

CHINA LEGAL BRIEFING* 176

SEPTEMBER 3 – 7, 2007



* CHINA LEGAL BRIEFING is a weekly collection of Chinese law related news gathered from various media and news services, edited by WENFEI ATTORNEYS-AT-LAW LTD. distributed to its clients and CHINA LEGAL BRIEFING subscribers. WENFEI ATTORNEYS-AT-LAW LTD. does not accept responsibility for accuracy of quotes or truthfulness of content. CHINA LEGAL BRIEFING is not intended to provide advice.

- 1 Experimental Measures for the Issuances of Corporate Bonds**
- 2 Proclamation of General Administration of Customs, National Development and Reform Commission, Ministry of Finance and Ministry of Commerce Regarding the Application of Import-related Tax Preferential Policies to Customs Matters**
- 3 General Procedure Rules of Judicial Authentication**

Experimental Measures for the Issuances of Corporate Bonds

公司债券发行试点办法

Issued By **China Securities Regulatory Commission**
Subject **Corporate Bonds**
Promulgated on **August 14th 2007**
Effective from **August 14th 2007**
Source www.csrc.gov.cn

The Experimental Measures for the Issuances of Corporate Bonds (hereinafter as the “Measures”) shall govern the issuance of corporate bonds within the territory of PRC.

The “Corporate Bonds” here refer to the securities issued by the companies in accordance with legal procedures and for which the principal and interests will be paid over one year.

China Securities Regulatory Commission (hereinafter referred to as “CSRC”) shall be in charge of the verification and approval of the application of the issuance of the corporate bonds. CSRC’s verification and approval does not indicate any substantial judgment or guarantee on the investment value of the bonds or investor earnings by CSRC. The investors subscribing for the bonds shall be solely responsible for the relevant investment risks.

Issuance conditions:

Following conditions should be met for the issuance of the corporate bonds:

1. The production and operation of the company shall be in compliance with the stipulations of laws, administrative regulations, Articles of Association of the company and national industry policies;
2. The company shall have a sound internal control system, and there should not be any major defects in the completeness, reasonableness and effectiveness of its internal control system;
3. The credit ranking of the bonds is good according to the evaluation of a credit evaluation organization;
4. The Company’s unaudited net assets for the last period shall comply with laws, administrative regulations and relevant rules of CSRC;
5. The annual distributable profit for the last three financial years shall not be less than the interest of the bonds for one year; and
6. The accumulated bond balance after the issuance shall not be less than 40% of the net assets by the end of last period; the accumulated bond balance of the

financial companies shall be calculated according to the relevant rules on the financial companies.

The issuance plan of the corporate bonds shall be formulated by the Board of Directors of the company, and resolutions shall be made by the Shareholders Meeting or the Shareholders General Meeting on the following items:

1. The quantity of the bonds to be issued;
2. Placing arrangement to the shareholders of the company;
3. Term of the bonds;
4. Use of the bonds;
5. Valid term of the resolutions;
6. Matters authorized to the Board of Directors;
7. Other matters to be clarified.

The issuance of the corporate bonds shall be recommended by the Sponsor and reported to CSRC. In addition to the prospectus to be prepared the Sponsor, the audit report, assets evaluation report, credit rating report, legal opinion shall be cited by the prospectus and submitted to CSRC.

The company shall also engage a bond custodian for the bond holders, and execute the bond custody agreement. During the existence of the bonds, the bond custodian shall protect the interests of the bond holders according to the custody agreement.

Proclamation of General Administration of Customs, National Development and Reform Commission, Ministry of Finance and Ministry of Commerce regarding the Application of Import-related Tax Preferential Policies to Customs Matters
海关总署、国家发展和改革委员会、财政部、商务部关于针对海关在执行相关进口税收优惠政策适用问题的公告

Issued By	General Administration of Customs, National Development and Reform Commission, Ministry of Finance and Ministry of Commerce
Subject	Tax Preferential Policy
Promulgated on	July 13th 2007
Effective From	July 20th 2007
Source	www.mof.gov.cn

This Proclamation clarified the relevant issues that the customs meets in the implementation of relevant import-related tax preferential policies.

The Application of Import-related Tax Preferential Policies to Foreign Invested Projects:

For the projects invested by an Equity Joint Venture, Contractual Joint Venture or Wholly Foreign Owned Enterprise (hereinafter referred to as an “FIE”) that is legally incorporated within PRC and obtained relevant legal documentations such as Certificate of Approval and Business License, if the project falls into the encouraged category set out in the Catalogue of Industries for Guiding Foreign Investment or is qualified for the industry conditions set out in Catalogue of Preferential Industries for Foreign Investment in Central and Western Regions, the imported self-used equipment and supporting technology, accessories and parts (hereinafter referred to as the “self-used equipment”) within the total investment shall be exempted from customs duties and import value added taxes, except for those equipment fall into the List of Imported Commodities with no Tax Exemption in Foreign Invested Projects.

The Application of Imported-related Tax Preferential Policies to Foreign Invested Stock Companies:

For the projects invested by an foreign invested stock company incorporated within the territory of PRC or an foreign invested stock companies transformed from an foreign invested limited company, if the shares owned by foreign shareholders is no less than 25% and the project falls into the encouraged category set out in the Catalogue of Industries for Guiding Foreign Investment or is qualified for the industry conditions set out in Catalogue of Preferential Industries for Foreign Investment in Central and Western Regions, the imported self-used equipment could enjoy the above imported-related tax preferential policies on foreign invested projects.

For the projects invested by an foreign invested stock company transformed from a local limited company or a local stock company of which the shares owned by foreign shareholders is no less than 25% which increases its registered capital at the same time, if the project falls into the encouraged category set out in the Catalogue of Industries for Guiding Foreign Investment or is qualified for the industry conditions set out in Catalogue of Preferential Industries for Foreign Investment in Central and Western Regions, the imported self-used equipment corresponding to the increased registered capital could enjoy the above imported-related tax preferential policies on foreign invested projects. But the imported self-used equipment under the original project (excluding the increased registered capital) could not enjoy the imported-related tax preferential policies on foreign invested projects.

The Application of Imported-related Tax Preferential Policies to Foreign Invested Enterprises in which the Investment Proportion of Foreign Investors is less than 25%:

For the projects invested by an foreign invested enterprise in which the investment proportion of foreign investors is less than 25%, if the project falls into the encouraged category set out in the Catalogue of Industries for Guiding Foreign Investment or is qualified for the industry conditions set out in Catalogue of Preferential Industries for Foreign Investment in Central and Western Regions, except for the goods listed on the List of Imported Commodities without Tax Exemption in Domestic Invested Projects, the imported self-used equipment within the total investment could be exempted from customs duties and import value added taxes.

General Procedure Rules of Judicial Authentication

司法鉴定程序通则

Issued By	Ministry of Justices
Subject	Judicial Authentication
Promulgated on	August 7th 2007
Effective From	October 10th 2007
Source	www.moj.gov.cn

The General Procedure Rules of Judicial Authentication (hereinafter referred to as the “Rules”) has been issued in order to standardize the judicial authentication activities conducted by judicial authentication organs and judicial authenticators, ensure the quality of judicial authentication and the successful conduction of litigation.

The “Procedures” mentioned in the Rules mean the manners, ways, procedures and relevant rules and criteria which should be followed up by the judicial authentication organs and judicial authenticators during their judicial authentication activities.

The judicial authenticators shall be responsible for the judicial authentication, and they should be independent, objective, and fair to the judicial authentication.

The application of judicial authentication shall be submitted to a judicial authentication organ together with relevant power of attorney, ID information of the trustor and necessary information. The information provided by the trustor should be true and enough for the authentication. The trustor should be responsible for the reality and legality of the information provided.

The judicial authentication shall be conducted by at least 2 qualified judicial authenticators. During the authentication, following criteria and technical standard shall be complied with in sequence:

- a. national criteria and technical standard;
- b. industrial criteria and technical standard formulated by relevant judicial authentication administration or industrial organization;
- c. industrial criteria and technical standard recognized by most experts in the area of judicial authentication.

The course of the judicial authentication shall be properly recorded by the judicial authenticators by written record, tape, video, or photograph. The record shall be properly saved.

Generally, the judicial authentication shall be finished within 30 working days after the authentication agreement has been signed by the judicial authentication organ and the trustor. For complicated cases, the authentication period could be extended for another 30 working days.

A set of judicial authentication documentation should be issued by the judicial authentication organ and judicial authenticators to the trustor after the authentication finished. Such documentation includes a judicial authentication conclusion and a judicial authentication report, both of which shall be signed or chopped by the judicial authenticators and the judicial authentication organ.

© Wenfei, Beijing, 7 September 2007

Check the China Legal Briefing archives on: Check the China Legal Briefing archives on:

<http://www.wenfei.com/publications/html>

Obtain your personal subscription from: clb@wenfei.com