

Summary of the Temporary Measures on Administration of Initial Public Offering and Listing on Growth Enterprise Market (promulgated on March 31, 2009)

On March 31st, 2009, the China Securities Regulatory Commission (the “CSRC”) promulgated the Temporary Measures on Administration of Initial Public Offering and Listing on Growth Enterprise Market (the “Measures”), which will become effective on May 1st, 2009. The promulgation of the Measures announced the launch of the growth enterprise market (the “GEM”) in China. The Measures provides for qualifying standards, IPO procedures, information disclosure requirements, administration and legal liabilities related to enterprises seeking to list on the GEM.

Pursuant to the Measures, an applicant for the GEM shall meet the following conditions: (1) it is a company limited by shares which has operated continuously for at least three years (as to a company limited by shares wholly converted from a limited liability company by conversion of the net assets value of the limited liability company as shown in its account book into shares of the company limited by shares, the continuance operation period may be calculated from the establishment date of the limited liability company); (2) it made profits in the last two years and its accumulative net profits gained in the last two years are 10 million RMB or more and its profits have been growing continuously; or it made profits in the last year and its net profits gained in the last year are 5 million RMB or more and its operating revenues gained in the last year are 50 million RMB or more and its operating revenues increased by at least 30% annually in the last two years; (3) it had a minimum net assets of 20 million RMB without any uncovered loss at the end of the last period; (4) its total amount of stock capital after the IPO will be no less than 30 million RMB; (5) it is mainly engaged in one business; (6) there has been no significant change in its principle business, directors and senior management in the last two years, and its actual controlling person has not been changed in the last two years.

Pursuant to the Measures, a special Issuance Examination Committee will be set up for review and approval of applications for listing on the GEM. IPOs on the GEM shall go through the following steps: (1) the shareholders’ meeting of the applicant shall adopt resolutions on the IPO; (2) the applicant shall prepare application documents, and the sponsor shall recommend the applicant and file with the CSRC; (3) the CSRC shall decide whether to accept such application within 5 working days from the receipt of the application documents; (4) after the CSRC accepts the application documents, the documents shall be previewed by relevant internal departments of the CSRC and reviewed by the Issuance Examination Committee of the GEM. The CSRC will decide whether to approve the IPOs in accordance with relevant laws.

In respect of the information disclosure requirements, the Measures requires issuers to include standard wordings in their prospectus to specify the special risks of the GEM and the GEM listing companies.

If you have any question to the above, please feel free to contact us. Thank you.

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If you have any questions regarding this publication, please contact:



Beijing Office

Tel.: +86-10-8525 5500
Suite 906, Office Tower C1
Oriental Plaza, 1 East Chang An Ave.
Beijing 100738, P. R. China

Leia ZHANG Attorney at-law

Tel.: +86-10-8525 5547
Email: leia.zhang@hankunlaw.com

Wenyu JIN Attorney at-law

Tel.: +86-10-8525 5557
Email: wenyu.jin@hankunlaw.com



Shanghai Office

Tel.: +86-21-6080 0919
Suite 5709, Tower 1, Plaza 66,
1266 Nanjing West Road,
Shanghai 200040, P. R. China

Yinshi CAO Attorney at-law

Tel.: +86-21-6080 0980
Email: yinshi.cao@hankunlaw.com

Joseph HWANG Attorney at-law

Tel.: +86-21-6080 0988
Email: joseph.hwang@hankunlaw.com



Shenzhen Office

Tel.: +86-755-2681 3854
Suite 4715, Diwang Commercial Centre,
Shun Hing Square, 5002 Shennan Dong
Lu, Luohu District, Shenzhen, P. R. China

Jason WANG Attorney at-law

Tel.: +86-755-2681 3854
Email: jason.wang@hankunlaw.com