



## CHINA LEGAL BRIEFING 121

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### 1. National

#### **Circular on Issuance of Guidance of the Relationship Work between Listed Companies and Investors**

关于发布《上市公司与投资者关系工作指引》的通知

**【Issued By】** China Securities Regulatory Commission

**【Subject】** Securities

**【Promulgated on】** July 11, 2005

**【Effective from】** July 11, 2005

**【Source】** <http://www.csrc.gov.cn/>

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TAX

The China Securities Regulatory Commission released this 29-Article Circular on July 11, 2005 with a view to further implementing the "Some Opinions of the State Council on Promoting the Reform, Opening and Steady Growth of Capital Markets" which was issued on January 31, 2004 and strengthening the relationship work between listed companies and investors.

The Circular contains four Sections. It stipulates the objectives and basic principles of investors' relationship work. It provides that besides the compulsorily disclosed information, the listed companies may actively reveal other related information in which investors are interested. And listed companies shall on their own initiative listen to and take into account investors' suggestions and opinions.

Article 6 of the Circular also specifies that the liaison between listed companies and investors shall include the future development strategies and plans and business perspectives of listed companies. It also states that listed companies may reveal information relating to the operation and management of the company to investors.

Article 9 stipulates that the information to be uncovered to the public shall not be disclosed prior to the disclosure on the duly appointed newspapers or websites, nor shall it be revealed by means of news conference or answers and replies to pressmen.

Article 14 provides an interesting provision which requires listed companies to try their best to facilitate medium and small investors' attendance to the shareholders' meeting taking their actual conditions into account. In sum, the Circular is aimed to provide guidance and suggestions for both listed companies and investors, particularly medium and small investors, to help them better understand and be informed of business and operation details of listed companies.

### **Circular on Strengthening the Administration of Entry into the Ferroalloy Industry for Producers**

关于加强铁合金生产企业行业准入管理工作的通知

**【Issued by】** National Development and Reform Commission

**【Subject】** Steel Industry

**【Promulgated on】** July 5, 2005

**【Source】** <http://www.sdpc.gov.cn/>

The National Development and Reform Commission (NDRC) on July 5, 2005 issued a circular implementing a regulation outlined last December that specified standards for China's producers of ferroalloy, a metal product

commonly used as a raw material in steelmaking.

The Circular requires the country's ferroalloy producers to submit company information about their total capital, profits, production facilities, energy consumption and environmental protection.

The Circular also provides that the NDRC-led industrial inspection is a "long-term task", which will be conducted on a "timely basis". For those who do not reach NDRC standards, they will be given a year to improve and upgrade their facilities and operations. If they then fail to meet standards they will be forced to shut down.

New investments in the ferroalloy industry will not be allowed unless a firm achieves the government's standards according to the Circular.

### **Circular of Implementation Measures on Management of Automobile Brand Sale Record Materials Reported for Related Projects**

《汽车品牌销售管理实施办法》 有关项目申报备案材料

**【Issued by】** Ministry of Commerce

**【Subject】** Automobile Brand Sale

**【Promulgated on】** May 30, 2005

**【Source】** <http://www.mofcom.gov.cn/>

For the purpose of better implementing the "Implementation Measures on Management of Automobile Brand Sale", Ministry of Commerce issued this Circular on May 30, 2005.

According to the Circular, materials that foreign companies should report for investing in (including purchased and business scope changed) automobile distributor include:

- Report letter of provincial competent commercial administration / enterprise groups specifically designated in the state plan in the area where the enterprises will be established.
- Application Letter for establishing an enterprise signed by all investment parties, mainly including:
  - Brief introduction of the project: enterprise's name, enterprise's registration area, and address of its branches, gross investment, registered capital, basic conditions of investment parties, proportion and ways of investment, scope, scale and term of the business.
  - Construction and necessary content: Main facilities, source of commodities, ways of purchase and distribution, plan of environmental protection and fire prevention.

- Analysis of special ability for automobile marketing: market investigation and study, marketing plan, advertisement promotion, network construction and guidance, products service, technical training and consultation, concrete content of accessory parts supply and logistics management, organization organs, personnel arrangement and composition.

Among them: network construction should clarify distribution, scale and progress of network construction.

- Authorization Letter of Automobile Distributor provided by automobile production enterprises. If automobile enterprises are enterprises abroad, they should provide their registration certificate (copy) and legal representative certificate (copy).
- Contract, regulations (foreign fund commercial enterprises submit only regulations) and appendix of the enterprises that will be established.
- Bank credit certificate, registration certificate (copy), certificate of legal representative (copy) of all investment parties. If foreign investors are individuals, they should provide identification card. Auditing report of all investment parties in recent one year audited by accounting firm.
- Evaluation and estimation report on state assets that Chinese investors plan to invest in Chinese Foreign Joint venture and cooperation commercial enterprises.
- Name list of board of directors of foreign invested commercial enterprises to be established and director appointment letter of all investment parties.
- Previous approval notice of enterprises' names provided by industrial and commercial administrations.

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