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1. National

Provisions on Administration of Foreign Investment in International Carriage by Sea

外商投资国际海运业管理规定

【Issued By】 Ministry of Transportation, Ministry of Commerce

【Subject】 Foreign Investment, International Carriage by Sea

【Adopted on】 February 25th 2004

【Effective From】 June 1st 2004

【Source】 www.moc.gov.cn

This regulation applies to the operation in China of international carriage of goods by sea and relevant auxiliary businesses in which there is foreign investment. Foreign investors may get access to the Chinese market of international carriage of goods by sea in the following manners:

Establish a Sino-foreign equity enterprise and/or Sino-foreign cooperative enterprise to engage in the activity of international shipping carriage, international shipping agency, international shipping management, loading and

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unloading of international goods carried by sea and the exploitation of a container freight station and container yard.

Establish a Sino-foreign equity enterprise, and/or Sino-foreign cooperative enterprise, and/or a wholly foreign owned enterprise to engage in the activity of warehousing international goods carried by sea and engaging in routine business services related to ships owned or operated by the foreign investors such as issuing orders and bills of lading, collecting carriage fees and signing service contracts.

The regulation sets out the criteria for the establishment of various businesses related to the international carriage of goods by sea. Generally, the applications should be made to the Ministry of Transportation. Once the approval from the Ministry of Transportation is obtained, investors may proceed with the process by filing the application documentation with the Ministry of Commerce for approval of foreign investment.

Provisions on the Administration of Insurance Companies (Revised)

保险公司管理规定（修订）

【Issued By】 China Insurance Regulatory Commission

【Subject】 Administration of Insurance Companies

【Promulgated on】 May 13th 2004

【Effective From】 June 15th 2004

【Source】 www.xinhuanet.com

The revised regulation applies to commercial insurance companies established in China and is divided into seven sections with the following headings: general provisions, insurance institutions (establishment, alteration, insurance permit, termination and liquidation, investment in insurance companies), operation of insurance, terms and rates of insurance, solvency of insurance funds and insurance companies, inspection and supervision and the final clauses.

The revised regulation is innovative in several aspects and codifies several supervisory practices.

The use of Insurance Funds. The investment of insurance funds is limited to bank deposits, the purchase and sale of government bonds, enterprise bonds, financial bonds, securities investment funds, and other vehicles approved by the State Council. The insurance companies may establish insurance funds management companies and engage the latter as custodians.

Public Listing. There are no extra requirements for public listing other than the ones provided in the Supervision Opinion of the China Insurance Regulatory Commission (CIRC), provided that the insurance companies wishing to be listed publicly have satisfied the relevant requirements provided for in the Company Law and the laws on

securities regulation.

Market Access. The review of new applications to establish insurance companies is to be reinforced. In the process of this review, the CIRC shall notify the investors of the potential risks, hear the presentations made by the prospective chairmen and general managers on market strategies, business development plans, mechanisms of internal control and take them into consideration when making the decisions on applications.

Implementing Rules for the Regulation on the Administration of Foreign Invested Insurance Companies

外资保险公司管理条例实施细则

【Issued By】 China Insurance Regulatory Commission

【Subject】 Foreign Invested Insurance Companies

【Promulgated on】 May 13th 2004

【Effective From】 June 15th 2004

【Source】 www.china.org.cn

This regulation is enacted to supplement its parent regulation, which was adopted in 2002, and provides an answer to some issues which had not been addressed in the previous regulation.

With reference to the foreign shareholding in life insurance companies, the Implementing Rules provide that the percentage of foreign shareholding, directly or indirectly held by foreign insurance companies, shall not exceed 50% of the total capital of the JV life insurance companies.

With reference to the establishment of business outlets, the Implementing Rules provide that foreign insurance companies entering the Chinese market in the form of branches, instead of JVs and WFOE's, may conduct business only within the provincial jurisdictions of their seats. JV and WFOE insurance companies shall establish extra branches if they wish to extend their business to provincial jurisdictions outside their seats.

2. Local

Action Plan for Small and Medium Sized Enterprise Board Established within Shenzhen Stock Exchange

深圳证券交易所设立中小企业板块实施方案

【Issued By】 Shenzhen Stock Exchange

【Subject】 Small and Medium Size Enterprise Board

【Promulgated on】 May 18th 2004

【Effective From】 May 18th 2004

【Source】 www.szse.cn

Following the approval by the China Securities Regulatory Commission of establishment of small and medium size enterprise board within the Shenzhen Stock Exchange (SZSE), the SZSE proposed its action plan.

The framework of the small and medium size enterprise board may be summarized as “two aspects of constancy” together with “four points of independence”. More precisely the laws and regulations applied to the main board will be constantly applied to the small and medium size enterprise board. Moreover, the criteria for being listed will also remain constant. As to distinctive features, the new board will be independent in terms of operation, supervision, code and index.

To implement the action plan, the SZSE recently has promulgated relevant documents such as the Special Rules of Trading in Small and Medium Size Enterprise Board (“中小企业板块交易特别规定”), the Special Rules for Companies Listed in Small and Medium Size Enterprise Board (“中小企业板块上市公司特别规定”), and the Listing Agreement for Small and Medium Size Enterprise Board (“中小企业板块证券上市协议”).

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