

Notice of China Securities Regulatory Commission on Promulgating the Working Rules of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission

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(No. 83 [2006] of China Securities Regulatory Commission)

In order to ensure the openness, fairness and equity of the supervision over the merger and reorganization of listed companies, and enhance the quality and transparency of the supervision over the merger and reorganization, and according to the relevant provisions on the merger and reorganization of listed companies, China Securities Regulatory Commission has established the Listed Company Merger and Reorganization Examination Committee, and formulated the Working Rules of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission, which are hereby promulgated, and shall come into force as of the date of promulgation.

July 25, 2006

Working Rules of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission

Chapter I General Provisions

Article 1 In order to ensure the openness, fairness and equity of the supervision over the merger and reorganization of listed companies, and enhance the quality and transparency of the supervision over the merger and reorganization, these Rules are formulated according to the relevant provisions on the merger and reorganization of listed companies.

Article 2 China Securities Regulatory Commission (hereinafter referred to as CSRC) has established the Listed Company Merger and Reorganization Examination Committee (hereinafter referred to as the Reorganization Committee), which shall, according to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, other laws and administrative regulations and the provisions of the CSRC, examine or provide consultancy opinions for the mergers and reorganizations that should be submitted to it for deliberation according to relevant provisions.

An applicant who holds an objection to the decision made by the Department of Listed Company Supervision of the CSRC about its merger and reorganization may apply to submit the said merger

and reorganization to the Reorganization Committee for deliberation.

Article 3 The Reorganization Committee will perform its duties through its executive meetings, and vote on the applications for the merger and reorganization of listed companies by ballots, and put forward its examination opinions.

Article 4 The CSRC shall be responsible for the daily administration of the affairs of the Reorganization Committee, as well as the assessment and supervision over the Reorganization Committee members.

The deliberation procedures of the Reorganization Committee shall be announced to the society, and be subject to supervision according to law.

Chapter II Composition Rules

Article 5 The Reorganization Committee shall be composed of the professionals from the CSRC and the relevant guild, and have less than 25 members.

Article 6 The Reorganization Committee members will be appointed by the CSRC, with each term of one year, and one can be re-appointed but with less than three consecutive terms

Article 7 A member of the Reorganization Committee shall meet the following requirements:

- (1) Abiding by the principles, being clean and honest, strictly abiding by the laws, administrative regulations and rules of the state;
- (2) Having fair characters and good professional ethics, having no record of bad practice, and having not been punished by the CSRC or any other competent department due to securities violations;
- (3) Being familiar with state macro-economic policies, and having good professional qualities and professional proficiency; and
- (4) Having a good command of the Company Law, the Securities Law and the laws and regulations on the merger and reorganization of listed companies, having long-time working experiences of securities market research, management or practice, and having a fairly deep research on the merger and reorganization of listed companies.

Article 8 In case a member of the Reorganization Committee is under any of the following circumstances, the CSRC will dismiss him:

- (1) Violating the laws, administrative regulations, rules or the disciplines for the examination work of the Reorganization Committee;
- (2) Failing to diligently perform his duties according to the provisions of the CSRC, failing to attend for two times without a justifiable reason or being unable to attend for three consecutive times the executive meetings of the Reorganization Committee;
- (3) Filing a written application for resignation, or being unfit for acting as the member due to the change of his post;
- (4) Seriously abusing his authorities or violating the laws, regulations or the disciplines of the Reorganization Committee within his term of office; or

(5) Any other circumstance under which he is unfit for acting as the member of the Reorganization Committee.

The dismissal of a member of the Reorganization Committee shall not be restricted by the fact whether his term of office expires. After a member of the Reorganization Committee is dismissed, the CSRC shall appoint a new member timely.

Chapter III Duties of Members

Article 9 The Reorganization Committee members shall be responsible for examining or providing consultancy opinions for the mergers and reorganizations of listed companies submitted by the Department of Listed Company Supervision of the CSRC according to the relevant laws, administrative regulations and ministerial rules of the state as well as the relevant provisions of the CSRC.

Article 10 The Reorganization Committee members shall perform their duties accordingly to law, independently deliver their deliberation opinions and exercise their right to vote, and shall be entitled to consult the examination materials required for the performance of duties through the CSRC.

Article 11 No member of the Reorganization Committee may make use of his work to directly or indirectly seek for interests for himself or someone else by the non-public information to which he has the access, nor may he provide the consultancy about the purchase or sales of securities for any entity or individual.

Article 12 The Reorganization Committee members shall abide by the following provisions:

- (1) Attending the meetings of the Reorganization Committee as required, and being diligent in the examination work;
- (2) Keeping confidential the state secrets and the business secrets of the applicants;
- (3) Not divulging the contents as discussed at the meetings of the Reorganization Committee, the conditions on voting or other relevant conditions;
- (4) Not making use of the identity of Reorganization Committee members or the non-public information one has access to in the performance of duties for directly or indirectly seeking for interests for himself or someone else;
- (5) Not accepting the gifts given by any party concerned in the merger or reorganization, any professional institution hired by the said party or any other relevant person, or privately contacting any of the aforesaid institutions or individuals;
- (6) Not colluding with any other Reorganization Committee member for voting or misleading the voting of any other Reorganization Committee member;
- (7) Not participating in the activities organized by any department or entity other than the CSRC in the name of Reorganization Committee members, or seeking for the interests in the name of Reorganization Committee members; or
- (8) Other relevant provisions prescribed by the CSRC.

Article 13 When the Reorganization Committee members are deliberating the mergers and

reorganizations or delivering their consultancy opinions, a system of withdrawal shall be implemented. A member shall timely request the withdrawal if he is under any of the following interested relationships:

- (1) His relative is acting as the director (including the independent director, similarly hereinafter), supervisor, manager or any other senior manager in any party concerned in the merger or reorganization or any professional institution hired by the said party, or his employer has ever provided relevant professional consultancy to any party concerned in the merger or reorganization, and which may affect his fair performance of duties;
- (2) His relative is acting as a senior manager in an entity which has competition with any party concerned in the merger or reorganization or any professional institution hired by the said party, and which may affect his fair performance of duties;
- (3) Before the meeting of the Reorganization Committee is held, he has ever contacted any party concerned in the merger or reorganization or any professional institution hired by the said party, and which may affect his fair performance of duties; or
- (4) Any other circumstance as recognized by the CSRC that may cause the interested relationship.

The "relative" as mentioned in the preceding paragraph refers to the spouses, parents, children, brothers and sisters of Reorganization Committee members, as well as the parents of their spouses, spouses of their children, and spouses of their brothers and sisters.

Article 14 After having accepted the appointment, a Reorganization Committee member shall promise to abide by the relevant provisions and the disciplinary requirements of the CSRC for Reorganization Committee members, carefully perform duties, and accept the assessment and supervision of the CSRC.

Chapter IV Working Rules

Article 15 The Department of Listed Company Supervision of the CSRC shall be the executive organ of the Reorganization Committee, and be responsible for arranging the meetings of the Reorganization Committee, delivering examination materials, making conference minutes, drafting conference summaries, keeping archives and conducting other relevant conference affairs.

The expenses necessary for the deliberation work of the Reorganization Committee shall be assumed by the CSRC.

Article 16 In case the Reorganization Committee deliberates any major reorganization of assets, the Department of Listed Company Supervision of the CSRC shall, 3 days prior to the meeting of the Reorganization Committee, send the notice on the meeting, the application materials and the preliminary examination report it made to the members attending the meeting for the acknowledge of receipt.

In case the Reorganization Committee deliberates any other matter on merger and reorganization, the Department of Listed Company Supervision may arrange the time and deliver the materials in light of the actual situation.

Article 17 The Reorganization Committee conducts the examination through the meeting of the Reorganization Committee, the Reorganization Committee members attending the meeting shall be seven for each time.

Article 18 Before the meeting of the Reorganization Committee is held, a member shall sign the statements showing that he has no contact with any party concerned in the merger or reorganization, any professional institution hired by the said party or any other relevant person, and submit such statements to the functionary of the Department of Listed Company Supervision for preservation.

Article 19 One convener shall be arranged for the meeting of the Reorganization Committee and be responsible for chairing the meeting, heeding the examination reports and instructions made by the preliminary examination personnel of the Department of Listed Company Supervision, organizing the members attending the meeting to deliver their examination opinions one by one, summarizing the main examination opinions of the members, forming the examination opinions of the meeting of the Reorganization Committee to the application for merger or reorganization, and announcing the voting results.

Article 20 A member of the Reorganization Committee shall, according to the laws, administrative regulations and the provisions of the CSRC, examine the applications for mergers and reorganizations in an independent, objective and fair manner. At the time of examination, he shall make the working papers, and deliver his own examination opinions according to the working papers and the discussions at the meeting.

Article 21 If it is required for deliberation, the Reorganization Committee may invite an expert other than its members to attend the meeting and provide professional consultancy opinions, however, such expert shall not participate in the voting.

Article 22 The Reorganization Committee may require the parties concerned in the merger or reorganization or the professional institutions they hired to attend the meeting, deliver their opinions and answer the questions put forward by the members.

With respect to the questions, opinions or relevant statements made by the members, the parties concerned in the merger or reorganization or the professional institutions they hired shall not disclose them without consent.

Article 23 The meeting of the Reorganization Committee shall form its examination opinions on the basis of sufficient discussions, and vote on the applications by ballots.

The method of closed and disclosed votes shall be adopted for the voting. The votes will be divided into the votes of consent and the votes of objection. The examination opinions for which five or more votes of consent are given shall be regarded as having been passed, otherwise, the examination opinions shall be regarded as having been rejected.

In case a member casts a vote of consent, he may put forward additional conditions, but shall explicitly explain the contents of such additional conditions; and in case he casts a vote of objection, he shall explain the reasons for objection.

Article 24 The Department of Listed Company Supervision shall be responsible for recording down the discussions at the meeting of the Reorganization Committee. After the meeting of the Reorganization Committee ends, the participating members shall submit their working papers, and affix their names on the meeting minutes, examination opinions, voting results and other conference materials for confirmation.

Article 25 In case a scheme for merger or reorganization has not been passed upon examination, and the listed company has revised and supplemented the said scheme according to the opinions put forward by the Reorganization Committee or produced a new scheme, it can submit the application materials again; and in case the scheme meets the requirements for merger and reorganization, it may be submitted to the Reorganization Committee for examination again.

Chapter V Supervision over the Work of the Reorganization Committee

Article 26 The Reorganization Committee shall, when deliberating the applications for the merger and reorganization of listed companies or delivering consultancy opinions, maintain an objective, independent and impartial manner. In case the deliberation opinions put forward by the meeting of the Reorganization Committee are obviously different from the voting results, the CSRC may request the Reorganization Committee to make explanations and illustrations, and if necessary, may arrange another meeting for the deliberation again.

Article 27 If any member of the Reorganization Committee neglects his duties, fails to objectively and fairly deliver his deliberation opinions or commits any act against the disciplines of the Reorganization Committee when he is deliberating an application for merger or reorganization or delivering consultancy opinions, the CSRC shall talk with him and remind him.

Article 28 For any tip-off about the illegal or irregular acts committed by any member of the Reorganization Committee, if there is any important clue, the CSRC shall investigate it, and shall talk and remind the member, criticize or dismiss him in light of the investigation results. If a crime is constituted, this member shall be handed over to the judicial organ for punishment.

Article 29 No party concerned in the merger or reorganization may disturb the work and affect the decision of the Reorganization Committee members by privately contacting them, providing gifts to them or by any other means. In the case of any of the aforesaid acts, the CSRC shall criticize the relevant party concerned. Where the circumstances are serious, the CSRC shall suspend the examination.

A professional institution as hired by any party concerned in the merger or reorganization shall be obliged to urge the party concerned to abide by the aforesaid provisions, and in case such a professional institution instigates, assists or participates in the aforesaid act of intervening in the work of the Reorganization Committee, the CSRC shall not accept any professional report

submitted by this professional institution for six months.

Chapter VI Supplementary Provisions

Article 30 These Rules shall come into force as of the date of promulgation. The Working Rules of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission (No. 41 [2004] of the CSRC) promulgated on May 12, 2004 shall be simultaneously repealed.

Article 31 The power to interpret and revise these Rules shall remain with the CSRC.

Annex 1: Statements Made by the Members of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission

Annex 2: Working Papers for the Examination Work Made by the Members of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission

Annex 3: Commitment Letter of Not Affecting or Disturbing the Examination Work of the Reorganization Committee Made by the Parties Concerned in the Merger and Reorganization and the Professional Institutions They Hired

Annex 1:

Statements Made by the Members of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission

I. I have ever (have not) privately contacted any party concerned in the merger or reorganization of listed companies under examination or any professional institution it hired or any other person, have (have not) accepted any money, property or other interests given by the aforesaid institution or individual. If yes, please make specific explanations:

II. No party concerned in the merger or reorganization of listed companies under examination or any professional institution it hired or any other person has affected my own judgment to the matters under examination by any unjustifiable means. If yes, please make specific explanations:

III. Other matters that need to be explained:

Signature:

Date:

Annex:

List of Companies under Examination

Co., Ltd.

Co., Ltd.

Co., Ltd.

Annex 2:

Working Papers for the Examination Work Made by the Members of the Listed Company Merger and Reorganization Examination Committee of China Securities Regulatory Commission

Name of the participating member:

Session of the meeting of the Reorganization Committee: Year / Session

Name of the listed companies to be merged or reorganized;

Matters under examination:

I. Personal examination opinions about the issues and examination opinions put forward to the members for attention in the preliminary examination report, and the basis for them;

II. Whether the merger or reorganization has any problem other than those put forward for attention in the preliminary examination report, if yes, please explain:

III. Whether the merger or reorganization has any major problem that needs to be investigated and verified and will affect the definite judgment, if yes, please explain:

Signature:

Date:

Annex 3:

Commitment Letter of Not Affecting or Disturbing the Examination Work of the Reorganization Committee

This company is hereby making a commitment as follows:

I. During the application course for this merger or reorganization, this company promises not to directly or indirectly provide money, properties or other interests to any member of the Reorganization Committee, and promises not to affect the judgment of any member of the Reorganization Committee on this merger or reorganization by any unjustifiable means.

II. This company promises not to disturb the examination work of the Reorganization Committee by any means.

III. When being enquired of by the Reorganization Committee members at the meeting of the Reorganization Committee, this company promises that all the statements are faithful, objective, accurate and concise, and do not contain any content that is irrelevant to the examination of this merger or reorganization.

IV. In case this company violates any of the aforesaid commitments, it will assume all the legal liabilities incurred therefrom.

Promisee: (seal)

Person in-charge:

Date: