



CHINA LEGAL BRIEFING 112

W E N G E R & V I E L I B E I J I N G O F F I C E

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1. National

Notice on Related Problems about Experimental Reform of Equity Division

关于上市公司股权分置改革试点有关问题的通知

【Issued By】 China Securities Regulatory Commission (CSRC)

【Subject】 Equity Division

【Promulgated on】 April 29, 2005

【Effective From】 April 29, 2005

【Source】 <http://www.china.org.cn/>

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- LITIGATION/ARBITRATION
- COMPETITION LAW AND INTELLECTUAL PROPERTY LAW
- TAX

As approved by the State Council, China Securities Regulatory Commission (CSRC) issued the "Notice on Related Problems about Experimental Reform of Equity Division" on April 29, 2005, announcing to kick off the experimental reform of the equity division and the Notice to be put into practice as from the very day onwards.

The equity division is believed to refer to part of the shares of the listed company that will be put into circulation in the stock market with the rest to be temporarily kept off from the market. This is incurred by many historical factors.

In accordance with the regulations, to keep the stock market stable and protect the lawful rights of investors, especially the public investors CSRC will, in line with the intention for reform of the shareholders of listed companies and the recommendation of recommending organs, determine on the basis of consultation the companies for the experimentation of reform. The solution plan for equity division is going to be decided by shareholders of the listed company themselves.

According to the Notice, the listed company for experimentation should perform the duty of information release on time and do it in a truthful, accurate and complete way and do well the application work for the suspension and re-issuance of the shares. Whichever company is determined to be the company for experimentation should make the release of information the first thing of the day and apply for the suspension of the trading.

The listed company for experimentation should, calling an interim meeting of shareholders, work up a relevant arrangement for the shareholders of the circulative shares to exercise their powers when taking part in the meeting of the shareholders. The board of directors of the listed company as recommended for experimentation should invite the recommending organs to help make out the equity division plan.

The shareholders holding the non-circulative shares of the listed company for experimentation should make promises step by step for listing and perform the duty of releasing related information if they are going to sell their shares approved for the listing through the security exchange.

Provisional Rules Governing On-site Examinations of Statistics

统计现场检查暂行规程

【Issued By】 China Bank Regulatory Commission (CBRC)

【Subject】 Standardization of On-Site Examinations of Statistics

【Promulgated on】 April 29, 2005

【Source】 <http://www.cbrc.gov.cn/>

CBRC recently issued the "Provisional Rules Governing On-site Examinations of Statistics". By setting out the objectives, scope as well as process and procedures for on-site examinations of statistics in the Rules, CBRC aims at standardizing the examination process and procedures, facilitating supervisors' fieldwork, and thereby further improving the quality of its supervisory practices.

The Rules are formulated in line with the Law of the People's Republic of China (PRC) on Banking Regulation and Supervision, the Law of the PRC on Statistics, the "Provisional Rules Governing Banking Supervisory Statistics", and are composed of 29 Articles in five chapters. To be specific, the five chapters are General Provisions, Examination Preparation, Examination Implementation, Examination Report, Follow-up Actions and Examination Archives.

In addition, eleven appendixes are attached to the Rules to standardize the formats and contents with respect to Application for statistical on-site examination, examination planning, start-up meeting minutes, list of documents to be inspected, work papers, letters of confirmation, facts and assessment, concluding meeting minutes, examination report, letter of opinions, and examination archives.

The issuance of the Rules will help banking institutions improve their legal awareness in statistical activities, reduce and prevent potential violations, and improve the quality of their statistical data.

Circular on Several Opinions about Accelerating the Development of the Bank Card Industry

关于促进银行卡产业发展的若干意见

【Issued By】 National Development and Reform Commission, People's Bank of China, Ministry of Public Security, Ministry of Finance, Ministry of Commerce, State Administration of Taxation, China Bank Regulatory Commission, State Administration of Foreign Exchange, Ministry of Information Industry

【Subject】 Bank Card

【Promulgated on】 April 24, 2005

【Source】 <http://www.law-star.com/>

The People's Bank of China (PBC) and other eight government agencies have jointly issued this Circular that aims to strengthen the competitiveness of the local bank card industry and minimize risk, largely by stepping up pertinent legislation, enhancing government support and upgrading technology. Consensus has been reached

on the importance of accelerating the development of the bank card industry, which can help reduce transaction costs, boost consumption, increase tax revenues and aid anti-money-laundering efforts.

While the Circular urges speedier drafting of bank card regulations to provide legal protection for participants in the bank card industry, it also aims to promote the use of corporate cards, encouraging local governments and affiliated entities to use bank cards to pay their travel and administrative expenses. Besides the Circular requires related government agencies to come up with preferential policies including tax breaks to support the use of bank cards.

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