

Announcement of China Securities Regulatory Commission

(No.39 [2008])

For purposes of meeting the requirement of the development of capital market practice and further regulating the act of shares repurchase by listed companies by means of centralized bidding, this Commission formulated the Supplementary Provisions on the Share Repurchase by Listed Companies by Means of Centralized Bidding, which are hereby promulgated, and shall come into force on October 9, 2008.

October 9, 2008

Supplementary Provisions on the Share Repurchase by Listed Companies by Means of Centralized Bidding

For the purpose of meeting the requirement of development of capital market practice, we hereby notify you of the following supplementary provisions related to the act of share repurchase by listed companies by means of centralized bidding in the Measures for the Administration of Repurchase of Public Shares by Listed Companies (for Trial Implementation):

I. The board of directors of a listed company shall, in accordance with laws, make a resolution on the share repurchase to be made by it by means of centralized bidding (hereinafter referred to as “the shares repurchase by a listed company”) and submit it to the shareholders’ general meeting for approval.

The independent directors of the listed company shall give independent opinions on the matters of share repurchase on the basis of full understanding of the relevant information.

II. A listed company shall, three days before convening the shareholders’ general meeting, publish on the website of the stock exchange the names of the top ten shareholders, the quantity of shares they hold and the shareholding percentage on the register of the company on the trading day immediately prior to the announcement of the share repurchase resolution by the board of directors and on the equity registration date of the shareholders’ general meeting.

III. The resolution on the share repurchase made by the shareholders’ general meeting of a listed company shall include the following matters:

1. The price range for the share repurchase;
2. The type, amount and percentage of shares to be repurchased;
3. The total amount and source of the funds to be used for the repurchase;
4. The time period for the share repurchase;
5. The period of validity for the resolution;
6. The specific authorization to the board of directors for handling the matters of this share repurchase; and
7. Any other relevant matters.

IV. A resolution on share repurchase of the shareholders’ general meeting of the listed company must be adopted by two-thirds or more of the voting rights held by the shareholders attending the meeting.

V. The listed company shall announce the resolution on the next day after the shareholders’ general meeting makes the said resolution on share repurchase, notify the creditors according to laws, submit the relevant

materials to China Securities Regulatory Commission and the stock exchange for archival purposes, and announce the repurchase report at the same time.

VI. A listed company shall perform the obligations of report and announcement under the following circumstances:

1. The listed company shall make an announcement the next day after the occurrence of the first-time share repurchase;
2. Whenever the proportion of shares repurchased by the listed company to the total share capital of the said listed company increases by 1%, the listed company shall make an announcement within 3 days from the date of occurrence thereof;
3. The listed company shall announce the progress of the repurchase in the regular report during the period of repurchase, including the quantity, proportion of the shares already repurchased, the highest and lowest purchase prices and the total amount paid; and
4. In case the repurchase period has expired or the repurchase plan has been completed, the listed company shall stop the act of repurchase, and announce, within 3 days, the situation of the shares repurchased and the company's share change report, including the total amount of shares repurchased, the highest and lowest purchase prices and the total amount paid.

VII. The price of the shares repurchased by the listed company shall not be the price limited by the rise of the transaction of the company's shares at the current day.

VIII. A listed company shall not conduct the entrustment of share repurchase during the following trading time:

1. The aggregate auction of opening quotation;
2. Half an hour before the close; and
3. Without limit in rise or drop in stock price.

IX. A listed company shall not repurchase the shares within the following periods:

1. Ten trading days before the announcement of the regular report or the performance briefing of the listed company;
2. The period from the date of occurrence of a major matter or in the process of decision-making thereof, which is likely to have significant impacts on the trading prices of shares of the listed company, to 2 trading days after the legal disclosure of it; and
3. Any other circumstances as prescribed by the CSRC.

X. A listed company shall not issue shares to raise funds during the share repurchase period.

XI. The stock exchanges shall, according to these Provisions, formulate the relevant business rules for the share repurchase by listed companies, strengthen the compliance supervision on the information disclosure of the share repurchase by listed companies and the procedural guarantee of legitimate rights and interests of creditors, implement real-time monitoring on the share repurchase transactions, and prevent the occurrence of insider trading and other unfair trade practices.

XII. These Supplementary Provisions shall come into force on October 9, 2008. The provisions related to the

share repurchase by means of centralized bidding in the Measures for the Administration of Repurchase of Public Shares by Listed Companies (for Trial Implementation) (No.51 [2005] of China Securities Regulatory Commission) shall be abolished at the same time.