

China IT Focus

Issue 2

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China IT Legal News

1. Network Information Management Bureau Emerges

The newly established Network Information Management Bureau ("Bureau") of the State Council Information Office emerged for the first time on April 20, 2000. Wang QingCun, the Director of the Bureau, pointed out at "China's Internet Conference in the 21st Century", that network information should be comprehensive, accurate and should reflect facts. The primary responsibility of the Bureau is to promote the publishing of websites and to provide instructions regarding the business of websites. It shall also communicate with various websites in the form of "Contacting Meeting" periodically or regularly. Mr. Wang further disclosed that regulations concerning the issuance of information by privately owned enterprises is currently undergoing examination, and will go public soon. He added that prior to issuance of the regulation, privately owned websites can publish information, including news, but should sign an agreement with traditional media and publish the news after receiving authorization. At the same time, Mr. Wang explained that since the Chinese government is still in the progress of drafting laws and regulations to certify the identity of an ICP, there is no ICP certified by the government at this time. However, the government will adopt a measure of by

working along both lines toward privately owned websites which will support them in terms of policy and funding while supervising them to ensure compliance with laws and regulations.

2. China Issues Regulations on Companies Engaging in Online Brokerage Activities

To stipulate examination and approval procedures for securities companies engaging in online brokerage activities ("applying companies") and to improve efficiency, on April 29, 2000, the China Securities Regulatory Commission issued the "Procedures for the Examination and Approval of Securities Companies for Engaging in Online Brokerage Activities" ("Procedures"). According to Zhengquan Bao (China Securities), after accepting the application documents of the applying companies, the CSRC shall conduct preliminary examination of its application documents to ensure that the application documents conform to the relevant regulations. Then, the CSRC shall invite experts to organize an examination panel to examine all related matters and the technical application plans. The CSRC may also require applicant companies to send the person in charge of technical and other related activities to answer any questions the panel may have. The panel will make its decision by vote and present its opinion regarding the examination. Finally, in view of the general condition of the applicant company and according to the opinion of the panel, the CSRC shall decide whether to approve the application. The entire proceeding, from acceptance of the documents to the final decision must be completed within 3 months. However, the Procedures prohibit certain companies that are completely unqualified and which may have undisclosed liabilities due to substantial breach of regulations or severe technical mishaps. Any applicant companies whose application is rejected may apply for reconsideration, but may not apply again to the CSRC within one year if reconsideration is rejected the second time.

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3. China to Formulate Online Copyright Protection

According to Zhonghua Dushu Bao, China's State Copyright Bureau recently hosted a symposium on protecting online copyrights. The event was attended by writers and experts from online companies, libraries, copyright protection organizations, as well as representatives from the legal sector. As disputes in China over online copyrights have increased and China's current copyright Law are still lagging behind the pace of technological development, the meeting sought to provide preliminary solutions and specific suggestions to China's legislators. According to the article, China's State Copyright Bureau has offered the following preliminary resolutions to protect online copyrights: 1. Adding "information network-based publication rights" to Article 10 of the current Copyright Law. 2. Information network-based publication rights should be extended to artistic performers, as well as to audio and video recorders. 3. Copyright management organizations should have the authority on behalf of writers to grant the right to use specific works of these writers to website operators. 4. Since the legal obligations of Internet content providers are restricted under China's General Rule of Civil Law, there is no need to establish special restrictions. Instead, legal judgments will be implemented according to specific circumstances.

The newspaper noted that the aforementioned resolutions are still in the discussion stage, and that the relevant experts are also making concerted efforts to accelerate amendments to China's Copyright Law.

4. China Government Creates Draft E-commerce Policy

China is fast formulating an all-encompassing e-commerce strategy entitled the "Draft Guidelines for China's E-commerce Development," the April 29th Hong Kong Wen Wei Po Daily reported. According to the newspaper, on April 28, Song Ling, Director of the Chinese Ministry of Information Industry's Department of Information Technology Advancement, told reporters that her ministry has already submitted the policy to the State Information Technology Leadership Group, which is headed by State Council Vice Premier Wu Bangguo. It is not known when the guidelines' details will be made public. The newspaper also reported that the guidelines address problems concerning permission to enter markets

and operational logistics for foreign businesses wanting to invest in China's Internet sector, including e-commerce. Relevant issues in this area include permission to enter the Internet market, entry permission to Internet suppliers, and questions of Internet content and shipping. The document also concerns problems regarding e-commerce's legal and financial frameworks. The legal framework supports commercial laws, intellectual property rights or copyrights and trademarks, domain names, privacy and security, while the financial framework includes tariffs, taxes and online payments, the newspaper reported. According to Ms. Song, selected institutions are currently carrying out trial e-commerce operations concerning logistics, transaction security, and China's relevant regulations and laws. The newspaper that e-commerce in China began in 1994, and that e-commerce and its related technologies are now operating successfully in service sectors such as securities trading, financial accounting systems, credit card issuing and airline ticket reservation centers. According to the newspaper, incomplete statistics show that China (not including Hong Kong or Macao) at the end of last year had more than 600 operational e-commerce Web sites, which is far more than the country's 100-plus e-commerce Web sites at the end of 1998. Song also stated that the Chinese government takes the development of China's information industry very seriously. She added that the government is currently drafting its 10th Five-Year Plan (2001-05), which for the first time will address the development of the country's information industry.

Recent Legislation

Examination and Approval and Supervisory Guide for Enterprises Located in China Applying For Listing On GEM

On October 13, 1999, the Xin Hua News Agency broadcast a Notice by China Securities Regulatory Commission (CSRC) concerning new regulations, the "Approval and Supervisory Guide for Enterprise Inside China Applying for Listing on Hong Kong GEM Board". To ensure the listing of China enterprises on the Hong Kong GEM Board in an orderly manner, all state-owned enterprises, collective enterprises and other forms of enterprises, upon establishing a stock company, can have its underwriter act as its representative to submit its application to CSRC. The CSRC will grant approval in accordance with legal

I. Conditions for Enterprises Inside China to Apply for Approval to be Listed on GEM

- (1) Company limited by shares (“the Company”), approved by provincial government authorities and national economic and trade committee, and legally existing and operating in accordance with certain standards;
- (2) The Company and its majority shareholder should conform to the relevant laws and regulations, and have not committed any crimes within the last two years;
- (3) Meet the listing requirements of GEM;
- (4) The underwriter believes it is feasible for the Company to be listed and shall bear responsibility as an underwriter;
- (5) Enterprises classified as a New and High-tech Enterprise as certified by the National Technology Department will be given the priority for approval.

II. Documents that must be submitted to CSRC in order for domestic enterprises to be listed on GEM

- (1) Application report (“Report”) of the Company. The Report shall include: the business status of the Company, the structure of the shares, usage of the capital collected and analysis of risks in business operation, targets for business development and
- (2) Analytical opinion and letter of intent by the underwriter on the listing feasibility of the Company;
- (3) The documents showing approval of the establishment of the Company;
- (4) The legal opinion by a domestic law firm which is certified to handle securities cases as to whether the Company and its primary shareholders are in compliance with the relevant laws and regulations and whether they have committed any severe crimes within the last two years;
- (5) The auditing report by the accounting firm on the accounting statement submitted by the Company

and made according to the accounting rules of the PRC, the accounting regulations on the companies limited by shares and adjusted in accordance with international accounting rules;

- (6) Any company that owned state shares shall obtain documentation certifying approval by the State Assets Administration Department concerning the administration of the state shares;
- (7) Complete prospectus;
- (8) Other documents required by the CSRC.

III. Procedures for the examination and approval of domestic enterprises to be listed on GEM;

- (1) Three months prior to the submission to the Hong Kong Stock Exchange of its listing application, the underwriter must represent the Company in submitting to the CSRC the documents listed in Section II of this Regulation from (1)-(4) (four copies in total, one of which is the original), with a carbon copy to provincial government authorities and relevant departments of the state council. If the relevant governmental department holds different opinions concerning the application the Company, it may submit written notice to the CSRC within fifteen (15) days after receiving the application documents of the Company;
- (2) The CSRC will consult with the National Trade and Economic Committee to determine whether the application meets the requirements by the national industry policies and the regulations concerning the utilization of foreign investment;
- (3) After preliminary examination, the Supervisory Department of the CSRC shall notify the Company by mail whether the aforementioned application has been accepted within twenty (20) working days after receiving the application and shall send a carbon copy to the Ministry of Finance and the Ministry of Foreign Trade and Economics; In the event that the documents cannot be accepted, the reason must be provided;
- (4) The Company whose application has been accepted by the CSRC must submit to the CSRC

all documents listed in Section II of this Regulation from (4)-(8) (two copies in total, one of which is

- (5) the original); If the application documents are complete and conform to the relevant regulations after examination, and no written objection has been put forward by the Ministry of Foreign Trade and Economics or the State Administration of Foreign Exchange and Financial Ministry (in connection with the state-owned shares) during the formal acceptance period, the CSRC shall make its decision on approval within ten (10) working days; if the application is rejected, a reason must be provided. After being approved, the Company may submit its application to the Hong Kong Stock Exchange for listing on GEM.

V. Supervisory Matters after Listing

After the Company has been listed in Hong Kong GEM, the CSRC shall supervise the Company in accordance with the Memorandum of Cooperative Supervision and Supplementary Provisions signed by Hong Kong Securities Regulatory Commission.

IV. Miscellaneous

- (1) Only an underwriter recognized by the Hong Kong Stock Exchange may act as an underwriter of domestic companies to be listed on GEM. If the underwriter has conducted any activities in violation of the regulations or that is otherwise improper, the CSRC may determine whether to accept such underwriter to represent the Company in the listing according to the degree of seriousness of its activities;
- (2) The Company whose application has been accepted by the CSRC must file the list of those agencies chosen by the Company, both within and outside of China, on record with the CSRC;
- (3) Fifteen (15) working days after being listed, the Company must file the relevant public information disclosure documents concerning the listing of the Company, including a summary of the listing, on record with the CSRC;
- (4) The Company must obey the relevant laws and regulations concerning the control of foreign exchange.

Structuring and Regulatory Problems of Venture Capital Investment in China

Although the concept of venture capital investment was introduced to China over a decade ago, it has only been within the past couple of years that venture capital has become popular, with the rapid development of the Internet in China.

Allbright Law Offices began providing services to venture capital companies at an early stage, in the area of biotechnology. Our firm currently provides legal services to a large number of IT-related venture capital companies, and has developed much experience in this area. In this article we briefly analyze some current problems in venture capital investment in China by introducing the common legal structures in the operation of venture capital in the PRC, and the related governmental regulation.

Generally, PRC companies seeking to obtain venture capital investment faced a dilemma. As many of the largest venture capital investors are overseas investors from Taiwan, Hong Kong, and the United States, the venture capital financing that would assist their companies to grow and to ultimately attain their goal of listing on an international stock market such as the Hong Kong GEM or the U.S. NASDAQ would simultaneously bring them under the restrictive regulations governing foreign-invested enterprises. As a result, recent venture capital financing was frequently structured to avoid direct financing by foreign investors into a PRC domestic company.

The Beijing Gold Yuxing case provides a good example of the complicated structuring commonly involved in the venture capital investment of originally domestic companies.

Beijing Gold Yuxing

In August of 1999, two controlling shareholders of Beijing Gold Yuxing Electronic Co. Ltd. ("Gold Yuxing"), a wholly domestic private enterprise, separately obtained foreign passports. Upon their acquisition of such passports, they became overseas Chinese citizens with permanent residence in a foreign country.

In the meantime, twelve of the sixteen founding shareholders of Gold Yuxing transferred their shares to the other four founding shareholders through separate agreements. The four founding shareholders then separately registered two companies named "Baolong" and "Yulong" in the British Virgin Islands. Subsequently, these two companies jointly established "Yuxing Computer Holding Co. Ltd." ("Yuxing Bermuda"), which was to be listed on Hong Kong GEM.

While Baolong and Yulong were being registered abroad, a "firewall" company, the "Gold Yuxing Electronic Co. Ltd" ("Gold Yuxing (BVI)") incorporated in the British Virgin Islands, was established between the company to be listed and Gold Yuxing. 100% of the stock of Gold Yuxing (BVI) was controlled by Yuxing (Bermuda), while Gold Yuxing (BVI) held 99% of the shares of Gold Yuxing. The remaining 1% of Gold Yuxing was held by a processing factory located in the PRC.

Baolong and Yulong then contributed US \$800,000 and directly purchased portions of the assets of Gold Yuxing from Yuxing (Bermuda). After the assets were transferred into shares, Gold Yuxing converted itself into a joint venture.

When the company completed preparations for listing, the underwriter of Gold Yuxing received a notice from the China Securities and Regulatory Commission ("CSRC"). The notice ordered Yuxing (Bermuda) to suspend the listing and undergo investigation. This is the first case in which a company has been ordered by the CSRC to suspend its listing activities.

There will be a large number of interested parties around the world, particularly venture capital investors, closely monitoring the progress of the Yuxing case. As shown in the Beijing Gold Yuxing example, high-tech companies have gone through great efforts to structure their companies in overseas jurisdictions in order to avoid the regulation of the PRC government. The CSRC's exercise of authority over the Yuxing (Bermuda) IPO, however, generally renders moot such previous attempts of many shareholders to structure their investments to accomplish a majority of ownership outside of China.

The reason cited by CSRC for the stay was that despite the fact that the company is incorporated outside of China, it is substantially a PRC domestic enterprise. According to the *Examination and Approval and Supervisory Guide for Enterprises Located in China Applying For Listing On GEM* issued by CSRC on Oct. 12, 1999, if an enterprise inside China wants to be listed on the GEM, it is required to apply to CSRC for approval. Such enterprise may not apply to Hong Kong Stock Exchange until such approval has been obtained. Yuxing (Bermuda), however, did not apply to CSRC, and accordingly violated applicable PRC law by attempting to list without the requisite permission. CSRC also indicated that the time between the managers of the company obtaining the passports and the listing was not long enough, however, the relationship between this and the listing violation is not clear.

The reasons stated by CSRC do not do much to clarify the basis of the PRC government's exercise of power over such types of companies. In particular, it is not clear what legal basis supports the CSRC's exercise of jurisdiction to suspend the listing of overseas companies who do not apply to CSRC for listing. CSRC's perfunctory declaration that Yuxing (Bermuda) is actually a domestic enterprise is oversimplified and requires further legal explanation. Yuxing Bermuda, as a company incorporated in Bermuda, is under the sovereign power of that jurisdiction, not China. While it is true that the assets of Yuxing (Bermuda) are primarily located in China, if CSRC has jurisdiction over every company with assets located in China, this could have far-reaching effects. For example, under this argument, CSRC would have jurisdiction over the

listing of large companies such as IBM or Microsoft, who have assets inside China, in the event that they make an offering of their assets on the Hong Kong GEM. And if the listing of such companies as IBM and Microsoft are not under the jurisdiction of CSRC, while the listing of Yuxing (Bermuda) is, this may raise arguments of unequal treatment in the performance of the law.

Such exercise of regulatory power by the PRC, then, may be a double-edged sword, with far-

reaching implications for the Chinese government, particularly in light of the coming entry into the WTO. With the world watching Beijing's struggle for control over the Internet and related high-tech companies, the basis of CSRC's jurisdiction of Yuxing (Bermuda) requires further clarification. Whatever the outcome, it may significantly impact the method companies use to structure foreign venture capital investment in the future.

Notice regarding Several Problems in Overseas Listing of Overseas Enterprises Involving Domestic Assets 《关于涉及境内权益的境外公司在境外发行股票和上市有关问题的通知》

This Notice was published by China Securities Regulatory Commission (CSRC) on June 9th, 2000. To regulate the recent surge of overseas listing of enterprises registered outside China but involving domestic assets, CSRC published this Notice to officially inform all the law firms with license to provide securities related legal service that some newly required additions shall be made to the form of the legal opinion the law firms may render to CSRC in the approval process. The following is the entitle text of this Notice.

The Law Firms with Securities License:

Recently, a number of enterprises registered outside China but involving domestic assets (hereinafter referred to as "Overseas Enterprises") made initial public offerings at Hong Kong GEM and Nasdaq. Now, we hereby inform you of the following matters in regard to the legal opinion rendered by you to obtain the approval for the above listings:

1. If the listing could be classified in the types as set forth in the Notice of State Council regarding Further Enhancement of Management on Overseas Stock Issues and Listing (《国务院关于加强境外发行股票和上市管理的通知》, published by State Council, Number 21 (1997), hereinafter referred to as "Notice 1997"), the relevant stipulations contained in 1997 Notice shall be applicable to such listing.

2. If the listing could not be classified in the types set forth in the above 1997 Notice, then from now on, the legal opinion rendered by law firms shall be revised to include the following additional information:

- General information of Overseas Enterprises: Date of establishment, Place of Registration, Shareholder's Investment Structure (A graph of the structure shall be attached.) and Description of Shareholder's Background (Information of end interests holder shall also be disclosed), Composition

of the Assets to Be Listed (A graph of the composition of the assets shall be attached.).

- Basic Information of the Current Listing: Introduction of Leading Underwriter and Sponsor, the Estimated Amount of Funds to Be Raised and Usage of the Funds, etc.
- In case domestic entities or domestic civilians hold, directly or indirectly, any assets in the Overseas Enterprises, the legal opinion shall address in detail the formation and involvement of the above holdings and provide opinion on the legality of such holdings.
- In case the listed assets of Overseas Enterprises involve, directly or indirectly, any interests of the domestic entities, the legal opinion shall explain in detail the formation of the above interests and shall provide opinion on the legality thereof.
- In case the Overseas Enterprise hold, directly or indirectly, any interests in the domestic entities, the legal opinion shall describe business of the domestic entities and shall provide opinions on whether such holdings comply with P.R.C. laws and regulations regarding foreign direct investment.

3. Supervisory Department of CSRC shall be responsible for the receipt and review of the legal opinions in accordance with the following procedures:

- If in Supervisory Dept.'s opinion, the legal opinion does not clearly state the facts or provides improper opinions, Supervisory Dept. will send a written inquiry to the law firm or lawyers who rendered the legal opinion and such law firm and lawyers shall immediately modify the legal opinion accordingly after receipt of the inquiry.
- CSRC shall have the right to consult with relevant departments of State Council about their opinions on the various P.R.C. foreign investment laws and regulations.
- If Supervisory Dept. does not have any further comments, the Legal Dept. of CSRC shall send a

written reply to the law firms within 15 business days after receipt of the legal opinions.

- To those law firms or lawyers who rendered false or misleading legal opinions or had material negligence in providing legal opinions, CSRC shall adopt

Our Comments:

According to Chinese law, overseas listing of domestic companies shall be subject to the approval of relevant China securities administrative bodies before the company officially files an application of public offering to the overseas securities regulatory bodies and stock exchanges. Since the laws regarding direct overseas listings provide relatively high standards and qualifications for the domestic companies and these laws were basically made for the purpose of listing large-sized state owned enterprises overseas, in the recent years, more and more small and medium Chinese companies, especially privately owned hi-tech or IT enterprises, issued and listed their stocks in the overseas stock market by various indirect means or arrangements which are not covered by the these laws, including transferred the corporate assets to overseas, stock swap, acquisition, etc.

To regulate this kind of activities, since 1997, the State Council and relevant government authorities issued a series of regulations specifying policies concerning indirect overseas listings of domestic assets, among which *Notice of State Council regarding Further Enhancement of Management on Overseas Stock Issues and Listing* (《国务院关于加强境外发行股票和上市管理的通知》 (hereinafter referred to as “Notice 1997”) is the most typical one that for the first time established government policies in the areas of indirect overseas listing of domestic enterprises.

Notice 1997 classified overseas listing into the following three basic kinds:

(1) For overseas listed companies that are registered overseas with Chinese companies being the controlling shareholders (or being the largest shareholder; the same applies below), hereinafter referred to as “overseas Chinese-controlled listed companies,” their listing through spin-offs and their additional issues of stocks are subject to the supervision and administration of local securities regulatory institutions. However, the domestic equity holders of the controlling Chinese shareholders shall report the matter to the CSRC for future reference, as well as for the purpose of strengthening the supervision and management of the equities.

(2) For Chinese-invested, non-listed overseas companies, and for overseas Chinese-controlled listed companies, their application to list their

certain measures of punishment according to the relevant laws and regulations.

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June 9, 2000

overseas assets as being owned by them, or to list the domestic assets created by the investment from their overseas assets and owned by them for more than three years, shall be proceeded in accordance with local laws where the companies are applying for listings. However, the domestic equity holders shall first obtain approval from the provincial people's government or the relevant department of the State Council regarding such listings.

(3) If the assets of domestic enterprises are transferred to overseas Chinese-invested, non-listed companies or overseas Chinese-controlled listed companies through an acquisition, stock swap, appropriation or any other method so as to be listed overseas, or if domestic assets are first transferred to overseas Chinese-invested non-listed companies and then injected into overseas Chinese-controlled listed companies so as to be listed overseas, the domestic enterprises or the domestic equity holders shall first obtain approval from the provincial people's government or the relevant department of the State Council. Then they shall report to the CSRC for verification and State Council for examination and approval, in accordance with state industrial policies, related regulations of the State Council.

Although the above classification is a little bit complicated and confusing, we can still figure out the general principles behind it, which could be simplified to the following several sentences, i.e. “Overseas listing of foreign assets in foreign companies is the only situation which will be free of any domestic approval, overseas listing of domestic companies or overseas listing of domestic assets in the foreign companies will still need approval of China government in advance.”

Even if Notice 1997 provided the above general principles regarding administration of indirect overseas listing of domestic assets, it did not give out a clear definition on what is “domestic assets” or “domestic enterprises”, thus it left a loophole in terms of whether the domestic assets only mean the assets owned by state or state owned enterprises, and exclude assets owned by Chinese civilians or owned by privately owned enterprises. It is our understanding that the desires to solve this problem and to further expand CSRC's

authority in the previously gray area somehow became the motive of Chinese government to publish this regulation of *Notice regarding Several Problems in Overseas Listing of Overseas Enterprises Involving Domestic Assets* 《关于涉及境内权益的境外公司在境外发行股票和上市有关问题的通知》. In this Notice, it is obvious that domestic assets include the assets owned by Chinese civilians and other entities and CSRC will basically hold the law firms rendering legal opinions responsible for the relevant illegal or improper operations in the future.

However, one coin always has two sides, if we look at this matter from a different angle, we may find that although this Notice clearly established CSRC's authority in the areas of indirect overseas listing of non-state-owned assets, CSRC may adopt a comparatively loose policy in the future because according to the Notice, the law firms will play the main role and CSRC's final determination will primarily based

on the completeness of the legal opinions rendered by the law firms. In other words, different from its active performance in the approval of overseas listing of state-owned enterprises, CSRC will basically take a passive role to issue the approval on the listing of non-state-owned assets or enterprises as long as the legal opinions rendered by law firms properly included the additional information as required by the Notice. Our above estimate resulted from two reasons: 1. There was a change of personnel in the management board of CSRC recently and newly appointed officials seemed to have a more opening-up and innovative vision; and 2. Since CSRC's recent lack-of-legal-ground suspension of Beijing Gold YuXing Company's listing of its stocks at Hong Kong GEM, a lot of criticisms coming from the domestic securities community and law community claimed that CSRC was over-intervening the free market activities of non-state-owned enterprises.

News Bulletin

➤ Convergence of Networks in Shanghai

Shanghai will integrate services of its telephone, cable television and Internet networks to set up Shanghai Information Port by the end of this year, according to the Shanghai Municipal Economic Commission (SMEC). The move is taken to complete the telecom service market by introducing more competition among service companies to break the present monopoly on existing networks, said Huang Qifan, Director of SMEC. The new network will enable the city's TV or radio broadcast media and Internet users to exploit fully the underutilized telecom system to access information with a much higher efficiency.

➤ One-Seventh of Chinese Newspaper Online

According to Xin Hua News Agency, about 1/7 of all Chinese newspapers, comprising 273 different newspapers, are currently online. Among such online newspapers, 116 newspapers have top international domain names, including 24 .com, 6 .net, 1 .org and the like. Those newspapers that do not have an independent domain name generally place their webpages on other websites.

➤ ShenZhen May Be the First to Put Forward the Second Board Market

Preparations for the second board market in China are almost complete. The earliest date the second board may be put forward is set for June, but will more likely go public in September and October. It is probable that ShenZhen is likely to be the first to put

forward its second board market. The former "High Tech Board" has been re-named by the China Securities Regulatory Commission to be called "Second Board Market".

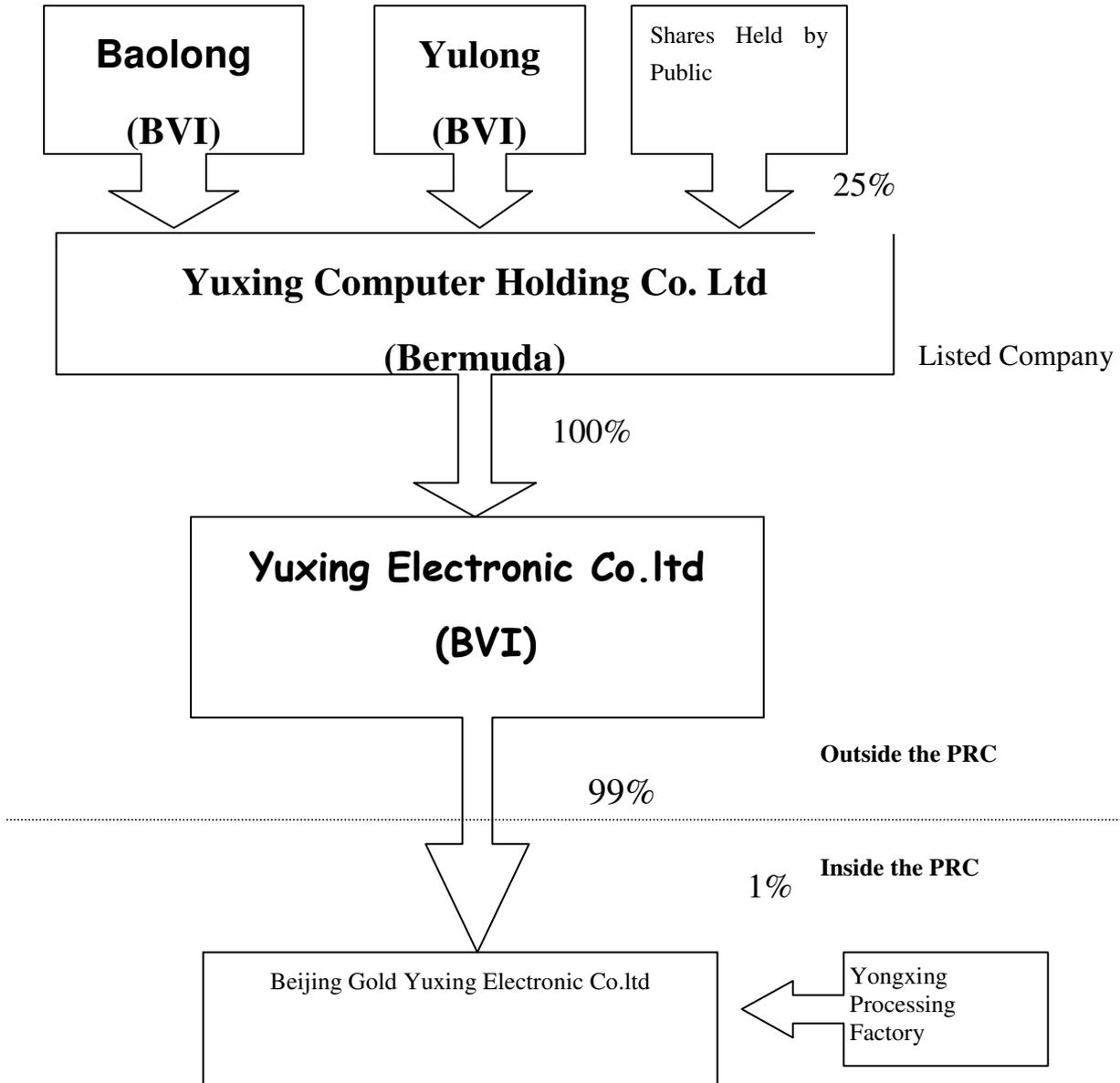
➤ Regulations Concerning the Listing of Privately Owned Enterprise Abroad Soon to Become Public

According to the Chairman of the China Securities Regulatory Commission, Mr. Zhou XiaoCuan, the regulations in relation to the listing of privately owned enterprise abroad will become public soon. Certain provisions in the regulations are said to specifically address and regulate the method adopted by privately owned enterprises in China to list in Hong Kong. Such companies are generally reported to move their assets to companies outside China in order to attain listing on the Hong Kong exchanges.

➤ MII Website to be Listed Abroad

The website supported by the Ministry of Information Industry, CCIDNET.COM, plans to list in Nasdaq at the end of this year. According to Computer World, the website is operated by the Computer and Micro Electronic Industry Development Center of MII with the goal to provide information regarding the IT industry and e-commerce. In accordance with MII regulations, other websites such as Sohu and Sina can only use information published by other sites for their own site, thus, they do not bring their customer any profit, while CCIDNET will have more advantage because it publishes its own information.

The Restructuring of Stocks of Yuxing for the Listing



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