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1. National

Guidelines on Banks' Lending to Small Enterprises

银行开展小企业贷款指导意见

【Issued By】 China Bank Regulatory Commission

【Subject】 Bank

【Promulgated on】 July 28, 2005

【Source】 <http://www.cbrc.gov.cn/>

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- TRANSACTIONS (MERGERS AND ACQUISITIONS, PRIVATE EQUITY AND CAPITAL MARKETS)
- LITIGATION/ARBITRATION
- COMPETITION LAW AND INTELLECTUAL PROPERTY LAW
- TAX

In order to improve financing services to small enterprises and help small business entities to obtain the needed funding, the CBRC recently promulgated the Guidelines on Banks' Lending to Small Enterprises (hereinafter referred to as the "Guidelines").

The Guidelines contains 29 chapters, which provides specific guidance on banks' lending to small enterprises in terms of lending policies, procedures, approaches and the associated incentives and punishments. The Guidelines signifies the encouragement to banks' lending to small enterprises by providing policy incentives in the areas of lending policies, terms, choice of customers and products as well as supervisory policies.

It is stipulated in the Guidelines that banks should pursue institutional and product innovation in lending to small enterprises under the principles of profitability, safety and market-oriented operation, so as to ensure sustainable development of such business. The Guidelines also requires the banks to take into account the unique characteristics of lending to small enterprises when designing their lending procedures, risk controls, types of guarantee, interest rate pricing, credit approval mechanisms, repayment procedures and accountability system.

By providing elaborate guidance on banks' lending to small enterprises, the Guidelines intends to contribute to the development of such financing services.

Circular on Several Opinions of Assimilating Foreign Investment in the Cultural Industry

关于文化领域引进外资若干意见

【Issued by】 Ministry of Culture, State Administration of Radio, Film and Television, Ministry of Commerce, General Administration of Press and Publication, National Development and Reform Commission

【Subject】 Foreign Investment

【Promulgated on】 August 2, 2005

【Source】 <http://www.china.org.cn/>

The Circular was released on August 2, 2005 by five ministries with a view to safeguarding the county's culture industry and ensuring the industry's healthy development.

According to the Circular, foreign investors can only build and operate cinemas and performing arts agencies conditionally, and are banned from setting up or running news organizations in China, and no new licenses will be issued for foreign TV channels.

The Circular also prohibits foreign investors from establishing or running news organizations, broadcasting stations, TV stations and film manufacturing companies, performing troupes, and film import, export and distribution businesses. Furthermore, it forbids foreign investors from undertaking businesses such as book and magazine publishing, wholesale and imports. Neither can foreign investors enter the publication field under the guise of book distribution, printing, advertising and cultural facility reconstruction.

On the other hand, meanwhile, the Circular lowers the admission standards in certain areas. Foreigners can build Chinese-foreign cooperative enterprises and Chinese-foreign joint ventures of packaged material printing, book and magazine distribution and artwork sales.

However, the Circular stipulates that the Chinese partner's investment share should not be lower than 51 percent and the Chinese party should take the leading role in the running of the business. Only by doing so can foreign partners build and run theaters, cinemas, and brokerage companies.

Circular on the Forbiddance of Sending People Abroad for Labor Service in Gambling and Pornographic Places

关于严禁向境外博彩色情经营场所派遣劳务人员的通知

【Issued by】 Ministry of Commerce, Ministry of Public Security

【Subject】 Abroad Employment

【Promulgated on】 July 12, 2005

【Source】 <http://www.mofcom.gov.cn/>

The Ministry of Commerce and Ministry of Public Security jointly released this Circular on July 12, 2005 for the purpose of reinforcing foreign labor service management and standardizing behaviors of the staff sending abroad.

According to the Circular, the local responsible commercial sections are not allowed to permit the projects concerning sending people abroad for labor service in gambling and pornographic places.

The Circular also stipulates that the local public security departments are not allowed to transact Entry-Exit Certificates for people sent abroad for labor service in gambling and pornographic places. Staff ever went abroad to work for gambling and pornographic places can be prohibited from leaving the country for one to five years.

It furthermore states that the local public security departments are not allowed to transact Entry-Exit Certificates for people sent abroad for labor service in gambling and pornographic places. Staff ever went abroad to work for gambling and pornographic places can be prohibited from leaving the country for one to five years.

Last but not least, according to the Circular, foreign labor services cooperation enterprises shall not, by any means, provide labor service staff to gambling and pornographic places abroad. The above-mentioned enterprises shall reinforce the supervision of the labor service staff sending abroad and prohibit them from any gambling and pornographic activities in those places.

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