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1. *National*

Decision of Ministry of Construction to Revise Provisions on Administration of Pre-Sale of Urban Commodity Houses

建设部关于修改《城市商品房预售管理办法》的决定

【**Issued By**】 Ministry of Construction

【**Subject**】 Pre-Sale of Urban Commodity Houses

【**Promulgated on**】 July 20th 2004

【**Effective From**】 July 20th 2004

【**Repeal**】 Provisions on Administration of Pre-Sale of Urban Commodity Houses 1995 (“城市商品房预售管理办法”)

【**Source**】 www.cin.gov.cn

Pre-sale of commodity houses for the purpose of this regulation refers to the sale of commodity houses still under construction by the developers to the purchasers who place deposits with the developers or pay the full price of the houses. Compared to the 1995 version, the revisions are insignificant, more procedural than substantial in nature. The procedural amelioration finds its way in dividing the procedure of applying for the approval of pre-sales into four stages, namely registration, examination,

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decision, and publicity. Furthermore, the list of application materials for the approval of pre-sales is slightly amended.

A change that has attracted attention from both developers and purchasers is that the developers will be held liable where their actions have led to the incapability of the purchasers to obtain their individual ownership certificates from the land registrar within 90 days after the house has been delivered from the developers to the purchasers. Nevertheless, the protection for the purchasers is fairly weak under this provision, as the 90-day time limit for obtainment of individual ownership certificates can be modified by agreement between the two parties. It is reported that the agreed time limit is usually over a year in practical transactions.

Provisions on Administration of Tendering and Bidding for Governmental Procurement of Goods and Services

政府采购货物和服务招标投标管理办法

【Issued By】 Ministry of Finance

【Subject】 Governmental Procurement, Tendering and Bidding

【Promulgated on】 August 11th 2004

【Effective From】 September 11th 2004

【Repeal】 Provisional Rules on Administration of Governmental Procurement 1996
(“政府采购招标投标管理暂行办法”)

【Source】 www.china.org.cn

This regulation, enacted in accordance with Law on Governmental Procurement 2002 (政府采购法), applies to governmental procurement of goods and services conducted by purchasers and purchase agencies. It will not, however, be applicable where emergent procurement is conducted in response to grave natural disasters and other events with the nature of a force majeure, or where state security or state secret is concerned. In case of governmental procurement funded by loans from international organizations and foreign governments, agreements between the creditors and the Chinese parties providing other conditions of governmental procurement may be given effect, provided that such provisions will not prejudice national interests and social public interests.

The bidding may either be open bidding or selected bidding. Bidding for transactions above a prescribed threshold shall be conducted in the form of open bidding, unless under special circumstances and provided that approval has been secured from the relevant financial departments of provincial governments. Purchasers and purchase agencies shall not evade the requirement of open bidding by dividing a transaction above the threshold into several transactions under the threshold. The freedom of bidding for the suppliers shall not be denied or

restricted, nor shall the governmental procurement be interfered by specifying the brands of goods, suppliers of services, and purchase agencies.

The suppliers participating into the governmental procurement shall be domestic suppliers furnishing domestic goods and service, unless foreign suppliers have been granted the right to bidding by the respective laws and administrative regulations. Where foreign bidders are submitting biddings, this regulation shall be observed.

In addition to the general rules, the regulation further lays down rules respectively for tendering (Chapter 2), bidding (Chapter 3), bid opening, evaluation and determination (Chapter 4), and legal liabilities (Chapter 5).

Provisions on Administration of Money Market Fund

货币市场基金管理暂行规定

【Issued By】 China Securities Regulatory Commission (CSRC)

People's Bank of China (PBC)

【Subject】 Money Market Fund

【Promulgated on】 August 16th 2004

【Effective From】 August 16th 2004

【Source】 www.csrc.gov.cn

Money Market Fund for the purpose of this regulation refers to a fund that is invested solely to money market vehicles. The requirements set forth by this regulation shall be satisfied where the names of the funds contain such words as “money” (货币), “cash” (现金), “liquidity” (流动), “ready money” (现款), “short term bonds” (短期债券), and etc.

Money Market Funds may be invested to the following financial vehicles:

- Cash;
- Fixed bank deposit with the term no more than one year and certificate of deposit;
- Bonds whose remaining term to maturity is no more than 397 days;
- Redemption of bonds, whose term is no more than one year;
- Central bank instruments whose term is no more than one year;
- Other vehicles with quality liquidity as recognized by the CSRC and PBC.

Money Market Funds may not, however, be invested to the following financial vehicles:

- Equity;
- Convertible bonds;
- Bonds whose remaining term to maturity is more than 397 days;
- Corporate bonds rated below AAA;
- Other financial vehicles to which investment is prohibited by the CSRC and PBC.

The investment portfolio of Money Market Funds shall meet the following criteria:

- Investments to short-term corporate bonds of a single company shall not exceed 10% of the net worth of the fund;
- Deposits with a single commercial bank with the custodian qualification shall not exceed 30% of the net worth of the fund; deposits with a single commercial bank without the custodian qualification shall not exceed 5% of the net worth of the fund;
- Redemption underway at national inter-bank bond market shall not exceed 40% of the net worth of the fund.

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