supplemented or superseded.

THIS MEMORANDUM OF UNDERSTANDING is done in duplicate in Beijing on April 28, 1994, in the English and Chinese languages, both versions being equally authentic.

**Representative of
THE U.S. SECURITIES AND
EXCHANGE COMMISSION:**



Arthur Levitt
Chairman

**Representative of
THE CHINA SECURITIES
REGULATORY COMMISSION:**

Liu Hongru
Chairman



ATTACHMENT A

The U.S. Securities and Exchange Commission designates as its contact person:

**Director
Office of International Affairs
United States Securities and Exchange Commission
450 5th Street, N.W.
Washington, D.C. 20549
U.S.A.**

Tel: (202) 942-2770

Fax: (202) 942-9524

The China Securities Regulatory Commission designates as its contact person:

**Director
Department of International Operations
China Securities Regulatory Commission
6/F Office Building Poly Plaza
14 Dongzhimen St. S.
Beijing 100027
People's Republic of China**

Tel: (861) 501-9496

Fax: (861) 501-0556