

## **Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revised in 2019)**

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## Rules Governing the Listing of Stocks on Shanghai Stock Exchange

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### CONTENTS

Chapter I	General Rules .....	4
Chapter II	General Principles and Provisions on Information Disclosure.....	4
Chapter III	Directors, Supervisors and Senior Officers.....	8
Section 1	Director/Supervisor/Senior Officer’s Declaration and Undertaking.....	8
Section 2	Secretary to the Board of Directors .....	11
Chapter IV	Sponsors.....	15
Chapter V	Listing of Stocks and Convertible Bonds.....	17
Section 1	IPO and Listing of IPO Stocks .....	17
Section 2	Listing of Further Issue and Convertible Bonds.....	19
Section 3	Listing of Lock-up Stocks.....	21
Chapter VI	Periodic Reports .....	23
Chapter VII	General Provisions on Ad-hoc Reports.....	27
Chapter VIII	Resolutions of Board of Directors, Board of Supervisors and Shareholders’ General Meeting.....	28
Section 1	Resolutions of Board of Directors and Board of Supervisors .....	28
Section 2	Resolutions of Shareholders’ General Meeting .....	30
Chapter IX	Disclosable Transactions.....	31
Chapter X	Related Party Transactions .....	37
Section 1	Related Party Transactions and Related Parties .....	37
Section 2	Deliberation Procedure for and Disclosure of Related Party Transactions .....	39
Chapter XI	Other Material Matters.....	44
Section 1	Major Litigations and Arbitrations .....	44
Section 2	Change of Use of Proceeds .....	45
Section 3	Earnings Preannouncement, Preliminary Results and Earnings Estimates .....	46
Section 4	Profit Distribution and Transfer of Public Reserve into Share Capital.....	48
Section 5	Unusual Price Movement and Clarification of Rumors.....	49

Section 6	Repurchase of Stocks	51
Section 7	Merger by Absorption	53
Section 8	Material Matters Related to Convertible Bonds	54
Section 9	Equity Changes and Acquisition	56
Section 10	Share Incentive	57
Section 11	Bankruptcy	59
Section 12	Others	63
Chapter XII	Suspension and Restoration of Dealings	66
Chapter XIII	Risk Warning	69
Section 1	General Provisions	69
Section 2	Issuance of Delisting Risk Warning	70
Section 3	Revocation of Delisting Risk Warning	73
Section 4	Other Kind of Risk Warning	75
Chapter XIV	Suspension, Restoration and Termination of Listing and Relisting	77
Section 1	Suspension of Listing	77
Section 2	Restoration of Listing	80
Section 3	Compulsory Termination of Listing	87
Section 4	Voluntary Termination of Listing	95
Section 5	Relisting	98
Chapter XV	Application for Review	101
Chapter XVI	Coordination between Domestic and Overseas Listings	102
Chapter XVII	Day-to-day Regulation and Dealing with Breaches of These Rules	102
Chapter XVIII	Interpretation	105
Chapter XIX	Supplementary Provisions	107
	Director's Declaration and Undertaking	108
	Supervisor's Declaration and Undertaking	113
	Senior Officer's Declaration and Undertaking	118

## **Chapter I    General Rules**

**1.1** These Rules are formulated in accordance with the *Company Law of the People's Republic of China* (hereinafter, the *Company Law*), the *Securities Law of the People's Republic of China* (hereinafter, the *Securities Law*), the *Measures on the Administration of Stock Exchanges*, and other applicable laws, administrative regulations, rules of competent authorities as well as the *Constitution of Shanghai Stock Exchange*, for the purposes of regulating the listing of stocks, depositary receipts, corporate bonds convertible into stocks (hereinafter, convertible bonds) and other derivatives (hereinafter collectively, stocks and derivatives thereon), as well as the information disclosure by listed companies and relevant persons with disclosure obligations, maintaining an orderly securities market, and protecting the legitimate rights and interests of investors.

**1.2** These Rules shall apply to the listing, information disclosure, delisting etc. of stocks, depositary receipts and derivatives thereon listed on Shanghai Stock Exchange (hereinafter, the Exchange).

Where China Securities Regulatory Commission (hereinafter, the CSRC) or the Exchange has other provisions on the listing, information disclosure or trade suspension of stocks, depositary receipts, warrants and other derivatives of companies home and abroad, such provisions shall prevail.

**1.3** An application for listing stocks and derivatives thereon on the Exchange shall be subject to the examination and approval of the Exchange. Prior to listing, the issuer shall enter into a listing agreement with the Exchange and specify therein the rights and obligations of both parties and other relevant matters.

**1.4** A listed company and its issuer, directors, supervisors, senior officers, shareholders, *de facto* controller, acquirers, counterparties in material asset restructuring and relevant persons, as well as its sponsor and sponsor representatives, and securities service agencies and relevant persons shall comply with laws, administrative regulations, rules of competent authorities, other regulatory documents, these Rules and other regulations of the Exchange.

**1.5** The Exchange will, in accordance with laws, administrative regulations, rules of competent authorities, other regulatory documents, these Rules and other regulations of the Exchange, listing agreements, statements and undertakings, supervise listed companies and their issuers, directors, supervisors, senior officers, shareholders, *de facto* controllers, acquirers, relevant persons, as well as sponsors and sponsor representatives, and securities service agencies and relevant persons.

## **Chapter II    General Principles and Provisions on Information Disclosure**

**2.1** A listed company and the relevant persons with disclosure obligations shall disclose information in a timely and fair manner in accordance with laws, administrative regulations, rules of competent authorities, other regulatory documents, these Rules and other regulations of the Exchange and shall guarantee the truthfulness, accuracy and completeness of the information disclosed.

**2.2** A listed company and its directors, supervisors and senior officers shall guarantee that the

listed company discloses information in a timely and fair manner and that the information disclosed is truthful, accurate and complete and contains no misrepresentations, misleading statements or material omissions. Any company or person unable to guarantee the truthfulness, accuracy and completeness of the information contained in the announcement shall make a statement in the announcement accordingly with an explanation of the reason therefor.

**2.3** A listed company and the relevant persons with disclosure obligations shall, within the time limit specified in these Rules, disclose all the material events that are likely to have a significant impact on the prices of its stocks and derivatives thereon (hereinafter, material information or material event).

**2.4** A listed company and the relevant persons with disclosure obligations shall publicly disclose material information simultaneously to all the investors to ensure that all the investors have equal access to the same information, and shall not reveal or leak such information to any individual investor or any part of investors.

Where a listed company sends to its shareholders, *de facto* controller or any other third party any documents that contain unpublished material information, it shall report to the Exchange in a timely manner and make disclosure pursuant to the relevant regulations of the Exchange.

**2.5** A listed company and the relevant persons with disclosure obligations shall disclose information based on facts or the judgments and opinions derived from facts. Such information shall reflect realities and contain no misrepresentations.

**2.6** A listed company and the relevant persons with disclosure obligations shall disclose information objectively with no exaggeration and no misleading statement.

The forward-looking information and other information in relation to the future operations and financial condition of the company shall be disclosed reasonably, cautiously and objectively.

**2.7** The information disclosed by a listed company and the relevant persons with disclosure obligations shall be complete in content and properly formatted as required with all the relevant documents available and without material omissions.

**2.8** A listed company and the relevant persons with disclosure obligations shall pay close attention to media coverage (including major websites) of the company itself as well as the market performance of its stocks and derivatives thereon. They shall ascertain in a timely manner what lies behind the media coverage, respond to the inquiries of the Exchange within the required time limit on the matters concerned, and make an announcement of such matters in accordance with these Rules and the requirement of the Exchange in a timely manner. They shall not breach reporting and announcement obligations on the excuse of uncertainty or confidentiality of such matters.

**2.9** Prior to information disclosure, the directors, supervisors, senior officers and other insiders of a listed company shall minimize the scope of persons with knowledge of the insider information. They shall not leak such information, engage in insider trading or collude with other persons to manipulate the prices of the company's stocks and derivatives thereon.

**2.10** A listed company shall establish and implement the management system for information disclosure pursuant to relevant regulations. Such system, once approved by the board of

directors, shall be filed with the Exchange for the record and be published on the Exchange's website in a timely manner.

**2.11** Listed companies shall establish a code of conduct for directors, supervisors and senior managers in respect of information disclosure, and shall make clear the circumstances in which they may not disclose information without the permission of the Board of Directors of the company.

**2.12** The information discloseable by a listed company includes periodic reports and *ad hoc* reports.

Prior to information disclosure, a listed company shall file the drafts of its periodic or *ad hoc* reports as well as the relevant documents attached thereto with the Exchange at the earliest possible time in accordance with these Rules or when required by the Exchange.

A listed company shall use plain language in its announcement and describe the truth of discloseable events concisely and intelligibly. The announcement shall not contain any words of a promotional, advertising, flattering or defamatory nature.

The announcement as well as the relevant documents attached thereto shall be prepared in Chinese. Where the Chinese version is accompanied by a foreign language version, the listed company shall ensure the consistency between the two versions. In case of discrepancy between the two versions, the Chinese version shall prevail.

**2.13** The Exchange conducts a formality examination of the information disclosure documents of listed companies and the relevant persons with disclosure obligations in accordance with applicable laws, administrative regulations, rules of competent authorities, other regulatory documents, these Rules and other regulations of the Exchange, and is not liable for the truthfulness thereof.

The Exchange requires *ex ante* registration and conducts *ex post* examination of periodic reports. In the case of *ad hoc* reports, the Exchange will, depending on the circumstances, conduct *ex ante* examination or require *ex ante* registration and conduct *ex post* examination.

If any errors, omissions or misleading statements are found in the periodic or *ad hoc* report of a listed company, the Exchange shall be entitled to require the company to make a clarification and the company shall do so as required.

**2.14** After being registered with the Exchange, the periodic or *ad hoc* reports of a listed company or the announcements of the persons with disclosure obligations shall be disclosed in the media designated by the CSRC.

A listed company and the persons with disclosure obligations shall guarantee that the documents disclosed in the designated media are completely consistent with what have been registered with the Exchange. Any company or any person with disclosure obligations that fails to make disclosure on the specified date or fails to make disclosure exactly as registered with the Exchange shall report to the Exchange in a timely manner.

**2.15** A listed company and the persons with disclosure obligations shall not disclose any material information in other public media earlier than their disclosure in the designated media,

nor shall they employ such other means as news releases or Q & A with reporters in lieu of information disclosure or to leak unpublished material information.

The directors, supervisors and senior officers of the listed company shall comply with the provisions in the preceding paragraph and procure that the company shall so comply.

**2.16** A listed company shall, at the time as it releases its periodic, *ad hoc* reports or other information disclosure documents as well as the relevant documents attached thereto, make the same available at its domicile for public inspection.

**2.17** A listed company shall have the necessary communications facilities for information disclosure and ensure that its public inquiry telephone is not engaged.

**2.18** Where the information to be disclosed by a listed company involves uncertainty, is a temporary business secret, or falls within other circumstances as recognized by the Exchange, and as a consequence, a timely disclosure thereof would be detrimental to the interests of the listed company or would mislead investors, and moreover, if the following conditions are met, the listed company shall apply to the Exchange for a grace period for disclosure and state the reasons therefor and the intended grace period:

- (1) the information to be disclosed has not been leaked;
- (2) relevant insiders have made a written undertaking to keep confidential such information; and
- (3) there is no unusual movement in the prices of the company's stocks and derivatives thereon;

With the approval of the Exchange, the company may delay its disclosure, generally by no more than two months.

A timely disclosure is still required if the application for delayed disclosure is rejected, or the reasons for delayed disclosure no longer apply, or the grace period expires.

**2.19** Where the information to be disclosed by a listed company is a State secret or business secret, or falls within other circumstances as recognized by the Exchange, and as a consequence, the disclosure thereof or fulfillment of relevant obligations under these Rules would lead to violations of the applicable laws and regulations of the State on the protection of State secrets or would be detrimental to the interests of the company, the company may apply to the Exchange for exemption from disclosure or from fulfillment of relevant obligations under these Rules.

**2.20** Where a listed company and the persons with disclosure obligations fail to respond to the inquiries of the Exchange within the required time limit, or fail to make announcements in accordance with these Rules or the requirement of the Exchange, or when the Exchange deems necessary, the Exchange may make an explanation on the matters concerned in the form of an Exchange announcement.

**2.21** Where an event occurring to or arising in connection with a listed company does not meet the disclosure requirements under these Rules or is not covered in these Rules, but in the opinion of the Exchange or the board of directors of the company, such event would have a significant

impact on the prices of the company's stocks and derivatives thereon, the company shall make timely disclosure by reference to these Rules. The company shall make disclosure in the same way in similar cases.

**2.22** A listed company may consult the Exchange when in doubt as to the specific requirements under these Rules.

**2.23** The shareholders, *de facto* controller and acquirer of a listed company as well as other relevant persons with disclosure obligations shall fulfill disclosure obligations pursuant to relevant regulations, actively cooperate with the listed company in the disclosure, notify the listed company of any material event that has occurred or is about to occur, and strictly fulfill their undertakings.

**2.24** When preparing and issuing sponsorship letters, audit reports, asset appraisal reports, financial advisory reports, credit rating reports, and legal opinions, sponsors, sponsor representatives, securities service agencies and other related personnel shall exercise due diligence and check and verify the truthfulness, accuracy and completeness of the materials based on which such documents are made. The documents prepared and issued by the sponsors and securities service agencies shall contain no misrepresentations, misleading statements or material omissions.

Sponsors, sponsor representatives, securities service agencies and other related personnel shall prepare working papers in a timely manner and keep records of the securities trading activities and related information of issuers, listed companies and other personnel obliged to disclose information. The Exchange may access and inspect the working papers, the records of securities trading activities and related information according to the supervision needs.

**2.25** Where the Exchange carries out on-site inspection of listed companies and the relevant parties in accordance with this provision and other relevant rules due to regulatory needs, the listed companies and the relevant parties shall cooperate actively.

The on-site inspection referred to in the preceding paragraph refers to the supervision and inspection of the information disclosure, corporate governance and other performances of listed companies and its affiliated enterprises and institutions at their premises of production, operation, management and other related premises by means of accessing and copying documents and materials, checking certain objects, giving interviews, making inquiries, etc.

## **Chapter III Directors, Supervisors and Senior Officers**

### **Section 1 Director/Supervisor/Senior Officer's Declaration and Undertaking**

**3.1.1** The directors, supervisors and senior officers of a listed company shall, prior to the initial listing of the company's stocks, sign a *Declaration and Undertaking with regard to Directors (Supervisors or Senior Officers)* in triplicate and file the same with the Exchange and the board of directors of the company, while the newly appointed directors and supervisors shall do so within one month upon the approval of their appointment by the shareholders' general meeting or by the congress of employees, and the newly appointed senior officers shall do so within one month upon the approval of their appointment by the board of directors.



The directors, supervisors and senior officers shall sign the *Declaration and Undertaking with regard to Directors (Supervisors or Senior Officers)* in the presence of attorneys after the attorneys have interpreted and the directors, supervisors and senior officers have fully understood the contents of such document.

The secretary to the board of directors shall procure that the directors, supervisors and senior officers shall sign the *Declaration and Undertaking with regard to Directors (Supervisors or Senior Officers)* in a timely manner, and then submit both the written and electronic copies of the *Declaration and Undertaking with regard to Directors (Supervisors or Senior Officers)* to the Exchange in such a manner and through such a channel as specified by the Exchange.

**3.1.2** The directors, supervisors and senior officers shall declare the following in the *Declaration and Undertaking with regard to Directors (Supervisors or Senior Officers)*:

- (1) their shareholdings in the company;
- (2) any disciplinary actions imposed on them for their violations of laws, administrative regulations, rules of competent authorities, other regulatory documents, or these Rules;
- (3) any training received on securities business;
- (4) other positions held and the work experience in the most recent five years;
- (5) citizenship or permanent right of abode in another country or region, if any; and
- (6) other matters that must be declared as required by the Exchange.

**3.1.3** The directors, supervisors and senior officers shall guarantee that the matters they have declared in the *Declaration and Undertaking of Directors (Supervisors or Senior Officers)* are truthful, accurate and complete and no misrepresentations, misleading statements or major omissions are contained therein.

In case of any changes in the matters declared (excluding changes in their shareholdings in the company), the directors, supervisors and senior officers shall, within five trading days from the date when such changes take place, submit the updated materials in respect of such matters to the Exchange and the board of directors of the company.

**3.1.4** The directors, supervisors and senior officers shall perform the following duties and make a corresponding undertaking in the *Declaration and Undertaking with regard to Directors (Supervisors or Senior Officers)*:

- (1) that he shall comply with applicable State laws, administrative regulations and rules of competent authorities, cause the listed company to so comply, and fulfill his fiduciary duty and due diligence duty;
- (2) that he shall comply with these Rules and other regulations of the Exchange, procure that the listed company shall so comply, and be subject to the supervision of the Exchange;
- (3) that he shall comply with the articles of association of the company and procure that the listed company shall so comply; and

(4) other duties and undertakings that must be performed or made as determined by the Exchange.

The supervisors shall also make an undertaking to supervise the directors and senior officers in compliance with their undertakings.

The senior officers shall also make an undertaking to report to the board of directors in a timely manner on the company's any business or financial development that would have a significant impact on the prices of the stocks of the company and derivatives thereon.

**3.1.5** A director's term of office shall not exceed 3 years, and may be eligible for re-election upon expiry. The directors shall be elected and replaced by shareholders' general meeting, and can be removed from their duties by shareholders' general meeting before the expiry of their terms of office.

The directors' fiduciary duty and due diligence duty shall include:

(1) attending the meeting of the board of directors in person, acting with due diligence and reasonable prudence, and expressing opinions explicitly on the matters under consideration. In case of absence for any reason, a proxy shall be selected cautiously;

(2) carefully reading all the business and financial reports of the listed company as well as any significant media coverage on the company, keeping informed of and paying continuous attention to the company's operations and management, the material matters that have occurred or are likely to occur and the impact of such material matters, reporting in a timely manner to the board of directors the problems existing in the company's operations, and may not shirk his responsibility under the excuses that he is not engaged directly in operation and management of the company or has no knowledge of the matter or situation; and

(3) performing other fiduciary duty and due diligence duty as set forth in the *Company Law* or acknowledged by the public.

**3.1.6** A listed company shall establish an audit committee under the board of directors and its internal audit department shall be responsible and report to the audit committee. A majority of members of the audit committee shall be independent directors any of whom shall serve as its convener and at least one of whom shall be an accounting professional.

**3.1.7** The directors, supervisors, senior officers and shareholders of the listed company shall comply with the *Company Law*, the *Securities Law*, the relevant regulations of the CSRC and the Exchange and the articles of association of the company when trading in the stocks of the company.

The directors, supervisors and senior officers shall not, within one year since the listing of the company's stocks and within half year after leaving office, transfer the stocks they hold in the company. Any one of them who intends to purchase or sell the stocks of the company during his term of office shall file with the Exchange for the record pursuant to relevant regulations. In case of any changes in their shareholdings, they shall report to the company in a timely manner and the company shall make an announcement on the website of the Exchange.

**3.1.8** Where the directors, supervisors, senior officers or shareholders owning more than 5

percent shareholding in a listed company purchase and sell, or sell and purchase, the stocks of the company within six months, the profits from such short-swing trading shall belong to the company. The board of directors of the company shall force them to disgorge the short-swing profits and disclose the relevant information in a timely manner.

**3.1.9** When a listed company gives notice of the shareholders' general meeting for the election of independent directors, it shall state in the announcement that the proposal on the independent directors is subject to the approval of the Exchange and shall file with the Exchange the relevant materials of the candidates (including but not limited to the nominator's statement, the candidate's statement and the candidates' curricula vitae.)

Where the board of directors of the listed company objects to any independent director candidate, the company shall submit the written opinions of its board of directors to the Exchange as well.

**3.1.10** The Exchange will, within five trading days of receiving the materials stated in the preceding Subsection, review the competence and independence of the candidates for independent directors. If the Exchange raises an objection to a certain candidate, the board of directors of the listed company shall explain to the shareholders' general meeting the Exchange's objection to such candidate and state that it will not propose such person as an independent director candidate for vote at the shareholders' general meeting.

## **Section 2 Secretary to the Board of Directors**

**3.2.1** A listed company shall appoint a secretary to the board of directors to serve as the designated point of contact between the company and the Exchange.

A listed company must establish an information disclosure department and put the secretary to the board of directors (hereinafter, the board secretary) in charge of the department.

**3.2.2** The board secretary shall be accountable to the listed company and the board of directors and perform the following duties:

- (1) responsible for release of the company's information, coordinating corporate disclosure affairs, organizing the establishment of management systems for information disclosure, and urging the company and the relevant persons with information disclosure obligations to observe relevant disclosure regulations;
- (2) responsible for investor relationship management, coordinating communications between the company and the securities regulatory authority, investors, securities service agencies and public media;
- (3) organizing and preparing the meeting of the board of directors (hereinafter, the board meeting) and the shareholders' general meeting, attending the shareholders' general meeting, the board meeting, the meeting of the board of supervisors and senior officers' meeting, and keeping and signing the minutes of the board meeting;
- (4) responsible for confidentiality with respect to information disclosure, and reporting to the Exchange and making disclosure in a timely manner whenever any non-published material information is leaked;

- (5) paying close attention to media coverage on the company and ascertaining whether the coverage is true or not, and urging the board of directors to respond to the inquiries of the Exchange in a timely manner;
- (6) organizing trainings for directors, supervisors and senior officers on relevant laws, administrative regulations, these Rules and relevant regulations, and helping them have a clear grasp of their respective responsibilities in information disclosure;
- (7) whenever the board secretary becomes aware that any director, supervisor or senior officer has violated laws, administrative regulations, rules of competent authorities, other regulatory documents, these Rules, other regulations of the Exchange or the articles of association of the company, or that the company makes or is likely to make any decision in violation of relevant regulations, the board secretary shall remind the relevant person and promptly report to the Exchange;
- (8) responsible for equity management affairs, preserving the documents evidencing shareholdings of directors, supervisors, senior management, controlling shareholder of the company as well as the shareholdings in the company by the directors, supervisors and senior management of the controlling shareholder, and responsible for disclosing any changes in the shareholdings of directors, supervisors, senior management of the company; and
- (9) other duties prescribed in the *Company Law* or required by the CSRC or the Exchange.

**3.2.3** A listed company shall provide conveniences for the board secretary to perform his duties. The directors, supervisors, financial officer, other senior officers and relevant persons of the company shall support and cooperate with the board secretary in his work.

In the performance of his duties, the board secretary shall be entitled to look into the financial and operating conditions of the company, participate in disclosure-related meetings, consult all the disclosure-related documents, and require the relevant departments and persons of the company to furnish relevant materials and information in a timely manner.

In case that the board secretary meets with improper interference or serious obstruction in the performance of his duties, he may report directly to the Exchange.

**3.2.4** The board secretary shall have financial, management and legal expertise as required for performing his duties, have good professional and personal ethics, and have obtained the training certificate for board secretaries issued by the Exchange.

Any of the following persons shall not serve as the board secretary of a listed company:

- (1) any person enumerated in Article 146 of the *Company Law*;
- (2) he has been subject to any administrative sanction from the CSRC in the most recent three years;
- (3) he has been censured publicly or criticized more than three times through circulating notices by stock exchanges in the most recent three years;
- (4) he is the incumbent supervisor of the company; or

(5) other persons deemed by the Exchange as inappropriate for serving the position.

**3.2.5** A listed company shall, within three months since the listing of its IPO stocks or within three months since the former secretary leaves office, appoint a board secretary.

**3.2.6** A listed company shall, five trading days before convening a board meeting for appointing the board secretary, file the following materials with the Exchange:

(1) recommendation letter of the board of directors, including statement on the recommendee's (candidate) compliance with the qualification requirements set forth in these Rules, current position, performance record, etc;

(2) resume and a photocopy of the academic certificate of the recommendee; and

(3) a photocopy of the recommendee's training certificate for board secretaries issued by the Exchange.

If the Exchange does not raise any objection to the candidate, the board of directors may hold the board meeting to appoint the proposed board secretary.

**3.2.7** The board of directors of a listed company shall appoint a securities affairs representative to assist the board secretary in performing his duties. In case that the board secretary is unable to perform his duties or with the authorization of the board secretary, the securities affairs representative shall perform the duties in place of the board secretary. Under such circumstances, the board secretary shall not be naturally exempt from his responsibilities for corporate disclosure.

The securities affairs representative shall have obtained the training certificate for board secretaries issued by the Exchange.

**3.2.8** After the board of directors of a listed company appoints a board secretary and a securities affairs representative, it shall publish an announcement and submit the following materials to the Exchange in a timely manner:

(1) letters of appointment for the board secretary and the securities affairs representative or relevant resolutions of the board meeting;

(2) contact details of the board secretary and the securities affairs representative, including office phone numbers, home phone numbers, mobile phone numbers, facsimile numbers, correspondence addresses and e-mails, etc.; and

(3) contact details of the legal representative of the company, including his office telephone number, mobile phone number, facsimile number, correspondence address and e-mail, etc.

In case of any changes in the aforesaid contact details, the company shall submit the updated information to the Exchange in a timely manner.

**3.2.9** A listed company shall not dismiss the board secretary without sufficient reasons.

If the board secretary is dismissed or resigns from his position, the company shall, in a timely

manner, report to the Exchange stating reasons therefor and make an announcement.

The board secretary shall be entitled to submit to the Exchange a personal statement on the company's improper dismissal or other matters related to the resignation.

**3.2.10** Upon the occurrence of any of the following circumstances, a listed company shall dismiss the board secretary within one month from the date when such circumstance comes into existence:

- (1) any of the circumstances enumerated in Section 3.2.4 hereof;
- (2) the board secretary is unable to perform his duties for more than three months in a row;
- (3) the board secretary commits a major mistake or gross negligence in the performance of his duties, thus causing heavy losses to investors; or
- (4) the board secretary violates laws, administrative regulations, rules of competent authorities, other regulatory documents, these Rules, other regulations of the Exchange, or the articles of association of the company, thus causing heavy losses to investors.

**3.2.11** When appointing a board secretary, a listed company shall enter into a confidentiality agreement with the board secretary, requiring him to make an undertaking to fulfill the confidentiality obligation on an ongoing basis during his term of office and after he leaves office until the relevant information has been made public, except for the information relating to the company's violations of laws and regulations.

Before leaving office, the board secretary shall be subject to the inspection of the board of directors and the board of supervisors, and, under the supervision of the board of supervisors, hand over relevant archives, documents and any unfinished work.

**3.2.12** After being dismissed or resigning from his position, the board secretary shall still bear the responsibility as such before the fulfillment of reporting and announcement obligations or before the completion of inspection by the board of directors and the board of supervisors and the handover of relevant archives and work.

**3.2.13** During the period the office of the board secretary is vacant, a listed company shall designate one director or senior officer to perform the duties of the board secretary, and file with the Exchange. Meanwhile, it shall determine the board secretary as soon as practicably possible. Before the company designates a person to perform the duties of the board secretary, the legal representative of the company shall perform such duties in place of the board secretary.

If the vacancy remains unfilled for more than three months, the legal representative of the company shall perform the duties of the board secretary until a new board secretary is appointed by the company.

**3.2.14** A listed company shall ensure that the board secretary shall, during his term of office, participate in the follow-up training programs for board secretaries organized by the Exchange.

**3.2.15** The corporate disclosure and equity management affairs handled in the name of the listed company by the board secretary, the person who performs the duties in place of the board

secretary as prescribed in Section 3.2.13 hereof, or the securities affairs representative are acceptable to the Exchange.

## **Chapter IV Sponsors**

**4.1** The Exchange adopts a listing sponsorship system for the listing of stocks and convertible bonds (including the convertible bonds with detachable warrants). An issuer (listed company) that applies to the Exchange for the listing of its IPO stocks or of new stocks and convertible bonds following its initial listing, or a listed company that applies to the Exchange for resuming the listing of its stocks suspended from listing or for relisting its stocks terminated from listing must have a sponsor for that purpose.

A sponsor shall be a securities house that is registered with the CSRC and included in the CSRC's list of sponsors and has full membership of the Exchange.

**4.2** A sponsor shall enter into a sponsorship agreement with the issuer and specify therein the rights and obligations of both parties for the listing application period, for the listing resumption application period and for the continuous supervision and guidance period respectively. The sponsorship agreement shall specify the point in time for the sponsor to review the disclosure documents of the issuer.

In the case of IPO, the continuous supervision and guidance period refers to the remaining of the year of initial listing and the subsequent two full financial years. In the case of further offering or issue of convertible bonds, the continuous supervision and guidance period refers to the remaining of the year of listing of such stocks or convertible bonds and the subsequent one full financial year. In the case of listing resumption, the continuous supervision and guidance period refers to the remaining of the year of listing resumption and the subsequent one full financial year. The supervision and guidance period commences from the date of listing of stocks or convertible bonds.

**4.3** When entering into the sponsorship agreement, a sponsor shall designate two sponsor representatives to be specifically responsible for sponsorship work and serve as the designated point of contact between the sponsor and the Exchange.

A sponsor representative shall be a natural person registered with the CSRC and included in the CSRC's list of sponsor representatives.

**4.4** A sponsor that sponsors the listing of stocks or convertible bonds (listing resumption excluded) shall submit to the Exchange the letter of listing sponsorship, the sponsorship agreement, the documentary proof that the sponsor and sponsor representatives have been registered with the CSRC and included in the list of sponsors and the list of sponsor representatives respectively, the power of attorney issued by the sponsor to the sponsor representatives and signed by the legal representative of the sponsor, and other documents related to listing sponsorship.

The documents to be submitted by a sponsor for sponsoring share listing resumption and the contents thereof are prescribed in Section 2 of Chapter XIV hereof.

**4.5** The letter of listing sponsorship mentioned in the preceding Subsection shall contain the following:

- (1) overview of the company that issues stocks or convertible bonds;
- (2) issuance particulars of the stocks and convertible bonds to be listed;
- (3) statement on whether the sponsor is in any situation that would affect its fair performance of its sponsorship duties;
- (4) the matters for which the sponsor shall make an undertaking under relevant regulations;
- (5) arrangement for continuous supervision and guidance;
- (6) contact details of the sponsor and sponsor representatives, including their correspondence addresses and telephone numbers, etc.;
- (7) other matters deemed necessary by the sponsor; and
- (8) other matters as required by the Exchange.

The letter of listing sponsorship shall be signed by the legal representative of the sponsor (or his duly authorized representative) and the relevant sponsor representatives, with the date specified therein and the seal of the sponsor affixed thereto.

**4.6** A sponsor shall supervise and guide the issuer in fulfilling its disclosure obligations and other relevant obligations pursuant to the provisions of these Rules, supervise and guide the issuer and its directors, supervisors and senior officers in complying with the provisions in these Rules and fulfilling their undertakings to the Exchange, review the disclosure documents and other relevant documents submitted by the issuer to the Exchange, and guarantee that the documents to be submitted to the Exchange in relation to its sponsorship work are truthful, accurate and complete.

**4.7** A sponsor shall, prior to the issuer's submission of disclosure documents or other documents to the Exchange or within five trading days after corporate disclosure, complete its review of the relevant documents, urge the issuer to correct in a timely manner any problems found in its review, and report the same to the Exchange.

**4.8** The opinion issued by a sponsor in performing its sponsorship duties shall be notified to the issuer in a timely manner and recorded in the sponsorship file.

The issuer shall cooperate with the sponsor and sponsor representative in their work.

**4.9** Where, in the performance of its sponsorship duties, a sponsor has sufficient reason to believe that the issuer may have violated these Rules, it shall urge the issuer to make a statement on the case and, within a specified time limit, make a rectification. In severe cases, the sponsor shall report to the Exchange.

Where the sponsor, pursuant to relevant regulations, makes a public statement on the issuer's violations of laws and regulations, it shall first report to the Exchange before disclosure thereof. After being reviewed by the Exchange, such statement shall be published in the designated media. The Exchange conducts formality examination of the statement and is not liable for the truthfulness thereof.



**4.10** Where a sponsor has sufficient reason to believe that a professional opinion issued by a securities service agency and its signatories pursuant to these Rules may involve violations of laws or regulations, such as misrepresentations, misleading statements or material omissions, or involve other irregularities, it shall issue an opinion in a timely manner. In severe cases, it shall report to the Exchange.

**4.11** Where a sponsor changes its designated sponsor representative, it shall notify the issuer and file a report in a timely manner with the Exchange explaining the reason therefor, along with the relevant materials of the new sponsor representatives. The issuer shall disclose such changes in a timely manner upon receipt of the sponsor's notification.

**4.12** When a sponsor and the issuer terminate the sponsorship agreement, they shall file a report in a timely manner with the Exchange explaining the reason therefor and the issuer shall make a public announcement.

When the issuer appoints another sponsor, it shall report to the Exchange and make an announcement in a timely manner. The newly appointed sponsor shall submit to the Exchange in a timely manner the documents enumerated in Section 4.4 hereof.

**4.13** A sponsor shall submit a sponsorship final report to the Exchange within ten trading days upon its completion of continuous supervision and guidance.

**4.14** A sponsor, relevant sponsor representatives and other sponsorship participants may not take advantage of the undisclosed information obtained in performing their duties to conduct insider trading for the purpose of seeking interests for themselves or for other parties.

## **Chapter V Listing of Stocks and Convertible Bonds**

### **Section 1 IPO and Listing of IPO Stocks**

**5.1.1** An issuer that applies to the Exchange for listing its IPO stocks shall meet the following requirements:

- (1) its stocks have been offered to the public with the approval of the CSRC;
- (2) its total share capital is not less than RMB 50 million;
- (3) the quantity of public offered stocks accounts for more than 25 percent of its total stocks. For an issuer whose total share capital exceeds RMB 400 million, such percentage is 10 percent;
- (4) in the most recent three years, it has not committed any major illegal acts and there has been no falsehood in its financial reports; and
- (5) other requirements as may be imposed by the Exchange.

**5.1.2** After the issuer launches its IPO upon the CSRC's approval of its IPO application, it shall file with the Exchange a listing application in a timely manner along with the following documents:

- (1) listing application;

- (2) the approval document issued by the CSRC for the IPO;
- (3) the resolutions of the board of directors and the shareholders' general meeting in respect of the IPO and listing;
- (4) photocopy of the company's business license;
- (5) the articles of association of the company;
- (6) the financial reports of the company for the most recent three years audited by a CPA firm with the qualification for practice in securities- and futures-related business;
- (7) document evidencing the custody of all its IPO stocks with China Securities Depository and Clearing Corporation Limited Shanghai Branch (hereinafter, the CSDC);
- (8) capital verification report produced by a CPA firm with the qualification for practice in securities- and futures-related business upon completing the IPO;
- (9) particulars on the shareholdings of directors, supervisors and senior officers and the *Declaration and Undertaking with regard to Directors (Supervisors or Senior Officers)*;
- (10) relevant materials of the person who is intended to be appointed or has been appointed as the board secretary by the issuer;
- (11) the financial materials newly added during the period from the IPO to the listing pursuant to relevant regulations, and a statement on relevant material matters, if applicable;
- (12) document evidencing the post-listing one-year lock-up of the stocks issued and held before the IPO;
- (13) the undertaking as prescribed in Section 5.1.5 hereof;
- (14) the latest prospectus as well as the full set of IPO application documents as reviewed by the CSRC;
- (15) listing announcement prepared pursuant to relevant regulations;
- (16) sponsorship agreement and the letter of listing sponsorship produced by a sponsor;
- (17) legal opinion issued by a law firm; and
- (18) other documents as required by the Exchange.

**5.1.3** The issuer and its directors, supervisors and senior officers shall guarantee that the listing application documents submitted to the Exchange are truthful, accurate and complete and no misrepresentations, misleading statements and major omissions are contained therein.

**5.1.4** The stocks issued by the issuer before the IPO shall not be transferred within one year since the listing of its stocks.

**5.1.5** When the issuer applies to the Exchange for listing its IPO stocks, its controlling

shareholder and *de facto* controller shall make an undertaking that, within 36 months of listing of the issuer's stocks, they shall not transfer the issuer's stocks issued before the IPO and held by them either directly or indirectly, or appoint others for the management of such stocks, and such stocks shall not be repurchased by the issuer.

In case that the transferor and transferee have controlling relationship or are under the control of the same controller, one year after the listing of the issuer's stocks, the controlling shareholder and *de facto* controller may file an application and upon the approval of the Exchange, be exempt from the aforesaid undertaking

The issuer shall disclose the aforesaid undertaking in its listing announcement.

**5.1.6** The Exchange will, within seven trading days of receiving the full set of listing application documents enumerated in Section 5.1.2 hereof, make a decision whether or not to grant an approval, and notify the issuer of its decision. Under special situations, the Exchange may in its discretion deferred the making of such decision.

**5.1.7** The Exchange has a Listing Committee which reviews the listing application, makes professional judgment and issues its opinion. The Exchange makes its decision on the listing application in accordance with the opinion of the Listing Committee.

The conditions enumerated in (1) to (4) of Section 5.1.1 hereof are essential for listing on the Exchange. The Exchange does not guarantee that meeting such conditions will certainly get an issuer's listing application approved.

**5.1.8** The issuer shall, within five trading days before the listing of its stocks, publish the following documents in the designated media or on the Exchange's website:

- (1) listing announcement;
- (2) the articles of association of the company;
- (3) letter of listing sponsorship;
- (4) legal opinion; and
- (5) other documents as required by the Exchange.

The aforesaid documents shall be placed at the company's domicile for public inspection.

Without the permission of the Exchange, the issuer shall not make any disclosure on its listing during the course of listing application.

## **Section 2 Listing of Further Issue and Convertible Bonds**

**5.2.1** A listed company that applies to the Exchange for public offering of stocks or convertible bonds shall submit the following documents:

- (1) approval document of the CSRC;
- (2) the full set of application documents for the offering as reviewed by the CSRC;

- (3) proposed schedule for the offering;
- (4) specific implementation plan for the offering as well as offering announcement;
- (5) relevant letter of intent on the offering, or prospectus; and
- (6) other documents as required by the Exchange.

**5.2.2** A listed company shall, pursuant to the relevant regulations of the CSRC, prepare and publish the relevant announcements relating to the public offering of stocks or convertible bonds.

**5.2.3** Upon completing the offering, the listed company shall be entitled to apply to the Exchange for listing the publicly offered stocks or convertible bonds.

**5.2.4** A listed company that applies to the Exchange for listing its convertible bonds shall meet the following requirements:

- (1) the maturity of the convertible bonds is more than one year;
- (2) the amount of the convertible bonds actually issued is not less than RMB 50 million; and
- (3) the issuer still meets the statutory requirements for offering convertible bonds when it applies for listing the convertible bonds.

**5.2.5** A listed company that applies to the Exchange for listing its publicly offered stocks or convertible bonds shall submit the following documents to the Exchange five trading days before the listing of the stocks or convertible bonds:

- (1) listing application;
- (2) the resolutions of the board of directors and the shareholders' general meeting in respect of the offering and listing;
- (3) listing announcement prepared pursuant to relevant regulations;
- (4) sponsorship agreement and the letter of listing sponsorship issued by the sponsor;
- (5) capital verification report issued by a CPA firm with the qualification for practice in securities- and futures-related business upon completing the offering;
- (6) written confirmation by the CSDC of registration and custody of the new stocks or convertible bonds;
- (7) a report on the changes in the shareholdings of directors, supervisors and senior officers (applicable to the listing of new stocks); and
- (8) other documents as required by the Exchange.

**5.2.6** A listed company shall, within five trading days before the listing of its publicly offered stocks or convertible bonds, disclose the following in the designated media:

- (1) listing announcement; and
- (2) other documents and matters as required by the Exchange.

**5.2.7** The listed company that applies for the listing of private placement stocks upon the expiration of the lock-up period for such share shall submit the following documents to the Exchange five trading days before the listing of such stocks:

- (1) listing application;
- (2) announcement of share placement results;
- (3) proof of custody of the placement stocks;
- (4) statement on the placement to specific investors;
- (5) listing preannouncement; and
- (6) other documents as required by the Exchange.

**5.2.8** After the Exchange approves a listed company's application for the listing of private placement stocks, the listed company shall publish the listing preannouncement within three trading days before the listing. The listing preannouncement shall contain such information as the listing time for the private placement stocks, the quantity to be listed, the issue price, and the investors to whom the private placement stocks are issued.

### **Section 3 Listing of Lock-up Stocks**

**5.3.1** A listed company that seeks listing of the lock-up stocks shall file a written listing application with the Exchange five trading days prior to the proposed listing.

**5.3.2** A listed company that applies to the Exchange for listing the stocks issued prior to the public offering shall submit the following documents:

- (1) listing application;
- (2) particulars on the shareholdings of relevant shareholders and the custody information;
- (3) lock-up undertaking by relevant shareholders and the information of compliance with such undertaking, if any;
- (4) listing preannouncement; and
- (5) other documents as required by the Exchange.

**5.3.3** Upon the approval by the Exchange, the listed company shall publish the listing preannouncement three trading days prior to the listing. The listing preannouncement shall contain the following information:

- (1) listing time and the quantity of stocks to be listed;

- (2) lock-up undertaking made by relevant shareholders and its compliance with such undertaking; and
- (3) other documents as required by the Exchange.

**5.3.4** A listed company that applies for listing the lock-up stocks derived from the non-tradable share reform shall follow the same procedures prescribed in Sections 5.3.2 and 5.3.3 hereof. Where the Exchange has other provisions in this regard, such provisions shall prevail.

**5.3.5** A listed company that applies for listing the stocks placed to securities investment funds, legal persons and strategic investors shall submit the following documents to the Exchange:

- (1) listing application;
- (2) announcement of placement results;
- (3) proof of custody of the placement stocks;
- (4) particulars on the placement to securities investment funds, legal persons and strategic investors;
- (5) listing preannouncement; and
- (6) other documents as required by the Exchange.

**5.3.6** Upon the approval by the Exchange, the listed company shall publish the listing preannouncement within three trading days prior to the listing of the placement stocks. The listing preannouncement shall contain the following information:

- (1) listing time of the placement stocks;
- (2) quantity of placement stocks to be listed;
- (3) issue price for the placement stocks; and
- (4) information on share changes each time.

**5.3.7** A listed company that applies for releasing the lock-up stocks held by its shareholders, (former) directors, supervisors and senior officers shall submit the following documents to the Exchange:

- (1) application for lock-up release;
- (2) the reasons and relevant documentary proof (if applicable) for whole or partial release of the lock-up stocks;
- (3) listing preannouncement; and
- (4) other documents as required by the Exchange.

**5.3.8** A listed company that applies for listing its employee stocks shall submit the following

documents to the Exchange:

- (1) listing application;
- (2) CSRC's approval document on the listing time of the employee stocks;
- (3) particulars on the shareholdings of employees and the proof of custody;
- (4) particulars on the employee stocks held by the directors, supervisors and senior officers;
- (5) employee share listing preannouncement; and
- (6) other documents required by the Exchange.

**5.3.9** Upon the approval by the Exchange, a listed company shall publish the employee share listing preannouncement within three trading days prior to the listing. The listing preannouncement shall contain the following information:

- (1) listing date;
- (2) quantity of stocks to be listed and the quantities of stocks held by the directors, supervisors and senior officers;
- (3) issue price;
- (4) information on share changes each time; and
- (5) number of employees holding employee stocks.

**5.3.10** Where the listed company applies to the Exchange for the listing of other classes of lock-up stocks, the relevant provisions in this Chapter shall be applied *mutatis mutandis*.

## **Chapter VI Periodic Reports**

**6.1** Periodic reports of a listed company include annual reports, interim reports and quarterly reports.

A listed company shall prepare and disclose periodic reports within the time limit specified in laws, administrative regulations, rules of competent authorities, other regulatory documents and these Rules. It shall prepare and disclose the annual report within four months as from the end of each financial year, the interim report within two months as from the end of the first half of each financial year, and the quarterly report within one month as from the end of the first three months and the end of the first nine months of each financial year, respectively. The first-quarter report shall be disclosed no earlier than the annual report of the previous year.

Any listed company unable to disclose its periodic reports within the specified time limit shall, in a timely manner, report to the Exchange and make public the reasons therefor, its solution plan and the deadline for a delayed disclosure.

**6.2** A listed company shall arrange the disclosure timing with the Exchange for its periodic reports. The Exchange will work out an overall disclosure timetable for all the listed companies

based on the principle of balanced pace of disclosure.

A listed company shall make periodic disclosure on the date set by the Exchange. Any listed company that intends to change the disclosure time for some reason shall, five trading days in advance, file a written application with the Exchange stating the reason therefor and proposing a new date for disclosure. The Exchange will, in accordance with the circumstances, decide whether or not to adjust the disclosure time. In principle, the Exchange only accepts one application from one company to this effect.

**6.3** The board of directors of a listed company shall ensure timely disclosure of periodic reports. Where the board of directors is unable to reach a resolution on the periodic report for some reason, it shall make relevant disclosure in the form of a board announcement, stating the reason therefor and the risks involved.

No company may disclose any periodic report not approved by the board of directors.

**6.4** The board of directors of a listed company shall, in accordance with the relevant regulations of the CSRC and the Exchange on periodic reports, organize relevant personnel in preparing and disclosing the periodic report.

The CEO, financial officer, board secretary and other senior officers of the listed company shall prepare the draft periodic report in a timely manner. The board secretary shall be responsible for dispatch the periodic report to the directors, supervisors and senior officers for review, while the board chairman shall be responsible for convening and presiding over the board meeting for consideration of the periodic report.

The directors and senior officers shall sign their opinions of consent or dissent to the periodic report. The board of supervisors shall review the periodic report prepared by the board of directors and state in the form of a resolution of the board of supervisors whether the preparation and deliberation procedures for the periodic report conform with relevant regulations and whether the contents of the periodic report are truthful, accurate and complete. The directors and senior officers shall not refuse to sign their opinions on the periodic report for any reason.

The CPA firm that issues audit opinions on the periodic report of the company shall give appropriate opinions in a timely manner in strict accordance with the practice standards for CPAs and relevant regulations and shall not delay the audit without a justifiable reason and thereby affect the timely disclosure of the periodic report.

**6.5** A listed company shall engage a CPA firm with the qualification for practice in securities- and futures-related business to provide it with financial statement audit, net asset verification and other related services.

The engagement or dismissal of the CPA firm by the company must be decided by its shareholders' general meeting and the board of directors shall not appoint any CPA firm before the decision to do so is made by the shareholders' general meeting.

The company shall notify the CPA firm prior to the dismissal or non-renewal of the engagement thereof. When a vote is cast on the dismissal of the CPA firm at the shareholders' general meeting of the company, the CPA firm may have an opportunity to be heard. If the CPA firm resigns, it shall state to the shareholders' general meeting whether the company has committed



any misconduct.

**6.6** The financial report in the annual report of a listed company shall be audited by a CPA firm with the qualification for practice in securities- and futures-related business. The financial report in the interim report may be exempt from auditing unless any of the following applies:

- (1) the company plans to distribute profits, transfer reserves into share capital or use the reserves to offset its losses in the next half of the current year; or
- (2) other circumstances where auditing is required by the CSRC or the Exchange.

The financial report in the quarterly report is exempt from auditing, unless otherwise prescribed by the CSRC or the Exchange.

**6.7** Upon the approval of the periodic report by the board of director, a listed company shall submit the following documents to the Exchange in a timely manner:

- (1) full text and the summary of the periodic report (or the main part thereof);
- (2) the original of the audit report (if applicable);
- (3) resolutions of the board meeting and the meeting of supervisors as well as the draft announcement;
- (4) electronic documents containing the periodic report and financial data prepared as required by the Exchange; and
- (5) other documents as required by the Exchange.

**6.8** Where the performance results of a listed company are leaked prior to the disclosure of the periodic report, or any rumor relating to its results has led to unusual movement in the prices of its stocks and derivatives thereon, the listed company shall timely disclose relevant financial data for the current reporting period (whether audited or not), including such key financial data and indicators as operating revenue, operating profit, total profit, net profit, total assets, net assets, earnings per share, net assets per share, and return on equity.

**6.9** Where the financial report of a listed company is issued a non-standard audit opinion by the CPA firm, the listed company shall submit the following documents to the Exchange at the time as it submits its periodic report in accordance with *The Rules No. 14 on the Preparation of Information Disclosure Documents by Companies That Offer Securities to the Public: Modified Opinions and Handling of the Matters Involved* (hereafter referred to as *The Rules No. 14 on the Preparation of Information Disclosure Documents*):

- (1) specific explanation made by the board of directors in accordance with *The Rules No. 14 on the Preparation of Information Disclosure Documents* on the matters to which the audit opinion relates, the resolutions adopted by the board meeting at which such specific explanation has been considered, and the materials on which the resolutions are based;
- (2) opinions of the independent director on matters to which the audit opinion relates;

- (3) opinions and relevant resolution of the board of supervisors on the specific explanation of the board of directors;
- (4) special statement made by the CPA firm and the certified public accountant responsible for the audit in accordance with *The Rules No. 14 on the Preparation of Information Disclosure Documents*; and
- (5) other documents as required by the CSRC and the Exchange.

**6.10** Where the financial report of a listed company is issued a non-standard audit opinion referred to in article 6.9 by the CPA firm, and the opinion is issued in relation to matters in significant breach of the accounting standards and the relevant information disclosure norms, the company shall take corrective actions and promptly disclose the corrected financial accounting information, and the audit report or special authentication report issued by the accounting firm.

If the company does not disclose information related to the matter in question and take corrective measures to eliminate its effects in a timely manner, the Exchange may take regulatory measures or disciplinary action against the company or report the case to the CSRC for investigation and processing.

**6.11** A listed company shall take seriously the Exchange's *ex post* examination opinion on its periodic report, respond to the Exchange's inquiries in a timely manner and, as required by the Exchange, make explanations and clarification on the relevant contents in its periodic report. If a listed company intends to disclose a restatement or supplementary announcement and revise its periodic report accordingly, it shall make disclosure after completing relevant procedures and shall also disclose the full text of the revised periodic report on the Exchange's website.

**6.12** Where a listed company is ordered by relevant competent authority to correct the errors or falsehoods in its already released periodic reports, or the company's board of directors decides to correct such errors or falsehoods, the company shall report to the Exchange promptly and, after it receives such order or its board of directors makes such decision, make timely disclosure in accordance with *The Rules No. 19 on the Preparation of Information Disclosure Documents by Companies That Offer Securities to the Public: Restatement of Financial Information and Related Disclosure* and other relevant regulations issued by the CSRC.

**6.13** The annual and interim reports of a listed company that offers convertible bonds shall also include the following information:

- (1) information on each adjustment of share conversion prices, and the latest adjusted share conversion price;
- (2) information on all the stocks converted from convertible bonds after the offering of convertible bonds;
- (3) list of the top ten convertible bond holders and their holdings;
- (4) information on any material changes in the profitability, asset status, and credit status of the warrantor;
- (5) information on the liabilities and credit changes of the company and its cash provisions

for repaying its debt in the coming years; and

- (6) other information as required by the CSRC and the Exchange.

## **Chapter VII General Provisions on Ad-hoc Reports**

**7.1** *Ad hoc* reports refer to the announcements made by a listed company other than the periodic reports.

Where the contents of the *ad hoc* report relate to the material matters as set forth in Chapters VIII, IX, X and XI of these Rules, disclosure of such *ad hoc* report and deliberation thereof shall comply with the relevant provisions in the aforesaid Chapters as well as the provisions in this Chapter.

*Ad hoc* reports shall be issued by the board of directors with the seal of the listed company or of the board of directors affixed thereto (announcements of the resolutions of the board of supervisors may be issued with the seal of the board of supervisors affixed thereto).

**7.2** A listed company shall file with the Exchange and disclose its *ad hoc* reports in a timely manner. The relevant documents attached to the *ad hoc* reports shall be disclosed on the Exchange's website simultaneously.

**7.3** A listed company shall disclose relevant material matters in a timely manner when any of the following circumstances, whichever first, arises:

- (1) when its board of directors or board of supervisors reaches a resolution on the material matter;
- (2) when the relevant parties enter into a letter of intent or an agreement on the material matter (whether or not an additional condition or time limit is imposed); or
- (3) when a director, supervisor or senior officer becomes aware of or should have been aware of the material matter.

**7.4** If any of the following circumstances arises before any material matter that is still in the planning stage comes to the point as enumerated in Section 7.3 hereof, the listed company shall disclose relevant planning details and existing facts in a timely manner:

- (1) it is difficult to keep the material matter confidential;
- (2) the material matter is leaked or a rumor relating to the material matter is circulating on the market; or
- (3) there is unusual movement in the prices of the company's stocks and derivatives thereon.

**7.5** After a listed company discloses its *ad hoc* report pursuant to the provisions in Sections 7.3 and 7.4 hereof, it shall disclose the progress of the material matter on an on-going basis pursuant to the following provisions:

- (1) where the board of directors, the board of supervisors or the shareholders' general meeting reaches a resolution on the material matter, it shall disclose the resolution in a timely manner;

(2) where the company enters into a letter of intent or an agreement with relevant parties on the material matter, it shall disclose the main contents of the letter of intent or the agreement in a timely manner. In the case of any material changes in the aforesaid letter of intent or agreement or in the performance thereof or in the case of rescission or termination thereof, it shall disclose the particulars of and the reasons for such changes, rescission or termination in a timely manner;

(3) where the material matter is approved or disapproved by relevant competent authority, it shall disclose such approval or disapproval in a timely manner;

(4) where a late payment occurs in relation to the material matter, it shall disclose the reason for the late payment and its payment arrangement in a timely manner;

(5) where the major subject matter involved in the material matter is yet to be delivered or transferred, it shall disclose particulars of delivery or transfer in a timely manner; in case that, three months later than the agreed time limit, the delivery or transfer is still yet to be completed, it shall, in a timely manner, disclose the reason for the default on timely delivery or transfer, the progress of delivery or transfer and the estimated time of completing delivery or transfer, and moreover, announce the progress once every thirty days until the completion thereof;

(6) where the material matter makes a progress or development that would have a significant impact on the prices of the company's stocks and derivatives thereon, it shall disclose such progress or development in a timely manner.

**7.6** Where the *ad hoc* report filed by a listed company pursuant to the provisions in Sections 7.3 or 7.4 hereof fails to meet the requirements of these Rules, the company shall publish a preannouncement explaining the reason therefor and pledge to make an announcement in compliance with applicable requirements within two trading days.

**7.7** Any material matter as set forth in Chapters IX, X and XI of these Rules that occurs to any subsidiary of a listed company shall be deemed as a material matter occurring to the listed company itself and shall be governed by the provisions in the aforesaid Chapters accordingly.

Where a material matter as set forth in Chapters IX and XI of these Rules occurs to a company in which a listed company has an equity interest, or, a company in which a listed company has an equity interest conducts any transaction as set forth in Section 10.1.1 of these Rules with related parties of the listed company, which would have a significant impact on the prices of the listed company's stocks and derivatives thereon, the listed company shall fulfill its obligations of information disclosure by reference to the provisions in the foregoing Chapters.

## **Chapter VIII Resolutions of Board of Directors, Board of Supervisors and Shareholders' General Meeting**

### **Section 1 Resolutions of Board of Directors and Board of Supervisors**

**8.1.1** After the board meeting, a listed company shall file the resolutions of the board of directors (including resolutions that overrule all the proposals) with the Exchange in a timely manner. Such resolutions shall be signed by the directors present at the meeting.

When required by the Exchange, the company shall submit the minutes of the meeting to the Exchange.

**8.1.2** Where the resolutions of the board of directors relate to matters that are subject to voting at the shareholders' general meeting or relate to the material matters set forth in Chapters VI, IX, X and XI of these Rules, the listed company shall make timely disclosure. Where the resolutions of the board of directors relate to other matters deemed disclosable by the Exchange, the listed company shall make timely disclosure as well.

**8.1.3** Where the resolutions of the board of directors relate to the material matters set forth in Chapters VI, IX, X and XI of these Rules and are disclosable under relevant regulations of the CSRC or the Exchange's guidelines on the format of corporate announcements, the listed company shall publish announcements on the resolutions and on the relevant material matters respectively.

**8.1.4** The announcement of the resolutions of the board of directors shall contain the following information:

- (1) time and method of giving notice of the meeting;
- (2) time, place and form of the meeting, and an explanation on compliance with laws, administrative regulations, rules of competent authorities, other regulatory documents and the articles of association of the company;
- (3) respective numbers and names of the directors appointing proxies and those absent, and the reasons for absence and the names of directors appointed as proxies;
- (4) respective numbers of votes for and against each proposal and the number of abstentions, and the reasons for directors' objections and abstentions;
- (5) where a resolution relates to a related party transaction, the announcement shall contain the name of any director who must withdraw from voting as well as the reason for the withdrawal and withdrawal particulars;
- (6) where a prior approval by or an independent opinion of the independent directors is required, the announcement shall contain prior approval particulars or the opinion of the independent directors; and
- (7) details of the matters considered and the resolutions adopted at the meeting.

**8.1.5** After the meeting of the board of supervisors, a listed company shall file the resolutions of the board of supervisors with the Exchange in a timely manner. After registration with the Exchange, the company shall make an announcement on the resolutions.

The resolutions of the board of supervisors shall be signed by the supervisors present at the meeting. The board of supervisors shall guarantee that the announcement of its resolutions is truthful, accurate and complete and no misrepresentations, misleading statements or major omissions are contained therein.

**8.1.6** The announcement of the resolutions of the board of supervisors shall contain the following information:

- (1) time, place and form of the meeting, and an explanation on compliance with laws,

administrative regulations, rules of competent authorities, other regulatory documents and the articles of association of the company;

- (2) respective numbers and names of the supervisors appointing proxies and those absent, and the reasons for absence and the names of supervisors appointed as proxies;
- (3) respective numbers of votes for and against each proposal and the number of abstentions, and the reasons for supervisors' objections and abstentions;
- (4) details of the matters considered and the resolutions adopted at the meeting.

## **Section 2 Resolutions of Shareholders' General Meeting**

**8.2.1** A listed company shall, twenty days prior to the shareholders' general meeting or fifteen days prior to the extraordinary shareholders' general meeting, notify the shareholders by means of public announcement.

The notice shall specify the time, the place and the form of the meeting and such other matters as the convener and the equity record date, and fully and completely disclose the details of all the proposals. The convener shall also disclose on the Exchange's website other materials essential for shareholders to make reasonable judgments on the matters to be discussed.

Shareholders' general meeting shall be held in a venue in the form of live meeting. The timing and place of the meeting should be convenient for shareholders to participate. After issuing the notice of the shareholders' general meeting, there shall be no change in the venue of the meeting without justified causes. If there is a need for change, the convener shall announce and explain the reasons at least 2 trading days before the live meeting date. Listed companies shall open the channel of online voting so as to make it convenient for shareholders to attend the general meeting. Shareholders who attend the shareholders' general meeting through the above means shall be deemed present.

**8.2.2** After the shareholders' general meeting, the convener shall file with the Exchange the draft announcement of the resolutions of the meeting, the resolutions of the meeting and the legal opinion. Upon the approval by the Exchange, it shall make an announcement on the resolutions.

When required by the Exchange, the convener shall also submit the minutes of the shareholders' general meeting to the Exchange.

**8.2.3** Once the notice of the shareholders' general meeting is given, without a justifiable reason, the shareholders' general meeting shall not be postponed or cancelled, nor shall the proposals specified in such notice be cancelled. In case of postponement or cancellation, the convener shall, at least two trading days prior to the date originally specified, give a notice explaining the specific reason therefor. In the case of postponement, the convener shall also specify the new date of the meeting in the notice.

**8.2.4** Where, prior to the shareholders' general meeting, a provisional proposal is put forward by shareholders, the convener shall give a supplementary notice within the specified time limit and disclose therein the names and the shareholdings of the shareholders putting forward such proposal, as well as the contents thereof.

**8.2.5** A shareholder that convenes a shareholders' general meeting on its own shall notify the board of directors in writing and file with the Exchange for the record

Before announcing the shareholders' general meeting, the convening shareholder shall have at least 10 percent shareholding in the listed company. Before giving notice of the shareholders' general meeting, the convening shareholder shall apply to the Exchange for locking up in whole or in part its stocks for the aforesaid period.

**8.2.6** Where, during the shareholders' general meeting, an unexpected event occurs and makes it impossible to continue with the meeting, the convener shall promptly report to the Exchange, explaining the reason therefor and disclosing relevant information as well as the specific legal opinion issued by the lawyer.

**8.2.7** The announcement of the resolutions of the shareholders' general meeting shall contain the following information:

- (1) the time, place and form of the meeting, the convener and chair of the meeting, and an explanation on compliance with laws, administrative regulations, rules of competent authorities, other regulatory documents and the articles of association of the company;
- (2) number of shareholders (proxies) present at the meeting, the stocks in their hands (represented by them) and the percentages of such stocks to the total voting stocks. A listed company that has not completed the non-tradable share reform shall also disclose particulars on the free-float shareholders present at the meeting and the non-float shareholders present at the meeting;
- (3) voting method for each proposal and voting results on each proposal; respective particulars on the voting by the free-float shareholders and the non-float shareholders (applicable to companies that have not completed the non-tradable share reform). Where a shareholder's proposal is involved, the name of the shareholder, the percentage of shareholding of such shareholder as well as the contents of the said proposal shall be specified. Where a related party transaction is involved, particulars on the related shareholder's withdrawal from voting shall be specified. In the case of a listed company that has not completed the non-tradable share reform, if a proposal has been put to the independent voting by free-float shareholders, a special explanation shall be provided;

Any listed company that has simultaneously offered foreign currency-denominated, domestically listed stocks or has securities listed on overseas stock exchanges shall also provide the information on the dispatch of the notice of the shareholders' general meeting, the respective particulars on the attendance by domestic shareholders and foreign shareholders, as well as the voting results;

- (4) conclusive legal opinion. Where any proposal has been overruled at the shareholders' general meeting, the full text of the legal opinion shall be disclosed.

**8.2.8** Any material matter not yet disclosed to the public shall not be disclosed to the shareholders at the shareholders' general meeting.

## **Chapter IX Disclosable Transactions**

**9.1** For the purpose of this Chapter, “transactions” refer to any of the following:

- (1) acquiring or disposing of assets;
- (2) external investment (including trustee investment and entrusted loan, etc.);
- (3) providing financial assistance;
- (4) granting guarantee;
- (5) leasing in or out assets;
- (6) appointing others or being appointed for management of assets or business;
- (7) donating assets or accepting asset donation;
- (8) restructuring debts or creditor’s rights;
- (9) entering into a licensing agreement;
- (10) transferring or acquiring R & D projects;
- (11) other transactions as recognized by the Exchange.

The aforesaid asset acquisition or disposal does not include those related to the day-to-day operation, such as acquisitions of raw materials, fuels and power and sales of products and commodities, except the asset acquisition or disposal involved in asset swaps.

**9.2** A listed company shall make timely disclosure when its transaction (excluding the provision of guarantee) reaches any of the following standards:

- (1) total amount of assets involved in the transaction (if such assets have both book value and valuation, whichever is higher) accounts for more than 10 percent of the listed company’s latest audited total assets;
- (2) transaction amount (including the debt and expenses incurred) accounts for more than 10 percent of the listed company’s latest audited net assets, with the absolute amount of the transaction exceeding RMB 10 million;
- (3) profit derived from the transaction accounts for more than 10 percent of the listed company’s audited net profit for the most recent financial year, with the absolute amount of the profit exceeding RMB 1 million;
- (4) operating income related to the subject matter of the transaction (for instance, equity interest) for the most recent financial year accounts for more than 10 percent of the listed company’s audited operating income for the same period, with the absolute amount of the income exceeding RMB 10 million; or
- (5) net profit related to the subject matter of the transaction (for instance, equity interest) for the most recent financial year accounts for more than 10 percent of the listed company’s audited net profit for the same period, with the absolute amount of the net profit exceeding RMB 1



million.

In case that a certain figure involved in the aforesaid indicators is of negative value, the absolute value thereof shall be used in the calculation.

**9.3** When the transaction of a listed company (excluding the provision of guarantee, receipt of cash donation, and any transaction that simply relieves the listed company of its obligatory debt) reaches any of the following standards, in addition to making timely disclosure, the company shall also submit the transaction to the shareholders' general meeting for consideration.

(1) total amount of assets involved in the transaction (if such assets have both book value and valuation, whichever is higher) accounts for more than 50 percent of the listed company's latest audited total assets;

(2) transaction amount (including the debt and expenses incurred) accounts for more than 50 percent of the listed company's latest audited net assets, with the absolute amount of the transaction exceeding RMB 50 million;

(3) profit derived from the transaction accounts for more than 50 percent of the listed company's audited net profit for the most recent financial year, with the absolute amount of the profit exceeding RMB 5 million;

(4) operating income related to the subject matter of the transaction (for instance, equity interest) for the most recent financial year accounts for more than 50 percent of the listed company's audited operating income for the same period, with the absolute amount of the income exceeding RMB 50 million; or

(5) net profit related to the subject matter of the transaction (for instance, equity interest) for the most recent financial year accounts for more than 50 percent of the listed company's audited net profit for the same period, with the absolute amount of the net profit exceeding RMB 5 million.

In case that a certain figure involved in the aforesaid indicators is of negative value, the absolute value thereof shall be used in the calculation.

**9.4** Where a listed company simultaneously carries out two opposite-direction transactions enumerated in (2) to (4) of Section 9.1 hereof with the same counterparty, whichever is higher of the indicators involved in the two transactions shall be used in the calculation.

**9.5** Where the subject matter of the transaction is an equity interest and acquisition or disposal of such equity interest will result in changes in the scope of consolidated financial statements of a listed company, the total amount of assets and the operating income corresponding to such equity interest shall be respectively deemed as the total amount of assets involved in the transaction and the operating income related to the subject matter of the transaction as prescribed in Sections 9.2 and 9.3 hereof.

**9.6** Where the transaction of a listed company only reaches the standard prescribed in (3) or (5) of Section 9.3 hereof and the absolute value of the earnings per share of the company for the most recent financial year is below RMB 0.05, the company may apply to the Exchange for exemption from submitting the transaction to the shareholders' general meeting for consideration

as prescribed in Section 9.3 hereof.

**9.7** Where the transaction of a listed company reaches any of the standards prescribed in Section 9.3 hereof, if the subject matter of the transaction is an equity interest, the listed company shall provide an audit report issued by a CPA firm with the qualification for practice in securities- and futures-related business after the CPA firm audits the financial report of the subject matter for the most recent financial year and the latest financial term in accordance with the accounting standards for business enterprises, with the audit deadline not earlier than six months prior to the date of the shareholders' general meeting at which such transaction is to be considered. If the subject matter of the transaction is non-cash assets other than equity interest, the listed company shall provide an appraisal report issued by an asset appraisal firm with the qualification for practice in securities- and futures-related business, with the appraisal base date not earlier than one year prior to the date of the shareholders' general meeting at which such transaction is to be considered.

When the Exchange deems necessary, a listed company shall, pursuant to the provisions in the preceding paragraph, provide an audit report or an appraisal report issued by relevant CPA firm or asset appraisal firm even if the transaction does not reach any of the standards prescribed in Section 9.3 hereof.

**9.8** Where a listed company that invests to establish a company meets the conditions for capital contribution by installments as provided in Article 26 or 81 of the *Company Law*, the total amount of capital contribution as stipulated in the relevant agreement shall be used when determining the applicability of the provisions in Section 9.2 or 9.3 hereof.

**9.9** Where a listed company conducts such transactions as "providing financial assistance" and "trustee investment", the actual amount incurred shall be used as the calculation standard and be aggregated for a period of twelve consecutive months for each category of transactions respectively. When the aggregate amount reaches the standards set forth in Section 9.2 or 9.3 hereof, the relevant provisions thereof shall apply.

In case that the relevant obligations have been fulfilled pursuant to Section 9.2 or Section 9.3 hereof, the transaction in question shall no longer be included in the foregoing aggregate calculation.

**9.10** Where a listed company conducts transactions other than "granting guarantee", "providing financial assistance" and "trustee investment", all the transactions under the same category and with related subject matters shall be aggregated for a period of twelve consecutive months and be governed by Section 9.2 or 9.3 hereof. In case that the relevant obligations have been fulfilled pursuant to Section 9.2 or 9.3 hereof, the transactions in question shall no longer be included in the aggregation of transactions.

Notwithstanding the provisions in the preceding paragraph, if the aggregated total amount of assets involved in, or the aggregated transaction amount of, all the transactions over a period of twelve consecutive months under the category of "acquisition or disposal of assets", whether with related subject matter or not, exceeds 30 percent of the company's latest audited total assets, in addition to making disclosure and carrying out audit or appraisal by reference to Section 9.7 hereof, such transactions shall be submitted to the shareholders' general meeting for consideration and be approved by more than two-thirds of the voting rights held by the

shareholders attending the meeting.

**9.11** A listed company that conducts the transaction of “granting guarantee” shall submit the transaction to the shareholders’ general meeting for consideration and make a timely disclosure.

The guarantee transactions listed below shall be submitted to the shareholders’ general meeting for consideration after being approved by the board of directors:

- (1) the amount of a single guarantee deal exceeds 10 percent of the company’s latest audited net assets;
- (2) any fresh guarantee granted after the total amount of external guarantees provided by the company and its subsidiaries exceeds 50 percent of the company’s latest audited net assets;
- (3) any guarantee granted to any party with a gearing ratio of over 70 percent;
- (4) the amount of guarantees aggregated over a period of twelve consecutive months exceeds 30 percent of the company’s latest audited total assets;
- (5) the amount of guarantees aggregated over a period of twelve consecutive months exceeds 50 percent of the company’s latest audited net assets, with the absolute amount exceeding RMB 50 million;
- (6) other guarantees prescribed by the Exchange or the articles of association of the company.

Guarantee transactions within the authority of the board of directors requires not only the approval of more than half of all the directors, but also the approval of more than two-thirds of the directors attending the board meeting. The guarantee transactions prescribed in (4) of the preceding paragraph require the approval of more than two-thirds of the voting rights held by the shareholders attending the meeting.

**9.12** A listed company that discloses a transaction shall submit the following documents to the Exchange:

- (1) draft announcement;
- (2) any agreement or letter of intent relating to the transaction;
- (3) resolutions of the board meeting, draft announcement of such resolutions, and opinions of independent directors (if applicable);
- (4) competent authority’s official reply to the transaction (if applicable);
- (5) professional report produced by securities service agencies (if applicable); and
- (6) other documents as required by the Exchange.

**9.13** A listed company shall disclose the following information on its transaction as applicable to the specific category of the transaction:

- (1) general description of the transaction and an explanation on whether the parties to the

transaction are related. In the case of transactions that reach relevant disclosure standards based on the aggregation principle, general information on each single transaction and on the aggregated amount shall also be provided;

- (2) basic information on the counterparty to the transaction;
- (3) particulars of the subject matter of the transaction, including its name, book value, valuation, operations, and whether relevant assets are subject to any mortgage or pledge, or involve the right of a third party, whether the relevant assets involve any major dispute, legal proceedings or arbitration or are subject to any judicial measures such as being sealed up or frozen;

Where the subject matter of a transaction is an equity interest, the listed company shall provide the basic information on the corresponding company and its total assets, total liabilities, net assets, operating income and net profit for the most recent financial year and the latest financial term;

Where any disposal of an equity interest in its subsidiary results in changes in the scope of consolidated financial statements of the listed company, the listed company shall explain whether it grants any guarantees to the said subsidiary or appoints the said subsidiary for investment, and provide the particulars on any impropriation of its funds by the said subsidiary. If any, the listed company shall make public the amount involved in the aforesaid matters, the impact on the company itself and its remedial measures;

- (4) delivery status of the subject matter of the transaction, and the time of delivery and transfer of ownership;
- (5) other main contents of the transaction agreement, including transaction amount, method of payment (cash, equity interest or asset swap, etc.), term of payment or installment arrangements, conditions precedent, effective date, and effective term. If there are any supplementary or reservation clauses, special explanation shall be given;

Where a transaction is subject to the approval of the shareholders' general meeting or the relevant competent authority, the statutory process required and the progress thereof shall be stated;

- (6) the pricing basis and the source of the funds for the transaction;
- (7) the benefits expected to accrue to the company as a result of the transaction (including potential benefits), the effect of the transaction on the company's financial position and performance results for the current period and beyond;
- (8) analysis on the counterparty's ability to perform the agreement;
- (9) particulars on personnel relocation, land lease and debt restructuring related to the transaction;
- (10) explanation on any related party transaction that may arise as a result of completing the transaction;

(11) explanation on any inter-trade competition that may arise as a result of completing the transaction and relevant remedial measures;

(12) securities service agencies and their opinions; and

(13) other information required by the Exchange that would help shed light on the transaction.

**9.14** When disclosing a guarantee transaction, in addition to the information as prescribed in the preceding paragraph, the listed company shall also disclose the total amount of guarantees provided as of the disclosure date by the listed company and its subsidiaries, the total amount of guarantees by the listed company to its subsidiaries, as well as the percentages of the aforesaid two amounts to the listed company' latest audited net assets.

**9.15** With regard to a guarantee transaction that reaches the disclosure standards, if the warrantee fails its payment obligation within fifteen trading days after maturity of its debt, or the warrantee goes into bankruptcy, liquidation or is in any situation that would have a significant impact on its ability to repay, the listed company shall make timely disclosure.

**9.16** Unless otherwise prescribed by the CSRC or the Exchange, transactions between a listed company and its subsidiaries that are included in the consolidated financial statements, or transactions between such subsidiaries, are exempt from the disclosure requirements and corresponding procedures as prescribed in this Chapter.

## **Chapter X Related Party Transactions**

### **Section 1 Related Party Transactions and Related Parties**

**10.1.1** A related party transaction of a listed company refers to the transfer of resources or obligations between the listed company or its subsidiary and a related party of the listed company, including the following:

- (1) transactions enumerated in Section 9.1 hereof;
- (2) purchasing raw materials, fuels and power;
- (3) selling products and commodities;
- (4) providing or accepting labor services;
- (5) selling by consignment or selling on commission;
- (6) making deposits at or taking loans from the finance company of a related party;
- (7) co-investing with a related party;
- (8) other matters agreed upon that would lead to transfer of resources or obligations.

**10.1.2** Related parties of a listed company include related legal persons and related natural persons.

**10.1.3** A legal person or other organization will be a related legal person of a listed company if

any of the following applies:

- (1) the legal person or other organization directly or indirectly controls the listed company;
- (2) the legal person or other organization other than the listed company and its subsidiaries that is controlled either directly or indirectly by the legal person or other organization defined in the preceding subparagraph;
- (3) the legal person or other organization other than the listed company and its subsidiaries that is controlled either directly or indirectly by a related natural person of the listed company as enumerated in Section 10.1.5 hereof, or where the related natural person serves as a director or senior officer;
- (4) the legal person or other organization that holds more than 5 percent of the listed company; or
- (5) the legal person or other organization that has such a special relationship with the listed company as would make the listed company tilted towards its interests, as determined by the CSRC, the Exchange or the listed company in accordance with the principle that essence is more important than form.

**10.1.4** Where a listed company and any legal person defined in (2) of the preceding Subsection are controlled by the same State asset administration organ, they do not constitute a related party relationship therefor, unless the chairman, general manager or more than half of the directors of such legal person serve concurrently as the directors, supervisors or senior officers of the listed company.

**10.1.5** A natural person shall be a related natural person of a listed company if he meets any of the following conditions:

- (1) he holds more than 5 percent interest either directly or indirectly in the listed company;
- (2) he is a director, supervisor or senior officer of the listed company;
- (3) he is a director, supervisor or senior officer of the related legal person defined in (1) of Section 10.1.3 hereof;
- (4) he is a close family member of the person referred to in (1) and (2) of this Subsection, including such person's spouse, child aged 18 or above and such child's spouse, parent and parent in-law, sibling and such sibling's spouse, spouse's sibling, and child's parent in-law; or
- (5) any other natural person who has such a special relationship with the listed company as would make the listed company tilted towards his interests, as determined by the CSRC, the Exchange or the listed company in accordance with the principle that essence is more important than form.

**10.1.6** A legal person, other organization or natural person shall be deemed as a related party of a listed company if it or he meets any of the following conditions:

- (1) under the agreement or arrangement entered into with the listed company, it or he will

meet any of the conditions enumerated in Section 10.1.3 or Section 10.1.5 hereof after such agreement or arrangement takes effect or within the next twelve months; or

(2) it or he has ever met any of the conditions enumerated in Section 10.1.3 or Section 10.1.5 hereof in the past twelve months.

**10.1.7** The directors, supervisors, senior officers, shareholders with more than 5 percent shareholding, the parties acting in concert with such shareholders, and the *de facto* controller of a listed company shall notify the company of its related party relationship with the company in a timely manner and the company shall then file the situation with the Exchange for the record.

## **Section 2 Deliberation Procedure for and Disclosure of Related Party Transactions**

**10.2.1** When the board of directors of a listed company considers a related party transaction, the related director shall withdraw from voting and shall not exercise any voting rights as a proxy of other directors. Such board meeting may be held if over half of the non-related directors are present and the resolution of such board meeting requires the approval of over half of the non-related directors. If fewer than three non-related directors are present at the board meeting, the listed company shall submit the transaction to the shareholders' general meeting for consideration.

The related director as mentioned in the preceding paragraph refers to the following directors or a director that meets any of the following conditions:

- (1) the counterparty to the transaction;
- (2) having direct or indirect controlling power over the counterparty to the transaction;
- (3) holding a position in the counterparty to the transaction, or in any legal person or other organization that either directly or indirectly controls the counterparty to the transaction, or in any legal person or other organization under the direct or indirect control of the counterparty to the transaction;
- (4) he is a close family member (as defined in (4) of Section 10.1.5 hereof) of the counterparty to the transaction, or of the direct or indirect controller of the counterparty to the transaction;
- (5) he is a close family member (as defined in (4) of Section 10.1.5 hereof) of a director, supervisor or senior officer of the counterparty to the transaction, or of a director, supervisor or senior officer of the direct or indirect controller of the counterparty to the transaction; or
- (6) other directors whose independent business judgment may be affected as determined by the CSRC, the Exchange or the listed company in accordance with the principle that essence is more important than form.

**10.2.2** When the shareholders' general meeting considers a related party transaction, related shareholders shall withdraw from voting.

The related shareholder as mentioned in the preceding paragraph refers to the following shareholders or a shareholder that meets any of the following conditions:

- (1) the counterparty to the transaction;
- (2) having direct or indirect controlling power over the counterparty to the transaction;
- (3) under the direct or indirect control of the counterparty to the transaction;
- (4) under the direct or indirect control of the same legal person or other organization or natural person as is the counterparty to the transaction;
- (5) any shareholder whose voting right is restricted or affected due to any uncompleted agreement on transfer of equity interest or other agreements between the shareholder and the counterparty to the transaction or the related party thereof; or
- (6) other shareholders that would make the listed company tilted towards their interests as determined by the CSRC or the Exchange.

**10.2.3** If the amount of a related party transaction between a listed company and its related natural person (excluding the listed company's provision of guarantee) is more than RMB 300,000, the listed company shall make timely disclosure.

A listed company shall not make any loan to its directors, supervisors or senior officers either directly or indirectly.

**10.2.4** If the amount of a related party transaction between a listed company and the related legal person (excluding the listed company's provision of guarantee) is more than RMB 3 million and accounts for more than 0.5 percent of the absolute value of the listed company's latest audited net assets, the listed company shall make timely disclosure.

**10.2.5** If the amount of a listed company's related party transaction (excluding the provision of guarantee by the listed company, receipt by the listed company of cash donation, and any transaction that simply relieves the listed company of obligatory debt) is more than RMB 30 million and accounts for more than 5 percent of the absolute value of the listed company's latest audited net assets, in addition to making timely disclosure, the listed company shall, by applying *mutatis mutandis* the provisions in Section 9.7 hereof, provide an audit or appraisal report on the subject matter of the transaction issued by a securities service agency with the qualification for practice in securities- and futures-related business, and submit the transaction to the shareholders' general meeting for consideration.

The subject matter of a related party transaction relating to day-to-day operation as prescribed in Section 10.2.12 hereof may be exempt from audit or appraisal.

**10.2.6** A listed company shall make timely disclosure of guarantees it grants to its related parties, irrespective of the amount thereof, after its board of director approves such guarantees, and submit such guarantees to the shareholders' general meeting for consideration.

Any guarantee by the company to its shareholder with less than 5 percent interest in the company shall be governed, *mutatis mutandis*, by the preceding paragraph and the shareholder in question shall withdraw from voting at the shareholders' general meeting.

**10.2.7** Where a listed company and its related party co-invest to establish a company, the capital



contribution made by the listed company shall be taken as the transaction amount and the provisions in Section 10.2.3, 10.2.4 or 10.2.5 hereof shall apply.

If the capital contribution by the listed company reaches the level prescribed in Section 10.2.5 hereof, all the investors have made capital contribution in cash and the equity interests of all the investor in the new company are based on their respective capital contributions, the listed company shall be entitled to apply to the Exchange for exemption from submitting the related party transaction to the shareholders' general meeting for consideration.

**10.2.8** A listed company that discloses a related party transaction shall submit the following documents to the Exchange:

- (1) draft announcement;
- (2) all the documents enumerated in (2) to (5) of Section 9.12 hereof;
- (3) independent directors' prior written approval to the transaction;
- (4) independent directors' opinion; and
- (5) other documents as required by the Exchange.

**10.2.9** A listed company's announcement of a related party transaction shall contain the following information:

- (1) brief description of the transaction and the subject matter of the transaction;
- (2) independent directors' prior approval and opinion on the transaction;
- (3) information on the voting of the board of directors (if applicable);
- (4) explanation on the relationship between the parties to the transaction and the basic information on related parties;
- (5) pricing policies and pricing basis for the transaction, the relationships between the transaction price and the par value or valuation of the subject matter and the definite and fair market price, and, in the case of a special transaction, other pricing-related matters that need to be explained;

if there is a big difference between the transaction price and the par value, valuation or market price, the reason behind the difference shall be stated. If the transaction is proved to be unfair, the beneficiary of the interest derived from the related party transaction shall be disclosed;

- (6) other important terms and conditions of the transaction agreement, including transaction price, method of settlement, nature and percentage of the interest of the related party in the transaction, as well as the conditions precedent, effective date and effective term, etc.;
- (7) purpose of the transaction and effect of the transaction on the listed company, including the true intention and necessity of the transaction, and the effect of the transaction on the company's financial position and performance results for the current period and beyond;

- (8) aggregate amount of all related party transactions with such related party for the period from the beginning of the current year to the date of disclosure;
- (9) other information as required under Section 9.13 hereof; and
- (10) other information required by the CSRC and the Exchange that would help shed light on the transaction.

Any listed company that grants guarantees to the related parties or any shareholder with less than 5 percent interest in the company shall also disclose the information prescribed in Section 9.14 hereof.

**10.2.10** Where a listed company conducts such transactions as “providing financial assistance” and “trustee investment”, the actual amount incurred shall be used as the calculation standard and be aggregated for a period of twelve consecutive months for each category of transactions respectively. When the aggregate amount reaches the standards set forth in Section 10.2.3, 10.2.4 or 10.2.5 hereof, the relevant provisions thereof shall apply.

In case that the relevant obligations have been fulfilled pursuant to Section 10.2.3, 10.2.4 or 10.2.5 hereof, the transaction in question shall no longer be included in the foregoing aggregate calculation.

**10.2.11** Where a listed company conducts related party transactions other than those mentioned in the preceding Subsection, such related party transactions shall be aggregated in accordance with the requirements as follows for twelve consecutive months and be governed by Section 10.2.3, 10.2.4 or 10.2.5 hereof.

- (1) all the transactions conducted with the same related party;
- (2) all the transactions conducted with different related parties but with related subject matters.

The aforesaid same related party includes other related parties that are under the direct or indirect control of the same legal person or any other organization or natural person as is such related party, or other related parties that control or are controlled by such related party; as well as the legal persons or other organizations one of whose directors or senior officers also serves as a director or senior officer of such related party.

In case that the relevant obligations have been fulfilled pursuant to Section 10.2.3, 10.2.4 or 10.2.5 hereof, the transaction in question shall no longer be included in the foregoing aggregate calculation.

**10.2.12** Where a listed company conducts related party transactions relating to its day-to-day operations as enumerated in (2) to (7) of Section 10.1.1 hereof (hereinafter referred to as day-to-day related party transaction), it shall make disclosure and complete the deliberation procedure as follows:

- (1) where, in the course of performance of any agreement on the day-to-day related party transaction approved by the shareholders’ general meeting or the board meeting, the main terms and conditions of the agreement make no material changes, the company shall disclose in its

annual report and interim report the performance of each such agreement in accordance with relevant regulations and also state whether the stipulations of the agreement are met; if the main terms and conditions of the agreement have made material changes in the course of performance or the agreement needs to be renewed at the expiration, the company shall submit the revised or renewed agreement to the board of directors or the shareholders' general meeting for consideration based on the gross transaction amount under the agreement. In the absence of any specific gross transaction amount, such revised or renewed agreement shall be submitted to the shareholders' general meeting for consideration.

(2) where the listed company conducts a day-to-day related party transaction for the first time, it shall enter into a written agreement with the related party, make timely disclosure, and submit the agreement to the board of directors or the shareholders' general meeting for consideration based on the gross transaction amount under the agreement. In the absence of any specific gross transaction amount, such agreement shall be submitted to the shareholders' general meeting for consideration. After the agreement has been approved by the board of directors or the shareholders' general meeting and relevant disclosure has been made, the provisions in preceding subparagraph shall apply.

(3) where, the listed company conducts many day-to-day related party transactions each year and, as a result, it needs to enter into agreements frequently and is unable to submit each agreement to the board of directors or the shareholders' general meeting for consideration as prescribed in the preceding subparagraph, the company shall, prior to its disclosure of the annual report for the previous year, estimate the aggregate amount of related party transactions under each category for the full current year, submit the estimated aggregate amount to the board of directors or the shareholders' general meeting for consideration, and make relevant disclosure. The company shall classify and disclose in its annual and interim reports all the day-to-day related party transactions that fall within the estimated aggregate amount, and submit the transactions in excess of the estimated aggregate amount to the board of directors or the shareholders' general meeting for re-consideration based on the excess amount of the transactions and make relevant disclosure.

**10.2.13** The agreement on day-to-day related party transactions shall at least contain such main terms and conditions as the pricing principle and basis, transaction price, gross transaction amount or the specific method for determining the gross transaction amount, time and terms of payment.

Where the agreement does not specify the transaction price but only contains a market reference price, at the time as the company fulfills disclosure obligations as set forth in the preceding Subsection, it shall disclose actual transaction price, market price and the method of determining the market price, as well as the reason for the difference between the two prices.

**10.2.14** A listed company that enters into an agreement on day-to-day related party transactions with a related party for a period of over three years shall complete the deliberation procedure and fulfill disclosure obligations pursuant to the provisions in this Chapter every three years.

**10.2.15** A listed company that enters into any related party transaction with a related party as result of either party's participation in public tenders or auctions may apply to the Exchange for exemption from consideration and disclosure procedures as required for a related party

transaction.

**10.2.16** A listed company that enters into following related party transactions with a related party may be exempt from the deliberation procedure and disclosure as required for a related party transaction:

- (1) one party subscribes in cash for the stocks, corporate bonds or enterprise bonds, convertible bonds or other derivatives publicly offered by the other party;
- (2) as a member of the underwriting syndicate, one party underwrites the stocks, corporate bonds or enterprise bonds, convertible bonds or other derivatives publicly offered by the other party;
- (3) one party obtains dividends, bonus or remuneration in accordance with the resolutions of the shareholders' general meeting of the other party;
- (4) other transactions as recognized by the Exchange.

**10.2.17** In the absence of any provisions in this Chapter on the disclosure and deliberation procedure with regard to any transactions between the listed company and the related party, the provisions in Chapter IX hereof shall apply.

## **Chapter XI Other Material Matters**

### **Section 1 Major Litigations and Arbitrations**

**11.1.1** A listed company shall make timely disclosure of any major litigation or arbitration that involves an amount exceeding RMB 10 million and accounting for more than 10 percent of the absolute value of the company's latest audited net assets.

In case that the amount involved in an litigation or arbitration is below the aforesaid level or the litigations or arbitration involves no specific monetary amount, however, in the opinion of the board of directors of the company, due to particularity of the litigation or arbitration, such litigation or arbitration would have a significant impact on the prices of the company's stocks and derivatives thereon, or when deemed necessary by the Exchange, or the litigation relates to any resolution of the shareholders' general meeting or the board of directors being cancelled or declared null and void, the company shall make timely disclosure.

**11.1.2** Where the amounts involved in a listed company's litigations and arbitrations for twelve consecutive months add up to the level prescribed in Section 11.1.1 hereof, the provisions of Section 11.1.1 hereof shall apply.

Where the listed company has disclosed any litigations and arbitrations pursuant to the provisions of Section 11.1.1 hereof, such litigations and arbitrations shall no longer be included in the aforesaid calculation.

**11.1.3** A listed company that discloses major litigations and arbitrations shall submit the following documents to the Exchange:

- (1) draft announcement;

(2) statement of complaint or arbitration application, and notice of acceptance (response to action);

(3) written judgment or arbitration award; and

(4) other materials as required by the Exchange.

**11.1.4** The announcement of a listed company on the major litigations and arbitrations shall contain the following information:

(1) particulars of acceptance of the case and a briefing on the case;

(2) impact of the case on the company's profit for the current period or subsequent period;

(3) any other undisclosed litigations and arbitrations involving the company or its subsidiaries, if any; and

(4) other information as required by the Exchange.

**11.1.5** A listed company shall make timely disclosure of the progress of major litigations and arbitrations as well as their impact on the company, including but not limited to the judgments of the first instance and the second instance, arbitration awards, and particulars on the execution of judgments and awards.

## **Section 2 Change of Use of Proceeds**

**11.2.1** A listed company that intends to change the use of proceeds raised shall make timely disclosure upon the adoption of a relevant resolution by its board of directors and submit the matter to the shareholders' general meeting for consideration.

**11.2.2** A listed company that discloses its change of the purpose of proceeds shall submit the following documents to the Exchange:

(1) draft announcement;

(2) the resolution of the board of directors and the draft announcement of the resolution;

(3) independent directors' opinion on the proposed change of the purpose of proceeds;

(4) opinion of the board of supervisors on the proposed change of the purpose of proceeds;

(5) opinion of the sponsor on the proposed change of the purpose of proceeds (if applicable);

(6) explanation on the proposed change of the purpose of proceeds;

(7) letter of intent or agreement on the proposed new project;

(8) official approval document of the competent authority on the proposed new project;

(9) feasibility report on the proposed new project;

- (10) report by relevant securities service agencies;
- (11) the agreement under which the former project is terminated; and
- (12) other documents as required by the Exchange.

The listed company shall, in accordance with the specific situation of the new project, submit to the Exchange all or part of the documents enumerated in (7) to (11) of the preceding paragraph.

**11.2.3** The announcement of a listed company on the change of the purpose of proceeds shall contain the following information:

- (1) general information on the former project and the specific reasons for making such a change;
- (2) general information on the proposed new project, market prospects and risk disclosure;
- (3) statement that the proposed new project has been approved or is pending approval by the relevant competent authority (if applicable);
- (4) statement that the proposed new project is pending approval by the shareholders' general meeting; and
- (5) other information as required by the Exchange.

Where the new project involves asset acquisitions or external investment, the company shall also make disclosure by applying *mutatis mutandis* the relevant provisions in these Rules.

### **Section 3 Earnings Preannouncement, Preliminary Results and Earnings Estimates**

**11.3.1** A listed company that forecasts the occurrence of any of the following in its annual results shall release an earnings preannouncement within one month from the end of the financial year. A listed company that forecasts the occurrence of any of the following in its interim and third-quarter results may also release an earnings preannouncement:

- (1) the net profit would be negative;
- (2) the net profit would rise or fall by more than 50 percent over the same period a year earlier; or
- (3) turning to profit.

**11.3.2** Where a listed company forecasts the occurrence of the circumstance prescribed in (2) of Section 11.3.1 hereof but the base figure in comparison in terms of the earnings per share is relatively small, the company may be exempt from releasing the earnings preannouncement with the approval of the Exchange:

- (1) the absolute value of its earnings per share as shown in its previous annual report is below or equivalent to RMB 0.05;
- (2) the absolute value of its earnings per share as shown in its previous interim report is below

or equivalent to RMB 0.03;

(3) the absolute value of its earnings per share for the period from the beginning of the previous year to the end of the third quarter is below or equivalent to RMB 0.04.

**11.3.3** Where a listed company expects a significant difference between its results for the current period and its previously disclosed earnings preannouncement, it shall release a restatement of earnings preannouncement in a timely manner. Such restatement shall contain the following information:

- (1) its expected earnings for the current period;
- (2) the difference between its expected earnings for the current period and its previously disclosed earnings preannouncement and the reason therefor;
- (3) its board of directors' apology and the identification of the persons liable therefor; and
- (4) statement on possible imposition or removal of risk warning risk warning against, suspension of listing, restoration of listing or termination of listing of its stocks (if applicable).

If the restatement of earnings preannouncement is based on the audit result of a certified public accountant, the company shall also state whether and where it disagrees with the certified public accountant.

**11.3.4** A listed company that releases an earnings preannouncement or a restatement of the earnings preannouncement shall submit the following documents to the Exchange:

- (1) draft earnings preannouncement or restatement;
- (2) relevant explanation of the board of directors;
- (3) the certified public accountant's opinion on whether the basis and process for the company to make such earnings preannouncement or restatement are proper and prudential (if applicable); and
- (4) other documents as required by the Exchange.

**11.3.5** A listed company may release preliminary results prior to the disclosure of its annual and interim reports, which include such key financial data and indicators as the revenue, operating profit, total profit, net profit, total assets, net assets, earnings per share, net assets per share and return on equity for the current period as well as the comparative figures for the corresponding period of the previous year.

A listed company that releases preliminary results shall submit the following documents to the Exchange:

- (1) draft announcement;
- (2) comparative balance sheet and income statement signed and sealed by the legal representative, the principal officer in charge of accounting work, chief financial officer (if any), and the principal officer of the accounting agency (accounting head); and

- (3) other documents as required by the Exchange.

**11.3.6** A listed company shall guarantee that there is no material discrepancy between the financial data and indicators in the preliminary results and the actual figures in the corresponding periodic report.

If, prior to disclosure of the periodic report, the company discovers that the difference between the previously disclosed financial data and indicators and the actual figures will be up to 10 percent, it shall, in a timely manner, release a restatement of its preliminary results, stating the specific difference and the reason therefor. When the difference reaches 20 percent, it shall, at the time as it discloses its periodic report, make an apology in the form of board announcement and state therein its determination of the persons liable therefor.

**11.3.7** Where a listed company expects a material difference between its results for the current period and the previously disclosed earnings estimate, it shall, in a timely manner, release a restatement of the earnings estimate and submit the following documents to the Exchange:

- (1) draft restatement;
- (2) explanation of the board of directors;
- (3) statement of the board of directors on whether the basis and process for making the restatement are proper and prudent;
- (4) special statement of the CPA on the material difference between the earnings estimate and the actual figure; and
- (5) other documents as required by the Exchange.

**11.3.8** A listed company's restatement of its earnings estimate shall contain the following information:

- (1) expected results for the current period;
- (2) the difference between its expected results for the current period and its previously disclosed earnings estimate and the reason therefor;
- (3) its board of directors' apology and the identification of the persons liable therefor; and
- (4) statement on possible imposition or removal of risk warning against, suspension of listing, restoration of listing or termination of listing of its stocks (if applicable).

#### **Section 4 Profit Distribution and Transfer of Public Reserve into Share Capital**

**11.4.1** A listed company shall disclose the contents of the plan for profit distribution and transfer of public reserve into share capital (hereinafter, the Plan) in a timely manner after its board of directors approves the Plan.

**11.4.2** Prior to the implementation of the Plan, the listed company shall submit the following documents to the Exchange:



- (1) announcement of the implementation of the Plan;
- (2) relevant resolutions of the shareholders' general meeting;
- (3) the Registration Company's written confirmation of the timing for implementing the Plan; and
- (4) other documents as required by the Exchange.

**11.4.3** A listed company shall announce the implementation of the Plan within three to five trading days prior to the record date for implementing the Plan.

**11.4.4** The announcement of implementation of the Plan shall contain the following information:

- (1) ordinal number of the shareholders' general meeting at which the Plan is approved as well as the date of the meeting;
- (2) percentages of distribution of cash dividends, bonus stocks and transfer of public reserve into share capital (for every ten stocks), base of the share capital (actual share capital before implementing the Plan), and tax-related matters;
- (3) record date, ex-right (ex-dividend) date, listing date of newly increased stocks (or newly increased free-float stocks if the listed company has yet to complete the non-tradable share reform);
- (4) method of implementation of the Plan;
- (5) table of share capital changes (shown in the captions of total share capital before change, number of bonus stocks distributed this time, number of stocks transferred from public reserve, total share capital after change, percentages to total share capital, etc.);
- (6) diluted earnings per share for the previous year or diluted earnings per share for the current half year calculated based on the new share capital after the pay-out of bonus stocks and the transfer of public reserve into share capital; and
- (7) relevant inquiry method.

**11.4.5** A listed company shall complete profit distribution and transfer of public reserve into share capital within two months upon the approval of the Plan by its shareholders' general meeting.

## **Section 5 Unusual Price Movement and Clarification of Rumors**

**11.5.1** Where the price movement of the stocks of a listed company is considered unusual by the Exchange pursuant to relevant regulations or rules, the listed company shall publish an announcement of unusual price movement on the next trading day.

In line with market developments, the Exchange may arrange for the listed company to make an announcement on a non-trading day.

Re-calculation of unusual movement in share price shall commence from the date of announcement. If the date of announcement falls on a non-trading day, re-calculation shall commence from the next trading day.

**11.5.2** A listed company that releases the announcement of unusual share price movement shall submit the following documents to the Exchange:

- (1) draft announcement;
- (2) analysis and explanation of the board of directors;
- (3) the letter of inquiry issued by the listed company to its controlling shareholder and *de facto* controller and the replies of the controlling shareholder and *de facto* controller; and
- (4) other documents that would help shed light on the matter.

**11.5.3** The announcement of unusual share price movement by a listed company shall contain the following information:

- (1) particulars on the unusual movement;
- (2) statement on the targets, method and results of the board directors' verification of the unusual movement, including any changes in the company's internal and external environments, or any asset restructuring or equity transfer, or any proposed asset restructuring or equity transfer, or any other material matters that occur with respect to the company, its controlling shareholder or *de facto* controller;
- (3) statement on whether it has any material information left undisclosed; and
- (4) other information as required by the Exchange.

**11.5.4** In the case of continued unusual movement in the share price of a listed company, the listed may apply to the Exchange for an open interaction with investors or the media and disclose such interaction on the next trading day.

**11.5.5** Where any news circulated in the public media (hereinafter, rumor) would have or has already had a material impact on the prices of the stocks of a listed company and derivatives thereon, the listed company shall, in a timely manner, provide the Exchange with the evidence that the rumor is circulated as well as the replies of the controlling shareholder and *de facto* controller concerning whether there is any material event that has impact on the price of the stocks of the listed company, and release a clarification announcement.

**11.5.6** A listed company's announcement for clarification of rumor shall contain the following information:

- (1) details and origin of the rumor;
- (2) truth of the matters involved in the rumor; and
- (3) other information as required by the Exchange.

## **Section 6 Repurchase of Stocks**

**11.6.1** The provisions in this Section shall apply to the repurchase of stocks by listed companies for the purpose of reducing the registered capital. Repurchase of stocks for other purposes shall be governed by relevant regulations of the CSRC and the Exchange.

**11.6.2** After its board of directors approves repurchase-related matters, a listed company shall, in a timely manner, disclose the resolution of the board of directors and share repurchase proposal and issue a notice to convene a shareholders' general meeting. The share repurchase proposal disclosed by the company shall include at least the following information:

- (1) purpose of the share repurchase;
- (2) method of the share repurchase;
- (3) the price or price range and the pricing principle for the share repurchase;
- (4) the class and quantity of the stocks to be repurchased and the percentage of such stocks in the total share capital;
- (5) the total amount and source of the funds to be used for the repurchase;
- (6) the time period for the share repurchase;
- (7) the anticipated change in the equity structure of the company following the repurchase;  
and
- (8) an analysis report by the management on the impact of the share repurchase on the operation, finance and future development of the company.

**11.6.3** A listed company shall engage an independent financial advisor to conduct due diligence investigation on the share repurchase and produce an independent financial advisor's report and shall announce the report five days prior to the shareholders' general meeting.

**11.6.4** The listed company shall, three days before convening the shareholders' general meeting, publish on the website of the Exchange the names of its top ten shareholders (or the top ten shareholders of free-float stocks if the listed company has yet to complete the non-tradable share reform), the quantity of stocks each of them holds and their respective shareholding percentages as shown on the register of shareholders on the trading day immediately preceding the announcement of the share repurchase resolution of its board of directors and on the record date for the shareholders' general meeting.

**11.6.5** The resolution on share repurchase of the shareholders' general meeting of the listed company requires the approval of more than two-thirds of the voting rights held by the shareholders attending the meeting.

After the shareholders' general meeting adopts the resolution on share repurchase, the listed company shall make an announcement in a timely manner and notify its creditors within ten days.

**11.6.6** A listed company that conducts the share repurchase by means of bidding shall fulfill disclosure obligations as follows:

- (1) making a timely disclosure after it applies to the CSRC for canceling its plan of share repurchase by bidding or receives a comment letter from the CSRC.
- (2) releasing the Repurchase Report and legal opinions within five working days of receipt of a no comment letter from the CSRC.
- (3) within the first three trading days of each month during the period of share repurchase, announcing the progress of the repurchase as at the end of the previous month, including the total quantity of stocks repurchased, the highest and lowest prices and the total amount paid.

Whenever the stocks repurchased by the listed company by means of bidding increase by 1 percent in the total share capital of the listed company, the listed company shall make an announcement within two trading days of the occurrence thereof. Such announcement shall include the same information as prescribed in the preceding paragraph.

- (4) if the listed company fails to implement the repurchase plan three months before the expiration of the repurchase period, the board of directors shall make an announcement of the reasons therefor.

**11.6.7** The Repurchase Report as referred to in the preceding Subsection shall include the following information:

- (1) the matters enumerated in the Section 11.6.2 hereof;
- (2) a statement on whether the directors, supervisors or senior officers of the listed company had sold or purchased the stocks of the listed company during the six months prior to the announcement of the resolution of the shareholders' general meeting and whether they have, independently or jointly with others, engaged in insider trading or market manipulation;
- (3) the conclusive opinion issued by the independent financial advisor on the share repurchase;
- (4) the conclusive opinion issued by the law firm on the share repurchase; and
- (5) other matters that must be stated.

**11.6.8** A listed company that conducts the share repurchase by means of tender offer shall fulfill disclosure obligations as follows:

- (1) making a timely disclosure after it applies to the CSRC for canceling its plan of share repurchase by tender offer or receives a comment letter from the CSRC.
- (2) releasing a preannouncement within two trading days of receipt of a no comment letter from the CSRC and disclose the Repurchase Report and legal opinions before the implementation of the repurchase plan. The Repurchase Report shall include, in addition to the information prescribed in Section 11.6.7 hereof, a special statement on the method and procedure for preliminary acceptance and withdrawal of preliminary acceptance of the offer by

the shareholders.

(3) during the effective term of the share repurchase by tender offer, the listed company shall authorize the Exchange to publish each day on the Exchange's website the quantities of stocks with respect to which the offer has preliminarily accepted or the preliminary acceptance of the offer has been withdrawn.

**11.6.9** A listed company shall carry out share repurchase through a special repurchase account. Upon the expiration of the repurchase period or the completion of the repurchase plan, the listed company shall immediately stop the repurchase, cancel the special repurchase account and, within two trading days, publish an announcement of the repurchase results.

## **Section 7 Merger by Absorption**

**11.7.1** A listed company that intends to merge with other companies by absorption shall disclose the resolution of its board of directors and the preannouncement of the merger plan in a timely manner after its board of directors approves merger-related matters. Such preannouncement shall include the following information:

- (1) contents of the merger plan;
- (2) conditions precedent to the merger;
- (3) basic information on the two parties to the merger;
- (4) investor protection measures; and
- (5) other information as required by the Exchange.

**11.7.2** A listed company shall disclose its board of directors' written description of the merger proposal when giving notice of the shareholders' general meeting and shall release a risk warning announcement at least twice prior to the shareholders' general meeting. The description of the merger proposal shall include the following information:

- (1) basic information on the two parties to the merger;
- (2) merger plan;
- (3) causes of merger and the reason for agreement to the merger;
- (4) technical and financial analysis on the two parties to the merger;
- (5) opinions of the independent financial advisor, law firm and other securities service agencies; and
- (6) other information as required by the Exchange.

The written description of the merger proposal shall fully disclose the risk factors associated with the merger plan.

**11.7.3** A listed company shall engage an independent financial advisor to conduct due diligence

investigation on the merger and produce an independent financial advisor's report, engage a law firm to issue professional opinions on the merger, and make relevant announcement five trading days prior to the shareholders' general meeting.

**11.7.4** The resolution on the merger of the shareholders' general meeting of the listed company requires the approval of more than two-thirds of the voting rights held by the shareholders attending the meeting.

After the shareholders' general meeting adopts the resolution on the merger, the listed company shall make an announcement in a timely manner and notify its creditors within ten days.

**11.7.5** After the CSRC's approval of the merger plan, the listed company shall, in a timely manner, release the summary of the merger report, a preannouncement of the implementation of the merger, and an announcement of the implementation results. Following the merger, the company shall complete the procedure of registration of share changes and, pursuant to the provisions in Chapter V hereof, apply to the Exchange for the listing of the stocks of the new company. The absorbed company shall be delisted pursuant to the provisions in Chapter XIV hereof.

**11.7.6** In the case of division of a listed company, the provisions on deliberation procedure and information disclosure in this Subsection shall be applied *mutatis mutandis*.

## **Section 8 Material Matters Related to Convertible Bonds**

**11.8.1** Upon the occurrence of any of the following circumstances, a listed company that has offered convertible bonds shall report to the Exchange and make timely disclosure:

- (1) any new share offer, bonus share offer, corporate division or any other cause leads to share changes, and as a result, the company's share conversion price needs to be adjusted, or, pursuant to the downside reset provision in the bond offer prospectus, the company's share conversion price is adjusted downward;
- (2) stocks converted from convertible bonds add up to 10 percent of the company's pre-conversion total outstanding stocks;
- (3) the company's credit status makes material changes and would affect its repayment of principal of bonds and the interest thereon upon maturity;
- (4) the warrantor to the convertible bonds undergoes major asset changes, encounters major litigations or is involved in merger or division;
- (5) the total par value of convertible bonds that are not yet converted is less than RMB 30 million;
- (6) a qualified credit rating agency assigns a rating to the convertible bonds or the company;
- (7) other material matters that would have a significant impact on the price of the convertible bonds; or
- (8) other circumstances prescribed by the CSRC and the Exchange.

**11.8.2** Whenever the convertible bonds held by an investor come to 20 percent of the total convertible bonds of a listed company, the investor shall, within three days of the occurrence thereof, report to the Exchange in writing, notify the listed company and making an announcement. Within the aforesaid time limit, the investor is prohibited from trading the convertible bonds and stocks of the company.

Once an investor holds 20 percent of the convertible bonds of a listed company, the investor shall, pursuant to the provisions of the preceding paragraph, report and announce each 10 percent increase or decrease in the convertible bonds it holds. During the reporting period and within the two days after announcement, the investor is prohibited from trading the convertible bonds and stocks of the company.

**11.8.3** A listed company shall announce interest payment within three to five trading days prior to the date specified for payment of interest accrued on the convertible bonds. It shall also release an announcement of repayment of the principal and payment of interest accrued thereon within two trading days upon maturity.

**11.8.4** A listed company shall make an announcement of share conversion within three trading days prior to commencement of share conversion.

**11.8.5** On the next trading day after the call conditions are met, a listed company shall make an announcement stating clearly whether it will exercise the call option or not. If the call option is to be exercised, the listed company shall make an announcement at least thrice before the end of the call period. Such announcement shall include the call procedure, call price, method of payment, time of payment, etc.

After the end of the call period, the company shall announce the call results and the impact thereof.

**11.8.6** A listed company shall release a put announcement on the next trading after the put conditions are met and release a cautionary announcement at least thrice before the end of the put period. The cautionary announcement shall include the put procedure, put price, method of payment, etc.

After the end of the put period, the company shall announce the put results and the impact thereof.

**11.8.7** To change the use of the proceeds raised from the offering of convertible bonds, the listed company shall grant the bond holders a one-time put option within twenty trading days after the resolution on the change of the use of proceeds is adopted at the shareholders' general meeting, and make relevant announcement at least thrice, i.e., at least once within the five trading days after the announcement of the resolution of the shareholders' general meeting and prior to implementation of the put option, at least once during the put period, with the last-time announcement to be made whenever necessary.

**11.8.8** A listed company shall, twenty trading days prior to the end of the share conversion period, release a cautionary announcement at least thrice, informing investors that trading will be suspended in the ten trading days prior to the end of the share conversion period.

Upon the occurrence of other circumstances where trading in a listed company's convertible

bonds must be suspended pursuant to relevant regulations, the listed company shall announce the suspension in a timely manner after it becomes aware of such circumstances.

**11.8.9** After the end of each quarter, a listed company shall timely release changes in its shareholdings as a result of conversion of convertible bonds into stocks.

## **Section 9 Equity Changes and Acquisition**

**11.9.1** Where the shareholder holding more than 5 percent of the stocks of a listed company or the *de facto* controller of a listed company is involved in equity changes or acquisition in respect of the listed company, the relevant shareholder, acquirer or *de facto* controller that fulfills reporting and announcement obligations in accordance with the *Measures on the Administration of Acquisition of Listed Companies* shall notify the listed company in a timely manner. The listed company shall release a cautionary announcement in a timely manner after it becomes aware of the foregoing equity changes or acquisition.

**11.9.2** Where the decrease of share capital by a listed company leads to changes in the equity interest of any shareholder as well as the party acting in concert that are subject to the disclosure requirements, the listed company shall, within two trading days of completing the registration procedure for the share capital change, make an announcement of shareholders' equity changes arising therefrom.

**11.9.3** A listed company that is authorized by shareholders for transfer of equity ownership shall make timely disclosure after learning of relevant facts.

**11.9.4** A listed company involved in an acquisition by tender offer shall disclose the *Report of the Board of Directors of the Target Company* and the independent financial adviser's professional opinions within twenty days after the acquirer announcing the *Report on Acquisition by Tender Offer*.

Where the acquirer makes major amendments to the terms of the tender offer, the board of directors of the target company shall disclose its supplementary opinions and the independent financial adviser's supplementary opinions within three trading days.

**11.9.5** Where any director, supervisor, senior officer or employee of a listed company, or, any legal person, other organization or natural person under the control of or authorized by such director, supervisor, senior officer or employee intends to acquire or take control of the listed company, the listed company shall disclose the resolution of the board meeting at which the uninterested directors are present, the resolution of the shareholders' general meeting at which the uninterested shareholders are present, as well as the independent directors' opinions and the independent financial adviser's opinions.

A subsidiary of a listed company shall not acquire shares issued by the said listed company. The situation concerning subsidiary's holding of shares in the listed company for some special reasons shall be legally eliminated within one year. The involved subsidiary shall not exercise the voting rights corresponding to the shares held prior to elimination of the above-mentioned situation.

**11.9.6** Where, when the controlling shareholder of a listed company transfers its stocks in the



company to the acquirer, the controlling shareholder and its associates have not yet settled all their debts to the company, or the guarantee granted by the listed company to the debts of the controlling shareholder has not yet been released, or the controlling shareholder would otherwise impair the interests of the company, the board of directors of the company shall make timely disclosure and put forward solutions.

**11.9.7** Where the *de facto* controller of a listed company and the shareholders under the control thereof fail to fulfill reporting and announcement obligations, the board of directors of the listed company shall fulfill such obligations from the date it becomes aware of the situation, and urge the *de facto* controller and such shareholders to fulfill reporting and announcement obligations.

**11.9.8** Where the *de facto* controller of a listed company and the shareholders under the control thereof fail to fulfill reporting and announcement obligations, or refuse to fulfill cooperation obligations, or the *de facto* controller is prohibited by laws and regulations from acquiring the listed company, the board of directors of the listed company shall decline the proposals or temporary proposals put forward by the *de facto* controller and such shareholders and report to the CSRC and the Exchange.

**11.9.9** Where, before any person with information disclosure obligations in respect of the acquisition and relevant equity change activities of a listed company makes disclosure in accordance with law, the relevant information has been circulated in the media or there is unusual movement in the share price of the company, the board of directors of the listed company shall immediately question the relevant parties in writing and make a timely disclosure.

**11.9.10** Where a listed company is involved in the equity change or acquisition of any other listed company, it shall fulfill reporting and announcement obligations in accordance with the *Measures on the Administration of Acquisition of Listed Companies*.

## **Section 10 Share Incentive**

**11.10.1** A listed company that intends to implement the share incentive scheme shall, in strict accordance with the regulations of the CSRC and the Exchange on share incentive schemes, complete necessary deliberation procedures and fulfill reporting and announcement obligations.

**11.10.2** A listed company that intends to implement the share incentive scheme shall, in a timely manner, disclose the resolution of its board of directors on the share incentive scheme, the opposition to or official approval of the share incentive scheme by the CSRC and the State-owned assets supervision and administration authority, the voting results of the shareholders' general meeting on the share incentive scheme as well as the implementation process of the share incentive scheme, and shall submit relevant documents as required by the Exchange.

**11.10.3** While publishing the announcement of the share incentive scheme, the listed company shall simultaneously disclose on the website of the Exchange the names and titles of respective participants in the share incentive scheme, the quantities of restricted stocks or stock options to be granted to each of them, the percentages of such restricted stocks or stock options in the total stocks or stock options proposed in the share incentive scheme.

**11.10.4** Where a listed company uses restricted stocks or stock options for its share incentive scheme, it shall, in a timely manner after the shareholders' general meeting approves the share incentive scheme, convene a board meeting to consider the matter and then disclose its conclusive opinions on whether the share incentive scheme meets the requirements for granting the restricted stocks or stock options, as well as the specified date of granting, the participants in the share incentive scheme, the quantity covered in the share incentive scheme, the restricted share or stock option price, as well as the impact of the share incentive scheme on the financial status and performance results of the listed company for the current year.

In case that the exercise ratio and exercise price of the stock options are adjusted in accordance with the adjustment formula set forth in the share incentive scheme, the company shall disclose the adjustment in a timely manner.

**11.10.5** A listed company that intends to grant incentive stocks to the share incentive scheme participants shall apply to the Exchange. The Exchange will confirm the application filed by the listed company for granting incentive stocks. Based on such confirmation, the company shall submit relevant documents to the Registration Company for registration of the granting of incentive stocks and, after completing the registration procedures, make an announcement in a timely manner that it has completed granting of incentive stocks.

**11.10.6** If the conditions for lifting sale restrictions on restricted stocks are met, the board of directors of the listed company shall consider the matter in a timely manner and apply to the Exchange for lifting the sale restrictions. Based on the application filed by the listed company, the Exchange will confirm the application for lifting sale restrictions on restricted stocks. The company shall disclose the lifting of sale restrictions on restricted stocks in a timely manner.

**11.10.7** If the conditions for exercise of stock options are met, the board of directors of the listed company shall consider the matter and then disclose its conclusive opinions on whether the conditions for exercise of stock options are met, as well as the commencement date and end date of the exercise period, sources and estimated quantity of the underlying stocks for exercise of the stock options, the quantity of stock options that are granted in the current installment and held and can be exercised or are intended to be exercised by each participant, and the quantity of stock options that are held by each participant but not yet eligible for exercise.

If the conditions for exercise of stock options are not met, the listed company shall disclose the reason therefor in a timely manner. If the conditions for exercise of stock options granted in the current installment are not met, board of directors of the company shall make clear how it will handle the stock options already granted as well as relevant subsequent arrangement.

**11.10.8** The Exchange will confirm the application of the listed company for exercise of stock options based on the application documents submitted by the listed company. Based on such confirmation, the company shall submit relevant documents to the Registration Company for registration of the exercise of stock options and make an announcement of the exercise results.

**11.10.9** Where the stocks obtained from the exercise of stock options are subject to a lock-up period, at the expiration of the lock-up period, the board of directors of the listed company shall, in a timely manner, consider the matter, apply for the listing of restricted stocks and disclose the lifting of sale restrictions on restricted stocks.

**11.10.10** In case that, after the listed company implements the share incentive scheme, any participant in the share incentive scheme no longer meets the granting conditions, has left the listed company or has been succeeded or has died, the listed company shall timely disclose its measures for handling the restricted stocks and stock options already granted to the share incentive scheme participants as well as relevant subsequent arrangement.

## **Section 11 Bankruptcy**

**11.11.1** After a listed company enters the bankruptcy proceedings as ruled by the court, trading suspension and resumption and special treatment of the stocks of the listed company and derivatives thereon shall be implemented pursuant to the relevant provisions in Chapter XIII hereof. The company shall disclose the progress of the bankruptcy proceedings once each month.

**11.11.2** Once the board of directors of a listed company makes a decision to apply to the court for reorganization, settlement or bankruptcy liquidation or becomes aware that any creditor has applied to the court for reorganization or bankruptcy liquidation of the company, the listed company shall report to the Exchange and disclose the following information in a timely manner:

- (1) specific reasons for the company to make the decision and the time for formal filing of the application (in the case that the listed company itself files the application);
- (2) basic information on the applicant, purposes for the application, and relevant facts and reasons (in the case that a creditor files the application);
- (3) the impact of the application for reorganization, settlement or bankruptcy liquidation on the listed company; and
- (4) other matters that need to be stated.

The listed company shall disclose fully in the announcement the risk that its stocks and derivatives thereon are likely to be terminated from listing.

**11.11.3** A listed company shall, in a timely manner, disclose the progress of the court's acceptance of the application for reorganization, settlement or bankruptcy liquidation, including the following information:

- (1) the applicant withdraws its application before the court accepts its application for reorganization, settlement or bankruptcy liquidation;
- (2) the time and main contents of the ruling made by the court for dismissal of the application for reorganization, settlement or bankruptcy liquidation; and
- (3) other information that must be disclosed as required by the Exchange.

**11.11.4** Where the court accepts the application for reorganization, settlement or bankruptcy liquidation, the listed company shall report to the Exchange and disclose the following information in a timely manner:

- (1) the name of the applicant (in the case that a creditor files the application);
- (2) the time and main contents of the ruling made by the court for acceptance of the application for reorganization, settlement or bankruptcy liquidation;
- (3) basic information on the administrator appointed by the court (including but not limited to the name of the administrator or names of administrator members, the person in charge and his duties, address and other contact information for administration purposes);
- (4) the method of determining the persons responsible for information disclosure after the company enters bankruptcy proceedings, and the basic information on the person in charge (including but not limited to his name, address and other contact information); and
- (5) other information that must be disclosed as required by the Exchange.

The listed company shall disclose fully in the announcement the risk that its stocks and derivatives thereon are likely to be terminated from listing.

**11.11.5** After the court accepts the application for bankruptcy liquidation and before the court declares the listed company bankrupt, the listed company shall disclose relevant information in respect of the following matters in a timely manner:

- (1) the time when the company, or the capital contributor representing more than one tenth of the registered capital of the company, applied to the court for reorganization, and the reason therefor, etc.;
- (2) the time when the company applied to the court for settlement, and the reason therefor, etc.;
- (3) the time and main contents of the ruling made by the court for approval or disapproval of the application for reorganization or settlement;
- (4) the plan of convening the creditors' meeting and details of the meeting held;
- (5) the time and the main contents of the ruling made by the court to reject the bankruptcy application on the grounds that the court finds after examination that the company does not fall within the bankruptcy cases provided in the *Enterprise Bankruptcy Law of the People's Republic of China* (hereinafter, the *Enterprise Bankruptcy Law*), and a statement whether the applicant files an appeal; and
- (6) other matters that must be disclosed as required by the Exchange.

**11.11.6** After the court rules on reorganization, the listed company shall, in a timely manner, report to the Exchange and disclose relevant information in respect of the following matters:

- (1) reporting of claims;
- (2) the time of submitting the draft reorganization plan to the court and the creditors' meeting, and the contents of such plan, etc.;
- (3) the adoption by voting of the draft reorganization plan and the approval thereof by the

court;

- (4) the mandatory approval of the draft reorganization plan by the court;
- (5) the administrative approval with respect to the reorganization;
- (6) the time and main contents of the ruling made by the court to terminate the reorganization proceedings;
- (7) the time and main contents of the ruling made by the court to declare the company bankrupt; and
- (8) other matters that must be disclosed as required by the Exchange.

**11.11.7** After the court rules on a settlement, the listed company shall, in a timely manner, report to the Exchange and disclose relevant information in respect of the following matters:

- (1) reporting of claims;
- (2) the time of submitting the draft settlement agreement to the court, and the main contents of such agreement, etc.;
- (3) the adoption by voting of the draft settlement agreement and the approval thereof by the court;
- (4) the administrative approval with respect to the settlement;
- (5) the time and main contents of the ruling made by the court to terminate the settlement proceedings;
- (6) the time and main contents of the ruling made by the court to declare the company bankrupt; and
- (7) other matters that must be disclosed as required by the Exchange.

**11.11.8** During the implementation period of the reorganization plan or the settlement agreement, the listed company shall disclose the following information in a timely manner:

- (1) the progress of implementation of the reorganization plan or the settlement agreement;
- (2) the court rules to declare the company bankrupt at the request of the administrator or an interested person as the company is unable to implement or fails to implement the reorganization plan or the settlement agreement; and
- (3) other information that must be disclosed as required by the Exchange.

**11.11.9** When the listed company discloses information on reorganization, settlement or bankruptcy liquidation as mentioned above, it shall submit to the Exchange the following documents with respect to the matters involved:

- (1) draft announcement;

- (2) the administrator's explanatory statement;
- (3) the legal instrument issued by the court;
- (4) draft reorganization plan or draft settlement agreement;
- (5) approval documents issued by relevant competent authorities with respect to the draft reorganization plan or draft settlement agreement;
- (6) the agreement or letter of intent in relation to the draft reorganization plan or draft settlement agreement;
- (7) the resolution adopted by the board of directors;
- (8) the resolution adopted by the shareholders' general meeting;
- (9) the resolution adopted by the creditors' meeting;
- (10) the resolution adopted by the congress of the employees;
- (11) legal opinion issued by the law firm;
- (12) professional reports issued by the CPA firm, asset appraisal agency and other securities service agencies; and
- (13) other documents as required by the Exchange.

**11.11.10** A listed company that enters bankruptcy proceedings shall, in addition to making timely disclosure as mentioned above, disclose its periodic reports and *ad hoc* reports in a timely manner in accordance with these Rules and other regulations of the Exchange.

**11.11.11** Where a listed company adopts the operation model of management by the administrator, the administrator and its members shall, in accordance with the *Securities Law* and the relevant regulations of the Supreme People's Court, the CSRC and the Exchange, disclose information to all the creditors and shareholders in a timely and fair manner and guarantee that the information disclosed is truthful, accurate and complete.

The periodic reports disclosed by the company shall be signed by the administrator's members with their written opinions and the *ad hoc* reports disclosed shall be published by the administrator and affixed with the seal of the administrator.

**11.11.12** Where a listed company adopts the operation model of supervision by the administrator, the directors, supervisors and senior officers of the company shall fulfill information disclosure obligations in accordance with these Rules and the relevant regulations of the Exchange.

The administrator shall notify the board of directors in a timely manner of the discloseable matters covered in this Section or other discloseable material events and shall supervise the directors, supervisors and senior officers to make sure that they fulfill their information disclosure obligations with due diligence.

**11.11.13** Where, after a listed company enters reorganization or settlement proceedings, its reorganization plan or settlement agreement involves increase or decrease of its registered capital, issuance of corporate bonds, corporate merger or division, acquisition of its stocks, or waiver of tender offer, etc., the company shall complete relevant deliberation procedures in accordance with the relevant regulations of the Supreme People's Court and the CSRC and fulfill information disclosure obligations in accordance with these Rules and relevant regulations of the Exchange.

## **Section 12 Others**

**11.12.1** A listed company and relevant persons with information disclosure obligations shall strictly comply with their undertakings. The listed company shall, in a timely manner, extract its undertakings and the undertakings of the relevant persons with information disclosure obligations, file such extracts with the Exchange and publish the same on the Exchange's website. The listed company shall make special disclosure of the fulfillment of the aforesaid undertakings in its periodic reports.

Any company failing to fulfill the aforesaid undertakings shall, in a timely manner, disclose the reason therefor and the legal liabilities that relevant directors are likely to bear. In case that a person with information disclosure obligations fails to fulfill its undertaking, the company shall take the initiative in inquiring such person about the reason therefor and, in a timely manner, disclose such reason as well as the measures intended to be adopted by the board of directors.

**11.12.2** If the IPO application or disclosure documents submitted by a listed company contain any misrepresentations, misleading statements or material omissions, and a case has been filed by the CSRC for investigation, then before a conclusion has been made, the following entities shall suspend transfer of stocks in which they have equity interests pursuant to their public undertakings made in public offering or listing documents or otherwise:

- (1) holding shareholders and *de facto* controllers of the listed company;
- (2) directors, supervisors and senior officers of the listed company;
- (3) shareholders who hold stocks before the IPO;
- (4) other shareholders who hold lock-up stocks specified in laws, administrative regulations, the CSRC and rules of the Exchange; and
- (5) shareholders of the listed company who have voluntarily made lock-up undertakings.

**11.12.3** If any of the circumstances mentioned in the preceding paragraph occurs to the application or disclosure documents for new share offer submitted by a listed company or the application or relevant disclosure documents for material recapitalization that constitutes a listing after restructuring, and a case has been filed by the CSRC for investigation, then before a conclusion has been made, the following entities shall suspend transfer of stocks in which they have equity interests pursuant to their public undertakings made in information disclosure documents or otherwise:

- (1) holding shareholders and *de facto* controllers of the listed company;

- (2) directors, supervisors and senior officers of the listed company;
- (3) reorganizing party, the party acting in concert and holders of shares or equities in the operating entities whose assets are acquired by the listed company;
- (4) other shareholders who hold lock-up stocks specified in laws, administrative regulations, the CSRC and rules of the Exchange; and
- (5) shareholders of the listed company who have voluntarily made lock-up undertakings.

**11.12.4** The undertaking persons set out in Sections 11.12.2 and 11.12.3 above shall not transfer the stocks in which they have equity interests upon receipt by the listed company of notice of case filing and investigation from the CSRC and shall apply in a timely manner with the registration and clearing institution for suspension of stock transfer.

If any of relevant undertaking persons fails to complete the formalities for suspension of stock transfer as required in the preceding paragraph, the board of directors of the listed company shall promptly verify such failure and complete the same for such person.

**11.12.5** Upon the occurrence of any of the following circumstances that exposes a listed company to great risks, the listed company shall report to the Exchange and make relevant disclosure in a timely manner:

- (1) incurrence of a major deficit or a heavy loss;
- (2) incurrence of a major debt, or failure by any third party to settle the company's major claims that are due;
- (3) likely to be liable for material default or for large-amount indemnity in accordance with law;
- (4) provision for large-amount asset depreciation;
- (5) making a decision to dissolve itself or being ordered to close down by a competent authority;
- (6) foreseeing negative minority interest;
- (7) major debtor insolvent or entering the bankruptcy proceedings and the company has failed to make adequate bad debt provision for its corresponding creditor's rights;
- (8) major assets are sealed up, detained, frozen, mortgaged or pledged;
- (9) principal or all business activities come to a standstill;
- (10) being investigated by the competent authority for suspected violation of laws and regulations or given major administrative or criminal penalties;
- (11) its legal representative or chief executive officer is unable to perform his duties, its directors, supervisors or senior officers are being investigated by or subject to the compulsory measures of the competent authority or are subject to grave administrative or criminal



punishment for suspected violation of laws and regulations; or

(12) other great risks as recognized by the Exchange or the company itself.

Where the aforesaid matters involve specific monetary amount, the provisions of Section 9.2 of these Rules shall be applied *mutatis mutandis*.

**11.12.6** If the listed company is involved in a case filed by the CSRC for investigation or is prosecuted by the people's procuratorate, and is likely to meet the criteria for compulsory delisting due to major legal violation, then in addition to timely disclosure, the company shall also disclose relevant risk warning announcement in accordance with following requirements:

(1) disclose a risk warning announcement at least once a month that its stocks are likely to be suspended or terminated from listing;

(2) when the CSRC, the Exchange or the board of directors of the company deems necessary, disclose a risk warning announcement that its stocks are likely to be suspended or terminated from listing.

**11.12.7** A listed company shall report to the Exchange and make timely disclosure if any of the following circumstances applies:

(1) changes in the company name, short name of its stock, its articles of association, registered capital, registered address, principal business address, telephone number, etc. In the case of amendment to its articles of association, it shall also disclose its new articles of association on the Exchange's website;

(2) material changes in operation guidelines and scope of business;

(3) changes in accounting policies and accounting estimates;

(4) its board of directors reaches a resolution on further issues, convertible bond offering or other refinancing plans;

(5) the CSRC Committee for Examination of Share Issues or CSRC M & A and Reorganization Committee gives its opinion on the company's refinancing plans such as further issues or convertible bond offering, or major asset restructuring plan;

(6) resignation or changes of its legal representative, chief executive officer, any of its directors (including any independent director) or more than one third of its supervisors;

(7) material changes in its business operations or external conditions or production environment (including material changes in product prices, procurement prices of raw materials and procurement methods);

(8) conclusion of an important contract that would have a material impact on the company's assets, liabilities, equity interest or performance results;

(9) the newly promulgated laws, administrative regulations, rules of competent authorities or policies would have a material impact on the company's operations;

- (10) engaging or dismissing a CPA firm responsible for its audit;
- (11) a court ruling prohibits the controlling shareholder from transferring the stocks it holds in the company;
- (12) more than five percent stocks held by any shareholder are mortgaged, frozen, auctioned off by judicial department, put in custody or held in trust, or the voting rights attached to such stocks are restricted in accordance with law;
- (13) large-amount governmental subsidies and other additional revenue, or occurrence of other matters that would have a material impact on the company's assets, liabilities, equity interest or performance results; or
- (14) other circumstances as recognized by the Exchange or the listed company itself.

Where the aforesaid matters involve specific monetary amount, the provisions of Section 9.2 of these Rules shall be applied *mutatis mutandis*.

## **Chapter XII Suspension and Restoration of Dealings**

**12.1** To ensure timeliness, fairness and symmetry in information disclosure, the Exchange may decide on the suspension and restoration of dealings in the stocks of the listed company and derivatives thereon based on actual situations, the requirement of the CSRC or the application of the listed company.

**12.2** Upon the occurrence of any of the circumstances as prescribed in this Chapter under which trading suspension is required, a listed company shall apply to the Exchange for suspension and restoration of dealings in its stocks and derivatives thereon.

In the absence of any specific provisions in this Chapter, the company may, by a reason deemed appropriate by the Exchange, apply to the Exchange for suspension and restoration of dealings in its stocks and derivatives thereon.

**12.3** Trading suspension and restoration in respect of a listed company's offering of stocks and derivatives thereon shall be governed by the relevant regulations of the Exchange.

**12.4** Where a listed company forecasts that it would be difficult to keep any material and discloseable information confidential prior to disclosure thereof or such information has been leaked, which would have or has already had a significant impact on the prices of the stocks of the company and derivatives thereon, the listed company shall apply to the Exchange promptly for suspension of trading.

**12.5** Where a listed company that engages in major asset restructuring applies to the Exchange for trading suspension pursuant to the relevant regulations of the CSRC and the Exchange, trading in the stocks of the company and derivatives thereon shall be suspended and restored in accordance with relevant regulations.

**12.6** Where the appearance in the public media of a listed company's undisclosed information would have or has already had a significant impact on the prices of the stocks of the company and derivatives thereon, the Exchange may in its discretion suspend the trading during trading

hours until the opening of the market on the date the company makes relevant announcement. In case that the date of announcement falls on a non-trading day, trading in the stocks of the company and derivatives thereon shall be restored at the market opening on the first trading day following the date of announcement.

**12.7** Where a listed company fails to disclose its quarterly report within the time limit specified by the CSRC and these Rules, trading in the stocks of the company and derivatives thereon shall be suspended for one day on the trading day following the expiration date of the disclosure period.

Where a listed company fails to disclose its annual report or interim report within the statutory period and the time limit specified by these Rules, trading in the stocks of the company and derivatives thereon shall be suspended until the opening of the market on the date when the company discloses the relevant periodical report. In case that the date of disclosure falls on a non-trading day, trading in the stocks of the company and derivatives thereon shall be restored at the market opening on the first trading day following the date of disclosure. The period of trading suspension due to the company's failure to disclose the annual report or interim report shall be no more than two months. During such period, the company shall release a risk warning announcement at least thrice.

Where a listed company fails to disclose both its quarterly report and annual report or interim report, trading in the stocks of the company and derivatives thereon shall be suspended and restored pursuant to the relevant provisions in the preceding paragraph and Chapter XIII hereof.

**12.8** Where a listed company is ordered by the CSRC to correct the serious errors or falsehoods in its financial report but fails to do so within the specified time limit, trading in the stocks of the company and derivatives thereon shall be suspended until the opening of the market on the date when the company discloses its restated financial report. In case that the date of disclosure falls on a non-trading day, trading in the stocks of the company and derivatives thereon shall be restored at the market opening on the first trading day following the date of disclosure.

The period of trading suspension due to the company's failure to correct its financial report shall be no more than two months. During such period, the company shall release a risk warning announcement at least thrice.

**12.9** Where a listed company's disclosure in its periodic report or *ad hoc* report is inadequate or incomplete or would mislead investors and the company refuses to give explanations or make supplementary disclosure as required in respect of relevant contents, the Exchange may in its discretion suspend trading in the stocks of the company and derivatives thereon until the opening of the market on the date when the company makes relevant announcement. In case that the date of announcement falls on a non-trading day, trading in the stocks of the company and derivatives thereon shall be restored at the opening of the market on the first trading day following the date of announcement.

**12.10** Where a listed company is investigated by a relevant authority for suspected serious violations of laws, administrative regulations, rules of competent authorities, other regulatory documents, these Rules or other rules specified by the Exchange in the company's business operations and information disclosure, the Exchange may, in accordance with the circumstances,

determine the timing for trading suspension and restoration of the stocks of the company and derivatives thereon. during the period of investigation.

**12.11** Where a listed company seriously violates these Rules and refuses to make corrections within the time limit as required, the Exchange will suspend trading in the stocks of the company and derivatives thereon and, in accordance with the circumstances, determine the trading restoration.

**12.12** Where, due to any reason on the part of a listed company, the Exchange is unable to obtain the company's valid information, the Exchange may at its discretion suspend trading in the stocks of the company and derivatives thereon until the aforesaid situation ceases to exist.

**12.13** Where a listed company is unsuitable for listing for twenty consecutive trading days as a result of equity changes, the Exchange will suspend trading in the stocks of the company and derivatives thereon on the trading day following the expiration of the aforesaid twenty trading days. The company shall, within one month since the trading suspension, submit to the Exchange a plan for addressing equity structure problems. If such plan is approved by the Exchange, the company shall announce the Exchange's decision and disclose relevant risks. On the next trading day following the announcement, trading in the stocks of the company and derivatives thereon shall be restored and the Exchange will issue a delisting risk warning on such stocks and derivatives.

**12.14** Where the acquirer of a listed company fulfills tender offer obligations, or the acquirer makes a general offer for the purpose of terminating the listing status of the targeted listed company, trading in the stocks of the company and derivatives thereon shall be suspended from the expiration of the tender offer period until the announcement of tender offer results.

Where the equity structure of the target listed company meets listing requirements after the acquisition, trading in the stocks of the company and derivatives thereon shall be restored at the opening of the market on the date of announcement of tender offer results. Where the equity structure no longer meets the listing requirements and the acquirer had made the general offer for the purpose of terminating the listing status of the targeted listed company, trading suspension of the stocks of the company and derivatives thereon shall remain until the Exchange terminates the listing of the stocks of the company and derivatives thereon. Where the equity structure no longer meets the listing requirements but the acquirer has not made the general offer for the purpose of terminating the listing status of a listed company, the company may submit a plan for addressing the equity structure problems to the Exchange within five trading days and handle relevant matters by applying *mutatis mutandis* the provisions of Section 12.13 hereof.

**12.15** During the period when the stocks of a listed company and derivatives thereon are suspended from trading, the listed company shall disclose the reasons for failure to restore trading every five trading days, save as otherwise prescribed by the Exchange.

**12.16** Where the stocks of a listed company are given a risk warning by the Exchange, trading in the stocks of the company and derivatives thereon shall be suspended and restored pursuant to the provisions in Chapter XIII hereof.

**12.17** Upon the occurrence of any of the circumstances enumerated in Section 14.1.1 or Section 14.1.11 hereof or if a material matter occurs and affects a listed company's listing status,

trading in the stocks of the company and derivatives thereon shall be suspended and resumed pursuant to the provisions in Chapter XIV hereof.

**12.18** A listed company that has issued convertible bonds shall apply to the Exchange for suspending share conversion of convertible bonds if any of the following applies:

- (1) the company adjusts downward the conversion price on its own initiative;
- (2) the company implements the plan of profit distribution or transfer of public reserve into share capital; or
- (3) other matters for which trading suspension or share conversion suspension is required as determined by the CSRC or the Exchange.

**12.19** Upon the occurrence of any of the following circumstances, the Exchange will suspend trading in convertible bonds pursuant to the following provisions:

- (1) whenever the total par value of the convertible bonds falls below RMB 30 million, trading in the convertible bonds shall be suspended three trading days after the company makes relevant announcement;

if the aforesaid circumstance occurs during the period when the company exercises its call option, trading in the convertible bonds shall not be suspended.

- (2) trading in the convertible bonds shall be suspended from the tenth trading day prior to the expiration of the share conversion period;
- (3) other circumstances as determined by the CSRC or the Exchange.

## **Chapter XIII Risk Warning**

### **Section 1 General Provisions**

**13.1.1** Where the abnormality in the financial condition or other aspects of a listed company exposes the company to the risk that its stocks is likely to be terminated from listing, makes investors unable to come up with a judgment on its prospects and would consequently impair their interest, or leads to other material risks, the Exchange will issue a risk warning on the stocks of such company.

**13.1.2** A risk warning as referred to in this Chapter may either be a warning of the risk of listing termination (hereinafter, delisting risk warning) or a warning of other great risks.

**13.1.3** The Exchange will establish a risk warning board. Any stocks of a listed company given a risk warning or delisting arrangement period will be traded in such board.

Details on risk warning board will be otherwise provided for by the Exchange.

**13.1.4** If a delisting risk warning is issued on the stocks of a listed company, a \*ST will be put before the short name of a stock to make a distinction from other stocks.

If other risk warnings are issued on the stocks of a listed company, a ST will be put before the

short name of a stock to make a distinction from other stocks, unless otherwise specified by the Exchange.

If a delisting risk warning is issued together with other risk warnings on a stock of a listed company, an \*ST will be put before the short name of the stock.

**13.1.5** If a risk warning is issued on the stocks of a listed company, the Exchange may apply a differentiated annual listing fee charging standard to that company.

**13.1.6** If more than two risk warnings are issued on the stocks of a listed company, the warnings shall be applied in sequence. In accordance with the principle of applying severe punishment, no warnings shall be revoked unless all criteria for warning revocation are met.

## **Section 2 Issuance of Delisting Risk Warning**

**13.2.1** The Exchange will issue a delisting risk warning on the stocks of a listed company upon the occurrence of any of the following circumstances:

- (1) the audited net profits in the most recent two consecutive financial years are negative or negative upon retrospective restatement;
- (2) the year-end audited net assets in the latest financial year are negative or negative upon retrospective restatement;
- (3) the audited revenues in the latest financial year are less than RMB10,000,000 or less than RMB10,000,000 upon retrospective restatement;
- (4) the financial report for the latest financial year is issued a disclaimer of opinion or adverse opinion by a CPA firm;
- (5) the company has been ordered by the CSRC to correct the serious errors or falsehoods in its financial report but fails to mend its way within the specified time limit, and the company's stocks have been suspended from trading for two months;
- (6) the company fails to disclose its annual report or interim report within the statutory period and the company's stocks have been suspended from trading for two months;
- (7) as equity distribution as prescribed in Section 12.13 hereof renders the company unsuitable for listing, the company submits in a month to the Exchange a plan for addressing the equity structure problem and obtains approval from the Exchange;
- (8) the company is compelled by the Exchange to delist its stocks due to major violation of laws, including IPO fraud, major information disclosure violations and other major violations involving national security, public safety, ecological security, production safety and public health and safety;
- (9) the company is likely to be forced to dissolve;
- (10) the court has accepted the company's application for reorganization, settlement or bankruptcy liquidation; and

(11) other circumstances as recognized by the Exchange.

Where the Exchange provides rules concerning the standards and procedures for the compulsory delisting due to major violation of laws, the rules shall prevail.

**13.2.2** A listed company, if expected to have one of the circumstances enumerated in (1) to (4) of Section 13.2.1, shall release a risk warning announcement that its stocks are likely to be issued a delisting risk warning within one month from the end of the relevant financial year and, prior to release of its annual report, make such announcement at least twice.

**13.2.3** A listed company shall make an announcement in a timely manner once its stocks are issued a delisting risk warning. Such announcement shall contain the following information:

- (1) class of stocks, short name of the stock, stock code, and the commencement day of delisting risk warning;
- (2) reasons for being issued a delisting risk warning;
- (3) opinion and specific measures of the company's board of directors for lifting the delisting risk warning;
- (4) risk disclosure that its stocks are likely to be suspended or terminated from listing;
- (5) major ways by which the company attends to investors' inquiries during the period of delisting risk warning;
- (6) other information as required by the CSRC and the Exchange.

**13.2.4** Upon the occurrence of any of the circumstances enumerated in (1) to (4) of Section 13.2.1 hereof, the company shall, after its board of directors has deliberated its annual report or financial report, submit a report to the Exchange in a timely manner along with the written opinion of its board of directors. The trading in its stocks and derivatives shall be suspended thereon from the day the restatement of its annual report or financial report is disclosed. In case the disclosure is made on a non-trading day, trading shall be suspended from the following trading day.

Where the company fails to report the circumstances in the previous paragraph to the Exchange in time, the Exchange may, after being informed of the circumstances, delist the company's stocks and their derivatives, and make announcement to the market.

The Exchange will issue a delisting risk warning on the company's stocks depending on the actual situation within 5 trading days from the commencement date of trading suspension. The company shall, as required by the Exchange, announce the delisting risk warning before the warning is issued on its stocks in a timely manner.

Trading in the company's stocks and derivatives thereon shall be restored on the trading day immediately following one trading day after the announcement is made. Upon the restoration of trading, the Exchange will issue a delisting risk warning on the company's stocks.

**13.2.5** Upon the occurrence of any of the circumstances enumerated in (5) and (6) of Section

13.2.1 hereof, trading in the stocks of the listed company and derivatives thereon shall be restored on the trading day following the expiration of the two-month trading suspension. Upon the restoration of trading, the Exchange will issue a delisting risk warning on the company's stocks.

During the period of delisting risk warning, the company shall publish a risk warning announcement once every five trading days.

**13.2.6** Upon the occurrence of the circumstance specified in (7) of Section 13.2.1 hereof, the listed company shall disclose on a trading day the plan for addressing the equity structure problem as approved by the Exchange and relevant risks.

Trading in the company's stocks and derivatives thereon shall be restored on the trading day immediately following the disclosure date. Upon the restoration of trading, the Exchange will issue a delisting risk warning on the company's stocks.

**13.2.7** Where the circumstance specified in (8) and (9) of Section 13.2.1 hereof is likely to occur, the listed company shall promptly apply with the Exchange for suspension of trading in the company's stocks and derivatives thereon, disclose related information and issue special risk warning about the possibility of stock delisting due to major legal violation when it becomes aware that it is given advance notice by relevant administrative authority of the administrative punishment or the People's Court has issued a ruling. Trading of its shares and derivatives will be suspended since the day of disclosure of relevant facts. Where the disclosure is made on a non-trading day, trading of the stocks will be suspended since the trading day immediately after the disclosure date.

Where the company fails to report the circumstances in the previous paragraph to the Exchange in time, the Exchange may, after being informed of the circumstances, delist the company's stocks and their derivatives, and make announcement to the market.

Where the listed company is informed of the decision made by relevant administrative authority of the administrative penalty or the ruling given by the People's Court, and the criteria for compulsory delisting due to major legal violation is likely to be met during the period of share delisting, it shall disclosure relevant information and issue special risk warning about the possibility of stock delisting due to major legal violation.

Where, after the shares of a listed company are delisted according to the Article, the listed company is informed of the decision made by relevant administrative authority of the administrative penalty or the ruling given by the People's Court, and it does not meet the criteria for compulsory delisting due to major legal violation, the company shall apply for restoring the trading of its shares.

Where the Exchange decides not to delist the shares of a listed company due to major legal violation, the company shall disclose relevant information on the same day as it receive the decision and apply for restoring the trading of its shares.

Where the Exchange decides to delist the shares of a listed company due to major legal violation, the Exchange will issue a delisting risk warning on the company's shares. The company shall timely release an announcement before the issuance of the delisting risk warning.



Trading in the company's stocks and derivatives thereon shall be restored on the trading day immediately following one trading day after the announcement is made. Upon the restoration of trading, the Exchange will issue a delisting risk warning on the company's stocks.

**13.2.8** If a delisting risk warning is issued on the stocks of a listing company on the occurrence of the circumstance specified in (8) of Section 13.2.1 hereof, the company shall disclose the risk warning announcement once every five trading days of the risk that its stocks are likely to be suspended or terminated from listing.

**13.2.9** If a delisting risk warning is issued on the stocks of a listing company on the occurrence of the circumstance specified in (8) of Section 13.2.1 hereof, the stocks will continue to be traded for 30 trading days from the date of issuance of such delisting risk warning.

If the stocks are suspended from trading for a full date, such suspension will not be included into the period of 30 trading days as described in the preceding paragraph, provided that the suspension shall not last for five or more trading days.

**13.2.10** Upon the occurrence of the circumstance specified in (9) of Section 13.2.1 hereof, the listed company shall promptly report to the Exchange on the day when it becomes aware of the occurrence of such circumstance. The stocks of the company and derivatives thereon shall be suspended from trading from the same day until the trading day following the company's disclosure of relevant announcement. Upon the restoration of trading, the Exchange will issue a delisting risk warning on the company's stocks.

**13.2.11** Upon the occurrence of the circumstance specified in (10) of Section 13.2.1 hereof, the listed company shall, on the day when it receives the court's ruling on the application for reorganization, settlement or bankruptcy liquidation, report to the Exchange and, on the next trading day, make an announcement. The stocks of the company and derivatives thereon shall be suspended from trading for one day on the date of announcement. Upon the restoration of trading, the Exchange will issue a delisting risk warning on the company's stocks.

**13.2.12** Where a delisting risk warning is issued on the stocks of a listed company as a result of the occurrence of the circumstance specified in (10) of Section 13.2.1 hereof, the Exchange will suspend the stocks of the company and derivatives thereon from trading from the trading day following the expiration of the 20-trading day delisting risk warning.

**13.2.13** Where the stocks of the listed company and derivatives thereon are suspended from trading due to the reason described in Section 13.2.12 hereof, and the court rules to approve the company's reorganization plan or settlement agreement or terminate the reorganization or settlement proceedings, the company shall timely disclose the contents of such ruling and apply to the Exchange for restoration of trading based on the actual situation.

### **Section 3 Revocation of Delisting Risk Warning**

**13.3.1** Where the audit results for the most recent financial year indicate that the circumstance specified in (1) to (4) of Section 13.2.1 hereof ceases to exist, the listed company shall, after its annual report is approved by the board of directors, report to the Exchange and disclose the annual report in a timely manner. Meanwhile, it may apply to the Exchange for lifting the delisting risk warning on its stocks.

**13.3.2** Where, within two months since a listed company has been issued a delisting risk warning as a result of the occurrence of the circumstance specified in (5) or (6) of Section 13.2.1 hereof, such circumstance ceases to exist, the listed company may apply to the Exchange for lifting the delisting risk warning on its stocks.

**13.3.3** Where the listed company completes its plan of solving the equity structure problems and consequently meets the listing requirements within six months since it was issued a delisting risk warning as a result of the occurrence of the circumstance specified in (7) of Section 13.2.1 hereof, the listed company may apply to the Exchange for lifting the delisting risk warning on its stocks.

**13.3.4** After the listed company is issued a delisting risk warning by the Exchange, if the company is informed that the administrative penalty or the ruling by the People's Court based on which the Exchange decides that the company meet the criteria of major legal violation and therefore delists its shares are revoked, invalidated or lawfully altered, the company shall apply for suspending the trading of its shares and derivatives and disclose relevant information on the date of knowledge of the above circumstances.

The listed company may, within 10 trading days after it discloses relevant information, the Exchange issues the decision made by the competent administrative authority, or the ruling issued by the People's Court comes into force, apply to the Exchange for reversing the decision of mandatory delisting due to major violation of laws. The listing committee of the Exchange shall, within 15 trading days after receiving the application of the listed company, convene a meeting to review the decision and issue review opinions.

Based on the opinions issued by the Listing Committee, the Exchange will make a decision on whether to revoke the compulsory delisting due to major legal violation. Where the Exchange decides to reverse the decision, the delisting risk warning on the stock equities will be lifted at the same time.

**13.3.5** After the listed company is issued a delisting risk warning as a result of the occurrence of the circumstance specified in (10) of Section 13.2.1 hereof, the company may apply to the Exchange for lifting the delisting risk warning on its stocks if any of the following applies:

- (1) the company completes implementation of the reorganization plan;
- (2) the company completes implementation of the settlement agreement;
- (3) after the court accepts the bankruptcy application and before it declares the company bankrupt, the court rules to reject the bankruptcy application in accordance with the *Enterprise Bankruptcy Law* and the applicant fails to file an appeal within the statutory period; or
- (4) after the court accepts the bankruptcy application and before it declares the company bankrupt, the court rules to terminate bankruptcy proceedings in accordance with the *Enterprise Bankruptcy Law*.

When applying to the Exchange for lifting the delisting risk warning on its stocks due to the circumstance specified in (1) or (2) in the preceding paragraph, the listed company shall submit the supervision report issued by the administrator appointed by the court, the legal opinion issued by the law firm on the implementation of the reorganization plan or settlement agreement,

and other explanatory documents as required by the Exchange.

**13.3.6** The listed company that has been issued a delisting risk warning as a result of the occurrence of the circumstance specified in (9) or (11) of Section 13.2.1 hereof may apply to the Exchange for lifting the delisting risk warning on its stocks if such circumstance ceases to exist.

**13.3.7** The listed company shall publish an announcement on the next trading day after it applies to the Exchange for lifting the delisting risk warning on its stocks.

The Exchange will, within five trading days from receipt of such application, decide whether or not to lift the delisting risk warning in accordance with actual situation.

**13.3.8** Where the Exchange decides to lift a delisting risk warning on the stocks of a listed company, the listed company shall publish an announcement as required by the Exchange on the trading day immediately preceding the date when such warning is lifted.

The stocks of the company and derivatives thereon shall be suspended from trading for one day on the date of announcement. Upon the restoration of trading, the Exchange will lift the delisting risk warning on the stocks of the company.

**13.3.9** Where the Exchange decides not to lift the delisting risk warning, the listed company shall make an announcement on the next trading day of receiving the Exchange's relevant written notice. Failure by a listed company to make an announcement as required will result in the Exchange issuing its own announcement of the decision.

#### **Section 4 Other Kind of Risk Warning**

**13.4.1** The Exchange will issue other kind of risk warning for the stocks of a listed company upon the occurrence of any of the following circumstances:

- (1) the company has not release its first annual report after resumption of trading from suspension or relisting of delisted stocks;
- (2) the company's production and business activities are seriously affected and not likely to return to normal within 3 months;
- (3) principal bank account of the company is frozen;
- (4) board of directors is unable to convene meetings and reach a resolution;
- (5) the funds of the company are misappropriated by its controlling shareholder or the controlling shareholder's related parties for non-operating purpose, or the company provides external guarantees in breach of the prescribed decision-making process, and the circumstance is serious; or
- (6) other circumstances as determined by the CSRC or the Exchange.

**13.4.2** Upon the occurrence of the circumstance described in (1) of Section 13.4.1 hereof, the Exchange will issue other kind of risk warning for the stocks of the listed company from the date of its resumption of trading or relisting.

In case of any of the circumstances enumerated in (2) to (6) of Section 13.4.1 hereof, the company shall, on the date of the occurrence of the same, promptly report to the Exchange, submit written opinions of its board of directors, and apply for a suspension of its stocks and derivatives thereon from the next trading day.

The Exchange will decide whether or not to issue other kind of risk warning for the stocks of the company within 5 trading days after the date of receiving the company report.

**13.4.3** The listed company shall publish an announcement on the trading day immediately preceding the date when its stocks are issued other kind of risk warning. The announcement shall include such information as required under Section 13.2.3 hereof.

The stocks of the company and derivatives thereon shall resume trading from the first trading day following the date of announcement. Upon the restoration of trading, the Exchange will issue other kind risk warning for the company's stocks.

**13.4.4** Where a listed company's stocks are issued other kind of risk warning as a result of the occurrence of the circumstance specified in (5) of Section 13.4.1 hereof, during the period of such risk warning, the listed company shall make an announcement at least once every month disclosing the progress of its rectification of misappropriation of funds or illegal external guarantees.

**13.4.5** Where a listed company's stocks are issued other kind of risk warning as a result of the occurrence of the circumstance specified in (1) of Section 13.4.1 hereof, and the company has disclosed its first annual report after resumption of trading or relisting, it may apply to the Exchange for lifting the other kind of risk warning on its stocks:

**13.4.6** Where the circumstances specified in (2), (3), (4) or (6) of Section 13.4.1 hereof cease to exist, the listed company may apply to the Exchange for lifting the other kind of risk warning on its stocks.

**13.4.7** Where, after a listed company's stocks are issued other kind of risk warning as a result of the occurrence of the circumstance specified in (5) of Section 13.4.1 hereof, a special report issued by a CPA firm and the independent opinion expressed by independent directors indicate that misappropriation of the company's funds ceases to exist, or the resolution of the board of directors states that the illegal external guarantee ceases to exist or the relevant deliberation procedures have been recognized retroactively, the company may apply to the Exchange for lifting the other kind of risk warning on its stocks.

**13.4.8** Where, after the stocks of a listed company are issued a delisting or other kind of risk warnings as a result of the occurrence of any of the circumstances enumerated in Section 13.2.1 or Section 13.4.1 hereof, the company engages in major asset restructuring during the risk warning period in accordance with the relevant regulations of the CSRC and meets the following conditions, it may apply to the Exchange for lifting the delisting or other risk warnings on its stocks:

(1) the company has completed sale of all its operating assets and liabilities as well as acquisition of other assets pursuant to the regulations of the CSRC on listed companies' major asset restructuring;

- (2) the acquired assets is an entire operating entity which has in operation for more than 3 consecutive years under the same management before being acquired by the company;
- (3) the audited net profit of the acquired assets for the most recent financial year is positive;
- (4) the earnings estimate audited by the CPA firm shows that the company's profitability has increased and its performance results have improved significantly after the company completes the restructuring;
- (5) other conditions as required by the Exchange.

**13.4.9** The listed company shall make an announcement on the next trading day after it applies to the Exchange for lifting the other kind of risk warning on its stocks.

The Exchange will decide whether or not to lift such risk warning within 5 trading days after the receipt of the application.

**13.4.10** Where the Exchange decides to lift the other kind of risk warning on the stocks of a listed company, the listed company shall publish an announcement as required by the Exchange on the trading day immediately preceding the date when such risk warning is lifted.

The stocks of the company and derivatives thereon shall be suspended from trading for one day on the date of announcement. Upon the restoration of trading, the Exchange will lift the other kind of risk warning on the stocks of the company.

**13.4.11** Where the Exchange decides not to lift the other kind of risk warning on the stocks of a listed company, the listed company shall make an announcement on the next trading day of receiving the Exchange's written notice. Failure by a listed company to make an announcement will result in the Exchange issuing its own announcement of the decision.

## **Chapter XIV Suspension, Restoration and Termination of Listing and Relisting**

### **Section 1 Suspension of Listing**

**14.1.1** The Exchange will suspend listing of the stocks of a listed company upon the occurrence of any of the following circumstances:

- (1) the audited net profits in the most recent financial year as disclosed by the company remain negative after the company was issued a delisting risk warning since its net profits in the last two financial years met the standard specified in (1) of Section 13.2.1 hereof;
- (2) the audited net assets at the close of the most recent financial year as disclosed by the company remain negative after the company was issued a delisting risk warning since its net assets in the preceding financial year met the standard specified in (2) of Section 13.2.1 hereof;
- (3) the audited operating income in the most recent financial year as disclosed by the company remains below RMB 10 million after the company was issued a delisting risk warning since its operating income in the last financial year met the standard specified in (3) of Section 13.2.1 hereof;

- (4) the auditors' report issued by a CPA firm expresses a disclaimer of opinion or an adverse opinion on the most recent financial report disclosed by the company after the company was issued a delisting risk warning since the audit opinion in the preceding financial year met the standard specified in (4) of Section 13.2.1 hereof;
- (5) the company still fails to restate its financial report as required within two months after the company was issued a delisting risk warning since any material error or misrepresentation in its financial report uncorrected within prescribed time limit met the standard specified in (5) of Section 13.2.1 hereof;
- (6) the company still fails to disclose its annual or interim report within two months after the company was issued a delisting risk warning since its failure to disclose such reports within statutory time limit met the standard specified in (6) of Section 13.2.1 hereof;
- (7) changes in the company's total share capital render it unsuitable for listing;
- (8) after the equity structure changes as prescribed in Section 12.14 hereof render the company unsuitable for listing, the company fails to provide a plan for addressing the equity structure problems within one month after the suspension of trading or has provided but fails to implement such plan, or after the company is issued a delisting risk warning since its unsuitability for listing due to changed equity structure met the standard specified in (7) of Section 13.2.1 hereof, its equity structure still does not meet the listing requirements within six months;
- (9) there are at least 30 days of trading after the company's shares are delisted compulsorily due to major legal violation as specified in (8) of Section 13.2.1 hereof;
- (10) other circumstances as recognized by the Exchange.

Where more than two of the above circumstances occur to a listed company, the Exchange will make separate decisions on listing suspension.

Where the trading of the shares of a listed company is suspended, and the Exchange makes the decision to impose mandatory delisting due to major legal violation on the company during the period of its listing suspension, the Exchange will not issue a delisting risk warning on its shares. The Exchange will suspend the trading of its shares according to Section 14.1.7, i.e. the company's shares will not be traded hereafter.

**14.1.2** Where a listed company is issued a delisting risk warning since its net profits, net assets, operating income or auditing opinion meet the standards specified in (1) to (4) of Section 13.2.1 hereof, it shall, within one month after the end of the financial year when it was issued the delisting risk warning, publish a risk warning announcement that its stocks are likely to be suspended from listing and, prior to release of its annual report, make such announcement at least twice.

**14.1.3** Upon the occurrence of any circumstances enumerated in (1) to (4) of Section 14.1.1 hereof, the listed company shall, after its board of directors has deliberated its annual report, report to the Exchange and disclose its annual report in a timely manner together with the written opinions of its board of directors. At the time as it releases its annual report, the company shall publish another risk warning announcement that its stocks will be suspended from listing

and apply for a suspension of its stocks and derivatives thereon from the date of disclosure of its annual report. If the disclosure date is not a trading day, such suspension will begin on the next trading day.

The Exchange will make a decision whether or not to suspend the company's stocks from listing within 15 trading days after the date of suspension.

**14.1.4** Upon the occurrence of any of the circumstances enumerated in (5) and (6) of Section 14.1.1 hereof, the Exchange will suspend the company's stocks and derivatives thereon from trading on the trading day following the expiration of the two months, and within 15 trading days since the date of trading suspension, make a decision whether or not to suspend the company's stocks from listing.

**14.1.5** Upon the occurrence of any of the circumstances enumerated in (7) and (8) of Section 14.1.1 hereof, the Exchange will suspend the company's stocks and derivatives thereon from trading on the trading day following the expiration of the specified period, and within 15 trading days since the date of trading suspension, make a decision whether or not to suspend the company's stocks from listing.

**14.1.6** Upon the occurrence of any of the circumstances enumerated in (9) of Section 14.1.1 hereof, the Exchange will suspend the company's stocks and derivatives thereon from trading on the trading day following the expiration of the 30-trading-day period counted from the giving of a delisting risk warning, and within 15 trading days since the date of trading suspension, make a decision whether or not to suspend the company's stocks from listing.

**14.1.7** The Exchange's Listing Committee will consider listing suspension matters and issue its opinion based on independent and professional judgment.

The Exchange will decide whether or not to suspend listing of a company's stocks based on the opinion of the Listing Committee.

Where any of the circumstance provided in (9) of Section 14.1.1 occurs to a listed company, the Exchange may directly suspend the trading of the company's shares in accordance with opinions issued by the Listing Committee about imposing mandatory delisting due to major violation of laws on the company's shares, and the Listing Committee need not review the decision once again.

**14.1.8** The Exchange will, within two trading days after the date that it makes a decision to suspend listing of a company's stocks, notify the company, make an announcement and file with the CSRC for the record.

**14.1.9** Upon receiving the Exchange's notice of decision to suspend listing of its stocks, the listed company shall announce the listing suspension in a timely manner.

Such announcement shall contain the following information:

- (1) class of stocks, short name of the stock, stock code, and the commencement day of listing suspension period;
- (2) main contents of the decision on listing suspension;

- (3) opinion and specific measures of the company's board of directors for listing restoration;
- (4) risk disclosure that its stocks are likely to be terminated from listing;
- (5) major means by which the company attends to investors' inquiries during the period of listing suspension; and
- (6) other information as required by the CSRC and the Exchange

**14.1.10** During the period of listing suspension, the company shall continue to fulfill its relevant obligations as a listed company and, in timely manner, disclose the measures it has taken for listing restoration and the progress of relevant work.

**14.1.11** The Exchange may at its discretion suspend the listing of the convertible bonds of a listed company upon the occurrence of any of the following circumstances:

- (1) the company commits serious illegal acts;
- (2) the company has undergone significant changes which render the company unsuitable for listing of convertible bonds;
- (3) the company fails to use the proceeds from its bond sale for the approved purpose;
- (4) the company fails to fulfill its obligations in accordance with the bond issue document;
- (5) the company has been in the red in the most recent two years consecutively;
- (6) the company's stocks are suspended from listing as a result of the occurrence of any circumstances enumerated in Section 14.1.1 hereof; or
- (7) other circumstances as determined by the Exchange where the company's convertible bonds must be suspended from listing.

**14.1.12** Listing suspension of convertible bonds shall be governed, *mutatis mutandis*, by the relevant provisions on share listing suspension in this Section.

**14.1.13** The Exchange may implement different standard of annual listing fees for a company whose stocks are suspended from trading.

## **Section 2 Restoration of Listing**

**14.2.1** Where, after a listed company's stocks were suspended from listing since its net profits, net assets, operating income or auditing opinion meet the standards specified in (1) to (4) of Section 14.1.1 hereof, the listed company shall satisfy all of the following conditions before applying to the Exchange for resumption of listing.

- (1) the company releases its latest annual report within the statutory disclosure period;
- (2) the company has positive audited net profits both before and after the deduction of non-recurring profit and loss in the most recent financial year;



- (3) the company has an operating income not less than RMB 10 million in the most recent financial year;
- (4) the company has positive audited net assets at the close of the most recent financial year;
- (5) no qualified opinion, disclaimer of opinion or adverse opinion is expressed in an auditors' report issued by a CPA firm for the company's most recent financial report;
- (6) the sponsor institution, after inspection and review, expressly states that the company is a going concern;
- (7) the sponsor institution, after inspection and review, expressly states that the company has a sound corporate governance structure and standard operation and free from major defects in its internal control system;
- (8) the company is not influenced by any other circumstances rendering suspension or delisting as specified herein;
- (9) any other conditions that the Exchange deems necessary.

A listed company satisfying the preceding conditions may file a written application with the Exchange for resumption of trading within five trading days after the disclosure of its latest annual report.

Where two of the above circumstances occur to a company, the company shall not apply for resumption of trading until it meet all the criteria for trading resumption.

**14.2.2** Where, after a listed company's stocks were suspended from listing since any material error or misrepresentation in its financial report uncorrected within prescribed time limit met the standard specified in (5) of Section 14.1.1 hereof, or its failure to disclose its annual or periodic reports within statutory time limit met the standard specified in (6) of Section 14.1.1 hereof, the listed company discloses the required restated financial report or relevant periodic report within two months since the listing suspension, the company may, within 5 trading days after the disclosure date, file a written application with the Exchange for resumption of listing.

**14.2.3** Where, after a listed company's stocks were suspended from listing as a result of its unsuitability for listing due to total share capital changes as specified in (7) of Section 14.1.1 hereof, such circumstance ceases to exist within the time limit specified by the Exchange, the company may, within 5 trading days after the occurrence date of such fact, file a written application with the Exchange for resumption of listing.

**14.2.4** Where, after a listed company's stocks were suspended from listing as a result of its unsuitability for listing due to equity structure changes as specified in (8) of Section 14.1.1 hereof, the listed company's equity structure meets listing requirements again within 6 months since the listing suspension, the company may, within 5 trading days after the occurrence date of such fact, file a written application with the Exchange for restoration of listing.

**14.2.5** Where, after a listed company's stocks were suspended from listing as a result of fraudulent issuance as specified in (9) of Section 14.1.1 and before the Exchange delists the company's shares, the company is informed that the administrative penalty or the ruling by the

People's Court based on which the Exchange decides that the company meet the criteria of major legal violation and therefore delists its shares are revoked, invalidated or lawfully altered, the company shall disclose relevant information on the date of knowledge of the above circumstances. Where the company fails to make information disclosure according to the rules, the Exchange may release an announcement.

The listed company may, within 10 trading days after it discloses relevant information, the Exchange issues the decision made by the competent administrative authority, or the ruling issued by the People's Court comes into force, apply to the Exchange for reversing the decision of mandatory delisting due to major violation of laws. The listing committee of the Exchange shall, within 15 trading days after receiving the application of the listed company, convene a meeting to review the decision and issue review opinions.

Based on the opinions issued by the Listing Committee, the Exchange will make a decision on whether to revoke the compulsory delisting due to major legal violation. Where the Exchange decides to reverse the decision, the delisting risk warning on the stock equities will be lifted at the same time.

**14.2.6** Upon the occurrence of the circumstance specified in Section 14.2.5 hereof, a listed company may apply in writing to the Exchange for listing resumption within 20 trading days after the Exchange revoke the compulsory delisting issued on the company's shares due to major legal violation , and then timely make relevant announcement.

If the aforementioned company is involved in any of the circumstances leading to risk warning, listing suspension or listing termination, in addition to compulsory delisting due to major legal violation specified herein, the Exchange shall issue a risk warning on, suspend the listing of or terminate the listing of the company' stocks.

**14.2.7** A listed company applying for listing restoration shall employ a sponsor with a market maker status.

The sponsor shall check the truthfulness, accuracy and completeness of the application documents of the listed company for listing restoration. After the sponsor satisfies itself that the company meets the requirements for listing restoration, the sponsor shall produce a sponsorship letter and guarantee that it shall bear joint and several liabilities.

The sponsor shall, within the specified time limit, faithfully respond to the inquiries of the Exchange concerning the listing restoration and provide relevant additional documents.

**14.2.8** When checking the application documents, a sponsor shall pay adequate attention to and exercise due diligence in checking at least the following three aspects in respect of the listed company and produce a check report:

(1) compliance matters: including but not limited to, independence of personnel, assets and finance, fairness of related party transactions, compliance of major disposals or acquisitions of assets, any material changes in the company's business scope and business conditions after restructuring, and any inter-trade competition with its controller, etc;

(2) finance and accounting: including but not limited to, compliance of revenue and non-recurring gains or losses, possible material impact of the matters involved in the modified

opinion issued by the CPA firm, and particulars of the company's rectification and adjustment of the matters that have clearly violated accounting standards, accounting system and information disclosure regulations;

(3) contingent risks: including but not limited to, disposal, mortgage and swap of assets, entrusted operation, major external guarantees, major litigations and arbitrations (the provisions on aggregate calculation in these Rules are applicable), and any impact of such matters on the company's production and business operations;

The sponsor shall require the company to rectify all the irregularities. If the listed company fails to rectify its irregularities as required, the sponsor shall refuse to produce a sponsorship letter for the listed company in respect of listing restoration.

**14.2.9** When a sponsor conducts due diligence check on a listed company that applies for listing restoration after meeting the conditions prescribed in Section 14.2.2 hereof, the sponsor shall, in addition to complying with the provisions prescribed in the preceding Subsection, pay attention to whether the company's internal control system is sound and effective and whether there is any major drawback in the system and then make a statement thereon in the check report.

**14.2.10** When a sponsor conducts due diligence check on a listed company that applies for listing restoration after meeting the conditions prescribed in Sections 14.2.3 and 14.2.4 hereof, the sponsor shall pay sufficient attention to the compliance of the company's plan for addressing the total share capital and equity structure problems and whether the circumstance leading to the listing suspension of the company has completely ceased to exist, and then make a statement thereon in the check report.

**14.2.11** The sponsorship letter produced by a sponsor for listing restoration shall contain the following information:

- (1) basic information on the listed company;
- (2) main risks of the listed company and the explanation on whether any previous risks have been eliminated;
- (3) the sponsor's evaluation of the company's prospects;
- (4) main contents of the sponsor's check report;
- (5) statement whether the company fully meets listing restoration requirements and the basis for the conclusion;
- (6) unreserved and explicit sponsorship opinion and the reason for such opinion;
- (7) statement on the sponsor's and the sponsor representatives' sponsorship qualifications and the sponsor's internal review procedures;
- (8) statement on whether the sponsor is involved in any situation that would affect its fair performance of sponsorship duties;

- (9) undertakings made by the sponsor in accordance with relevant regulations;
- (10) work arrangement for the period of continuous supervision and guidance;
- (11) contact information of the sponsor and its representatives including the correspondence addresses, telephone numbers and other contact details;
- (12) other matters that the sponsor deems must be explained; and
- (13) other information as required by the CSRC and the Exchange.

Where a listed company applies for listing restoration with the Exchange pursuant to Section 14.2.1, the sponsor shall indicate in the sponsorship letter clear opinions with respect to the matters specified in (6) and (7) of Section 14.2.1.

The sponsorship letter for listing restoration shall be signed by the legal representative (or his duly authorized representative) and relevant sponsor representatives of the sponsor with the date specified and the seal of the sponsor affixed thereto.

**14.2.12** A listed company that applies for listing restoration of its stocks shall employ a lawyer to fully check and verify the legitimacy and compliance of its application and the truthfulness, accuracy and completeness of its application documents. The lawyer shall issue a legal opinion on whether the company meets listing restoration requirements and shall bear corresponding legal liability.

**14.2.13** The legal opinion as referred to in the preceding Subsection shall contain the following information and relevant conclusive opinion:

- (1) the status of the company;
- (2) whether the company fully meets the substantive requirements for listing restoration;
- (3) the business and objectives of the company;
- (4) particulars on the company's corporate governance and compliance;
- (5) related party transactions and inter-trade competition;
- (6) the principal assets of the company;
- (7) major creditor's rights and major liabilities;
- (8) significant asset changes and any mergers and acquisitions;
- (9) tax payment;
- (10) major litigations and arbitrations;
- (11) administrative penalties on the company; and
- (12) other issues that the lawyer deems must be explained.

The lawyer's conclusive opinion on the aforesaid matters shall state the legitimacy, compliance, authenticity and validity in respect of such matters, as well as any disputes or potential risks involved therein.

**14.2.14** A listed company that applies for listing restoration shall submit the following documents to the Exchange:

- (1) application for listing restoration;
- (2) resolution of the board of directors on the company's compliance with listing requirements and its approval of the company's application;
- (3) report of the board of directors on the main work the company has completed during the listing suspension period for resumption of listing;
- (4) the analysis report of the management on the profits earned by the company and on the sustainability and stability of its business operations and profitability from the perspectives of its principal business, business activities, financial condition, contingencies, subsequent events and other major items;
- (5) explanation on the company's major asset restructuring plan, including the internal decision-making process for the restructuring, hand-over of assets, confirmation of relevant gains, implementation results and relevant supporting documents, etc.;
- (6) statement on the company's related party transactions conducted during the most recent accounting year, including the internal decision-making process for the related party transactions, main contents of relevant agreements, performance and implementation results and relevant supporting documents;
- (7) statement on the company's tax payment during the most recent accounting year;
- (8) annual report and the original of the auditor's report;
- (9) sponsorship letter for resumption of listing and sponsorship agreement produced by the sponsor;
- (10) legal opinion;
- (11) explanation of the board of directors on the matters to which the modified opinion relates, if applicable;
- (12) statement of the CPA firm and the certified public accountant on the modified opinion, if applicable; and
- (13) other documents required by the Exchange.

The listed company shall make relevant announcement on the next trading day after it files the listing resumption application with the Exchange.

**14.2.15** The Exchange will, within five trading days of receiving the application documents for listing restoration, make a decision whether or not to consider such application and then notify

the company of its decision.

In case that a listed company fails to file the application documents with the Exchange pursuant to the requirements prescribed in the preceding Subsection, or submits the application documents obviously inconsistent with the listing requirements prescribed in this Section, the Exchange will not consider the company's application for listing restoration, and will make a decision to terminate its stock from listing within fifteen trading days from the disapproval date.

The company shall, upon receipt of the Exchange's decision on whether or not to accept its application, make timely disclosure of particulars of the decision along with a risk warning announcement that its stocks are likely to be terminated from listing.

**14.2.16** Where a listed company applies with the Exchange for resumption of listing pursuant to Section 14.2.6, it may also apply for exemption of requirements set out in Sections 14.2.8 to 14.2.14, provided that it will engage a lawyer to verify whether or not relevant conditions on listing suspense have been fully eliminated, and to issue a legal opinion.

**14.2.17** The Exchange will, within thirty trading days upon acceptance of a listed company's application for listing restoration, make a decision whether or not to grant approval.

If, during the said thirty trading days, the Exchange requires the listed company to provide supplementary materials, the period for the company to provide such supplementary materials shall not be counted in the time limit for the Exchange to make relevant decision.

The period for the company to provide such supplementary materials shall not exceed thirty trading days accumulatively. Where a listed company fails to provide such supplementary materials within the aforementioned period, the Exchange will continue to review its application upon expiration of such thirty trading days, and will, in accordance with these Rules, make a decision whether or not to approve the same.

After accepting the application for listing restoration, the Exchange may investigate and verify the Company's actual conditions in relation to listing restoration. The period during which the Exchange conducts investigation and verification is not included in the time limit for decision making.

**14.2.18** The Exchange's Listing Committee will review the listed company's application for listing restoration and issue its opinion based on independent and professional judgment.

The Exchange will make its decision of approval or disapproval of the application for listing restoration based on the opinion of the Listing Committee.

The Exchange will make a decision to terminate its stocks from listing if disapproving the application for listing restoration.

**14.2.19** The Exchange will, within two trading days after it makes a decision to approve listing restoration of the stocks of a listed company, notify the company of its decision and file with the CSRC for the record.

**14.2.20** After its application for listing restoration is approved by the Exchange, the listed company shall announce the listing restoration in a timely manner upon receipt of the relevant

decision. Such announcement shall contain the following information:

- (1) stock class, short name, and the stock code;
- (2) main contents of the decision on listing restoration;
- (3) details of the measures taken by the company's board of directors for listing restoration;
- (4) analysis of relevant risk factors; and
- (5) other information as required by the CSRC and the Exchange.

**14.2.21** Within five trading days after the listed company makes an announcement of listing restoration, the Exchange will restore listing of the company's stocks. Following the listing restoration, the company shall trade on the risk alert board of the Exchange for a minimum period until it discloses its first annual report following its listing restoration; however, the listed companies who restore listing of its stocks pursuant to Section 14.2.6 are excluded from this Subsection.

**14.2.22** During the period of listing suspension of the convertible bonds of a listed company, the listed company may file a written application with the Exchange for restoration of listing of its convertible bonds if it meets any of the following conditions:

- (1) where the convertible bonds are suspended from listing as a result of the occurrence of the circumstance specified in (1) or (4) of Section 14.1.11 hereof, the consequence of such circumstance is found not to be serious upon verification;
- (2) after the convertible bonds were suspended from listing as a result of the occurrence of the circumstance specified in (2) of Section 14.1.11 hereof, such circumstance ceases to exist within six months;
- (3) after the convertible bonds were suspended from listing as a result of the occurrence of the circumstance specified in (3) of Section 14.1.11 hereof, such circumstance ceases to exist within two months; or
- (4) after the convertible bonds were suspended from listing as a result of the occurrence of the circumstance specified in (5) of Section 14.1.11 hereof, the company discloses its audited latest annual report during the statutory disclosure period and its annual financial report shows that it turns to profit.
- (5) after the convertible bonds were suspended from listing as a result of the occurrence of the circumstance specified in (6) of Section 14.1.11 hereof, the stocks of the company meet the requirements for restoration of listing.

**14.2.23** Listing restoration of convertible bonds shall be governed, *mutatis mutandis*, by the relevant provisions on stock listing restoration in this Section.

### **Section 3 Compulsory Termination of Listing**

**14.3.1** The Exchange will terminate listing of the stocks of a listed company upon the

occurrence of any of the following circumstances:

(1) after the company's stocks were suspended from listing as a result of its net profits, net assets, revenues, or audit opinions were involved in the circumstances specified in (1) to (4) of Section 14.1.1 hereof, any of the following four circumstances occurs: the lower of the net profits indicated in the company's audited financial reports in the latest accounting year before or after excluding the non-recurring gains and losses are negative, the net assets at the end of the accounting period are negative, its revenues are lower than RMB 10 million, or it is issued an auditor's report containing an unqualified opinion, a disclaimer of opinion, or an adverse opinion by an accounting firm;

(2) after the company's stocks were suspended from listing as a result of its net profits, net assets, revenues, or audit opinions were involved in the circumstances specified in (1) to (4) of Section 14.1.1 hereof, the company fails to disclose its latest annual report within the statutory period;

(3) within two months after the company's stocks were suspended from listing as a result of its failure to correct major mistakes or false records in its accounting reports within the prescribed period, as specified in (5) of Section 14.1.1 hereof, the company still fails to restate its financial reports as required;

(4) within two months since the company's stocks were suspended from listing as a result of its failure to disclose its annual report or interim report within the prescribed period, as specified in (6) of Section 14.1.1 hereof, the company still fails to disclose relevant periodic reports as required;

(5) for a listed company who only issues A-share stocks on the Exchange, the accumulative trading volume via the trading system of the Exchange is lower than 5 million shares for 120 consecutive trading days (excluding the date(s) of suspension of listing), or the closing price of stocks on each day is all lower than their par value for 20 consecutive trading days (excluding the date(s) of suspension of listing);

(6) for a listed company who only issues B-share stocks on the Exchange, the accumulative trading volume via the trading system of the Exchange is lower than 1 million shares for 120 consecutive trading days (excluding the date(s) of suspension of listing), or the closing price of stocks on each day is all lower than their par value for 20 consecutive trading days (excluding the date(s) of suspension of listing);

(7) for a listed company who issues both A-share and B-share stocks on the Exchange, the trading volume or closing price of both its A-share and B-share stocks are involved in the circumstances prescribed in (5) and (6) of this Section 14.3.1;

(8) the number of shareholders of the listed company is less than 2,000 each day for 20 consecutive trading days (excluding the 20 trading days from its IPO and the date(s) of suspension of listing);

(9) changes in the company's total share capital render the company unsuitable for listing and its total share capital still does not meet listing requirements within the time limit specified by the Exchange;



- (10) within six months since the company's stocks were suspended from listing as a result of change in its equity structure, as specified in (8) of Section 14.1.1 hereof, the equity structure of the company still does not meet listing requirements;
- (11) the company is subject to compulsory dissolution;
- (12) the company is declared bankrupt by court;
- (13) the company's stocks have been suspended from listing as a result of compulsory delisting due to major legal violation specified in (9) of Section 14.1.1 hereof, and the stocks have been suspended from listing for 6 month;
- (14) after the company's stocks are suspended from listing as a result of the occurrence of any of the circumstances enumerated in (1) to (4) of Section 14.1.1 hereof, the company discloses an annual report for the most recent year within legal time limit but subsequently fails to apply for listing resumption within five trading days;
- (15) after the company's stocks are suspended from listing as a result of the occurrence of the circumstance specified in (5) of Section 14.1.1 hereof, the company discloses properly corrected financial report within two months but subsequently fails to apply for listing resumption within five trading days;
- (16) after the company's stocks are suspended from listing as a result of the occurrence of the circumstance specified in (6) of Section 14.1.1 hereof, the company discloses relevant periodic reports within two months but subsequently fails to apply for listing resumption within five trading days;
- (17) after the company's stocks are suspended from listing as a result of the occurrence of the circumstance specified in (7) of Section 14.1.1 hereof, the company's total share capital still does not meet listing requirements within specified time limit, or its equity structure still does not meet listing requirements within six months, but the company subsequently fails to apply for listing resumption within five trading days;
- (18) the company meets the circumstance specified in Section 14.2.6 hereof but subsequently fails to apply for listing resumption within five trading days;
- (19) the application for listing resumption is not accepted;
- (20) the application for listing resumption is not approved;
- (21) other circumstances as recognized by the Exchange.

Where the company's stocks are suspended from listing for meeting more than one criterion, the Exchange will terminate the listing of its stocks based on the time that the company meets the first listing suspension criterion.

The board of directors of the company shall timely put forward and disclose a derisking plan in response to the case that the company's stocks are likely to be terminated from listing as foreseen by the board.

**14.3.2** Where, after a listed company's stocks are suspended from listing, the listed company anticipates the occurrence of the circumstances specified in (1) or (2) of Section 14.3.1. hereof, its board of directors shall, within then trading days after the end of the most recent financial year, publish a risk warning announcement that its stocks are likely to be terminated from listing

**14.3.3** Upon the occurrence of the circumstance specified (1) of Section 14.3.1 hereof, a listed company shall, after its board of directors has considered and approved its annual report, report to the Exchange and release the annual report in a timely manner and at the time publish a risk warning announcement that its stocks are likely to be terminated from listing.

The Exchange will, within fifteen trading days after the company releases its annual report, make a decision whether or not to terminate the listing of the company's stocks.

**14.3.4** If any of the circumstances enumerated in (2) to (4) of Section 14.3.1 hereof happens to a listed company, the Exchange will make a decision whether or not to terminate the listing of the company's stocks within legal disclosure time limit or within fifteen trading days following the expiration of the disclosure period specified by the Exchange.

**14.3.5** If the total trading volume completed through the Exchange over a period of ninety consecutive trading days (excluding those in which the company's stocks are suspended from trading) of a listed company that only issues A shares on the Exchange is lower than 3.75 million, then the company shall, on the next trading day, publish a risk warning announcement that its stocks are likely to be terminated from listing, and subsequently disclose this information once each trading day, until the total trading volume of its stocks completed through the Exchange over a period of one hundred and twenty consecutive trading days (excluding those in which the company's stocks are suspended from trading) from the starting date of the aforementioned 90-day period is higher than 5 million, or until the date when the Exchange makes a decision to terminate the listing of its stocks, whichever is earlier.

If the total trading volume completed through the Exchange over a period of ninety consecutive trading days (excluding those in which the company's stocks are suspended from trading) of a listed company that only issues B shares on the Exchange is lower than 750,000, then the company shall, on the next trading day, publish a risk warning announcement that its stocks are likely to be terminated from listing, and subsequently disclose this information once each trading day, until the total trading volume of its stocks completed through the Exchange over a period of one hundred and twenty consecutive trading days (excluding those in which the company's stocks are suspended from trading) from the starting date of the aforementioned 90-day period is higher than 1 million, or until the date when the Exchange makes a decision to terminate the listing of its stocks, whichever is earlier.

If the circumstances described in the preceding two paragraphs happen to the trading volumes of A and B shares of a listed company that issues A and B shares on the Exchange, then the company shall, on the next trading day, publish a risk warning announcement that its stocks are likely to be terminated from listing, and subsequently disclose this information once each trading day, until the total trading volume of its A and B shares completed through the Exchange over a period of one hundred and twenty consecutive trading days (excluding those in which the company's stocks are suspended from trading) from the starting date of the aforementioned 90-day period is respectively higher than 5 million and 1 million, or until the date when the Exchange makes a decision to terminate the listing of its stocks, whichever is earlier.

The Exchange may adjust the aforementioned risk warning criteria as the case may be.

**14.3.6** If the daily closing price of the stocks of a listed company that only issues A or B shares on the Exchange is lower than their par value over a period of ten consecutive trading days (excluding those in which the company's stocks are suspended from trading), then the company shall, on the next trading day, publish a risk warning announcement that its stocks are likely to be terminated from listing, and subsequently disclose this information once each trading day, until such closing price is no longer lower than par value, or until the date when the Exchange makes a decision to terminate the listing of its stocks, whichever is earlier.

If the circumstance described in the preceding paragraph happens to the closing prices of A and B shares of a listed company that issues A and B shares on the Exchange, then the company shall, on the next trading day, publish a risk warning announcement that its stocks are likely to be terminated from listing, and subsequently disclose this information once each trading day, until each of both closing prices is no longer lower than par value, or until the date when the Exchange makes a decision to terminate the listing of its stocks, whichever is earlier.

The Exchange may adjust the aforementioned risk warning criteria as the case may be.

**14.3.7** If the daily number of the shareholders of a listed company is lower than 2,000 over a period of ten consecutive trading days (excluding the twenty trading days from the IPO date and the days in which the company's stocks are suspended from trading), then the company shall, on the next trading day, publish a risk warning announcement that its stocks are likely to be terminated from listing, and subsequently disclose this information once each trading day, until this number is no longer lower than 2,000, or until the date when the Exchange makes a decision to terminate the listing of its stocks, whichever is earlier.

The Exchange may adjust the aforementioned risk warning criteria as the case may be.

**14.3.8** If any of the circumstances enumerated in (5) to (8) of Section 14.3.1 hereof happens to a listed company, then the company's stocks and derivatives thereon will be suspended from trading since the next trading day following the occurrence of such circumstance, and the Exchange will make a decision whether or not to terminate the listing of its stocks within fifteen trading days from the suspension commencement date.

**14.3.9** If the circumstance described in (9) of Section 14.3.1 hereof happens to a listed company, then the Exchange will make a decision whether or not to terminate the listing of its stocks within fifteen trading days following the expiration of the time limit specified by the Exchange.

**14.3.10** If the circumstance described in (10) of Section 14.3.1 hereof happens to a listed company, then the Exchange will make a decision whether or not to terminate the listing of its stocks within fifteen trading days following the expiration of the six-month period.

**14.3.11** If the circumstance described in (11) of Section 14.3.1 hereof happens to a listed company, the company shall report to the Exchange immediately after learning that the company is revoked of business license thereof, ordered to close down or dissolved pursuant to law, and make relevant announcement on the next day, and also apply for suspending its stocks and derivatives thereon from trading since the announcement disclosure date.

The Exchange will make a decision whether or not to terminate its stocks from listing within fifteen trading days following the disclosure date of the aforementioned announcement.

**14.3.12** If the circumstance described in (12) of Section 14.3.1 hereof happens to a listed company, the company shall report to the Exchange on the day of receiving a court ruling declaring the company bankrupt, and make relevant announcement on the next trading day.

The Exchange will make a decision whether or not to terminate its stocks from listing within fifteen trading days following the disclosure date of the aforementioned announcement.

**14.3.13** If the circumstance described in (13) of Section 14.3.1 hereof happens to a listed company, the Exchange will make a decision whether or not to terminate its stocks from listing within fifteen trading days of a 6-month listing suspension.

If a people's court has given an effective guilty ruling prior to the time limit specified in the preceding paragraph, the Exchange will, within fifteen trading days from the date of receiving the ruling, make a decision whether or not to terminate its stocks from listing.

The company shall, prior to the listing termination of its stocks, timely make a risk warning announcement that its stocks are likely to be terminated from listing.

**14.3.14** If any of the circumstances enumerated in (14) to (18) of Section 14.3.1 hereof happens to a listed company, the Exchange will make a decision whether or not to terminate its stocks from listing within fifteen trading days following the expiration of the time limit specified by the Exchange of the application for listing resumption.

**14.3.15** If the circumstance described in (19) or (20) of Section 14.3.1 hereof happens to a listed company, the Exchange will make a decision to terminate its stocks from listing either within fifteen trading days following the date when the Exchange decides not to accept the company's application for listing resumption or at the same time when the Exchange decides to disapprove the company's application for listing resumption.

**14.3.16** The Exchange's Listing Committee will consider listing termination matters and issue its opinions based on independent and professional judgement.

The Exchange will decide whether or not to terminate the listing of a company's stocks based on the opinion of the Listing Committee.

Where any of the circumstance provided in (9) of Section 14.1.1 occurs to a listed company, the Exchange may directly suspend the trading of the company's shares in accordance with opinions issued by the Listing Committee about imposing mandatory delisting due to major violation of laws on the company's shares, and the Listing Committee need not review the decision once again.

**14.3.17** Before the Exchange makes a decision whether or not to terminate the listing of a company's stocks, it may require the company to provide supplementary materials and the period for the company to provide such supplementary materials shall not be included in the time limit for the Exchange to make relevant decision.

The period for the company to provide such supplementary materials shall not exceed 30 trading

days in total. If the company fails to provide such supplementary materials within the foregoing period as required by the Exchange, the Exchange will, in accordance with these Rules, make a decision whether or not to terminate the listing of the company's stocks.

After accepting the application for listing restoration, the Exchange may investigate and verify the Company's actual conditions in relation to listing restoration. The period during which the Exchange conducts investigation and verification is not included in the time limit for decision making.

**14.3.18** The Exchange will, within two trading days after it makes a decision to terminate listing of a listed company's stocks, notify the listed company, make an announcement and file with the CSRC for the record.

**14.3.19** Upon receiving the Exchange's decision to terminate listing of its stocks, a listed company shall publish an announcement in a timely manner that its stocks will be terminated from listing. Such announcement shall contain the following information:

- (1) stock class, short name, stock code as well as the date of termination;
- (2) main contents of the Exchange's decision non listing termination;
- (3) matters related to the registration, transfer and management of its stocks after listing termination;
- (4) contact person, correspondence address, telephone number and other contact information of the company after listing termination; and
- (5) other information as required by the CSRC and the Exchange.

**14.3.20** A listed company will enter a delisting preparation period on the trading day following the expiration of five trading days after the date when the Exchange makes a decision to terminate the listing of the company's stocks.

The aforementioned period comprises 30 trading days, during which the company's stocks shall be listed on the risk warning board of the Exchange.

**14.3.21** If a listed company enters a delisting preparation period, the company and its relevant information disclosure obligor shall still abide by relevant laws, administrative regulations, departmental rules, other normative documents, the Rules and other rules specified by the Exchange, and also fulfil relevant obligations.

**14.3.22** If a listed company's stocks are suspended from trading all day during the delisting preparation period, the suspension days shall not be counted in this preparation period.

**14.3.23** If a listed company's stocks are listed on the risk warning board of the Exchange as prescribed in Section 14.3.20 hereof, the company shall, on the first day when its stocks are listed on that board for trading, publish a risk warning announcement that the Exchange has already decided to terminate the listing of its stocks, detailing such matters as trading commencement date and ending date.

**14.3.24** If a listed company's stocks are listed on the risk warning board of the Exchange as prescribed in Section 14.3.20 hereof, the company shall, once every five trading days in the twenty five trading days of the delisting preparation period, publish a risk warning announcement that its stocks will be terminated from listing, and publish the same once each day in the remaining five trading days of that period.

**14.3.25** If a listed company's stocks are traded during the delisting preparation period, the Exchange will delist such stocks within five trading days following the expiration of the preparation period. In that case, the company's stocks are terminated from listing.

If a listed company's stocks are not traded during the delisting preparation period, the Exchange will delist such stocks within five trading days from the date when the Exchange announces its decision to terminate the listing of such stocks. In that case, the company's stocks are terminated from listing.

**14.3.26** If there are other rules made by the Exchange on the matters relevant to delisting preparation period, such rules shall be followed.

**14.3.27** If a listed company's stocks are terminated from listing as a result of the occurrence of the circumstance specified in Section 14.3.1 hereof, such stocks shall be transferred into the National Equities Exchange and Quotations System.

To that end, the company shall engage and enter into an agreement with a securities company (agent for short) with the qualification for sponsoring the brokerage business; if the company fails to engage such an agent or no agents accept its engagement offer, the Exchange may designate a temporary agent for it and notify the company and the agent of this designation after making a decision to terminate the listing of its stocks, and make relevant announcement within two trading days (except for the case that the company no longer has its legal person qualification).

**14.3.28** After a listed company's stocks are terminated from listing as a result of the occurrence of the circumstance specified in Section 14.3.1 hereof, the company shall arrange the matters related to transferring its stocks into the National Equities Exchange and Quotations System immediately after the Exchange makes a decision to terminate the listing of its stocks, so as to ensure its stocks can be listed for transfer on that system within forty five trading days from the date when the company's stocks are delisted.

**14.3.29** The Exchange will terminate the listing of the convertible bonds of a listed company upon the occurrence of any of the following circumstances:

- (1) where the convertible bonds are suspended from listing as a result of the occurrence of the circumstance specified in (1) or (4) of Section 14.1.11 hereof, the consequence of such circumstance is found to be serious upon verification;
- (2) after the convertible bonds are suspended from listing as a result of the occurrence of the circumstance specified in (2) of Section 14.1.11 hereof, such circumstance has not been corrected within six months;
- (3) after the convertible bonds are suspended from listing as a result of the occurrence of the circumstance specified in (3) of Section 14.1.11 hereof, such circumstance has not been

corrected within two months;

(4) where the convertible bonds are suspended from listing as a result of the occurrence of the circumstance specified in (5) Section 14.1.11 hereof, the company fails to disclose its audited latest annual report during the statutory period or the annual report disclosed by the company shows that it is still in the red, or the company fails to apply to the Exchange for listing resumption within five trading days after disclosure of its annual report; or

(5) the company's stocks are terminated from listing by the Exchange.

**14.3.30** Listing termination of convertible bonds shall be governed, mutatis mutandis, by the relevant provisions on stock listing termination in this Section.

**14.3.31** If the Exchange has any other provisions on listing termination of convertible bonds and other derivatives thereon, then such provisions shall be followed.

#### **Section 4 Voluntary Termination of Listing**

**14.4.1** A listed company may apply to the Exchange for voluntary termination of listing upon the occurrence of any of the following circumstances:

(1) the shareholders' general meeting of the company decides to voluntarily withdraw its stocks from the Exchange and not to trade on it any longer;

(2) the shareholders' general meeting of the company decides to voluntarily withdraw its stocks from the Exchange and apply to some other stock exchange for trading or transferring its stocks;

(3) the changes in the total share capital and the equity structure of the company caused by an offer issued by the company to all shareholders to buy back all or part of their stocks render the company unsuitable for listing;

(4) the changes in the total share capital and the equity structure of the company caused by an offer issued by the company's investors to all other shareholders to buy back all or part of their stocks render the company unsuitable for listing;

(5) the changes in the total share capital and the equity structure of the company caused by an offer issued by the acquirers other than the company's investors to all shareholders to buy back all or part of their stocks render the company unsuitable for listing;

(6) the company is no longer an independent entity and cancelled as a result of its merger by new establishment or absorption;

(7) the shareholders' general meeting of the company decides that the company is dissolved;

(8) other circumstances as recognized by the CSRC and the Exchange.

Those listed companies having issued A and B stocks on the Exchange and applied for voluntary termination of listing as specified in the preceding sections shall apply for terminating the listing of both A and B stocks except for existence of special circumstances.

**14.4.2** The decisions made by the shareholders' general meeting as described in (1) and (2) of Section 14.4.1 hereof shall require more than two-thirds of the valid votes held by all shareholders present at the meeting, and also by the shareholders present at the meeting excluding the following ones:

- (1) the directors, supervisors and senior officers of the listed company;
- (2) the shareholders individually or collectively holding more than 5% of the stocks in the listed company.

**14.4.3** A listed company shall fully disclose its plan for voluntary termination of listing, the reasons for its delisting, and its post-delisting development strategies, including merger & reorganization plan, business development plan, relisting plan and special notes on protecting dissent shareholders, before the issuance of the notice on convoking such shareholders' general meetings as mentioned in (1) and (2) of Section 14.4.1 hereof.

Independent directors shall give independent opinions on whether the above matter is beneficial to the long-term development of the company and the interest of all shareholders after adequately consulting with minority shareholders about the same. Such independent opinions shall be announced together with the notice on convoking shareholders' general meeting.

The company shall engage financial advisors and lawyers to provide professional services for the voluntary termination of listing and issue professional opinions that will be announced together with the notice on convoking shareholders' general meeting.

After the shareholders' general meeting deliberates the voluntary termination of listing, the company shall publish an announcement about the meeting decisions in a timely manner, disclosing the particulars of proposal deliberation and adoption.

**14.4.4** If the voluntary termination of listing of a listed company is induced by any of the circumstances enumerated in (3) to (7) of Section 14.4.1 hereof, the company shall abide by the relevant provisions specified in the *Company Law*, the *Securities Law*, the *Administrative Rules on Acquisition of Listed Company* and the *Measures for the Administration of the Material Asset Restructurings of Listed Companies* as well as relevant self-discipline normative documents prepared by the Exchange, strictly perform its obligations in terms of decision making, implementation procedures and information disclosure, and timely apply to the Exchange for suspension or resumption of the company's stocks and derivatives thereon.

If the applies for voluntary termination of listing by voluntary dissolution, the company shall abide by Sections 14.4.2 and 14.4.3 hereof in addition to relevant laws and regulations.

**14.4.5** If a listed company applies for voluntary termination of listing according to any of the circumstances specified in (1) and (2) of Section 14.4.1 hereof, the company shall apply to the Exchange for suspending the trading of its stocks and derivatives thereon since the trading day following the date of record determined by the shareholders' general meeting, and submit an application for voluntary termination of listing to the Exchange within fifteen trading days after the shareholders' general meeting adopts the listing termination decision.

If the voluntary termination of listing of the company is induced by any of the circumstances enumerated in (3) to (7) of Section 14.4.1 hereof, the company shall timely submit an



application for voluntary termination of listing to the Exchange according to relevant provisions.

The company shall timely make relevant announcement after submitting the application.

**14.4.6** A listed company that applies to the Exchange for voluntary termination of listing shall submit the following documents at least:

- (1) application for voluntary termination of listing;
- (2) decision adopted by the board of directors and opinions issued by independent directors (if applicable);
- (3) decisions adopted by the shareholders' general meeting (if applicable);
- (4) plan for voluntary termination of listing;
- (5) plan for future development after voluntary termination of listing
- (6) special notes on protecting dissent shareholders;
- (7) opinions issued by financial advisors on the company's voluntary termination of listing;
- (8) legal advices issued by lawyers on the company's voluntary termination of listing;
- (9) other documents required by the Exchange.

**14.4.7** If the voluntary termination of listing of a listed company is not adopted by its shareholders' general meeting, the company shall timely apply to the Exchange for resuming the trading of its stocks and derivatives thereon since the announcement date of the decisions adopted by the meeting.

**14.4.8** The Exchange will, within five trading days after receiving the application for voluntary termination of listing submitted by a listed company, make a decision whether or not to accept such application and notify the company of this decision. The company shall, upon receiving the Exchange's decision on whether or not to accept its application, make timely disclosure of particulars of the decision along with a risk warning announcement that its stocks are likely to be terminated from listing.

**14.4.9** The Exchange will, within fifteen trading days after accepting a listed company's application for voluntary termination of listing, make a decision whether or not to grant approval. If, during the said fifteen trading days, the Exchange requires the listed company to provide supplementary materials, the listed company shall submit the relevant materials accordingly within the time limit specified by the Exchange. The period for the company to provide such supplementary materials shall not be counted in the time limit for the Exchange to make relevant decision, however, the total of both time limits shall not exceed thirty trading days.

If the company's stocks are delisted as a result of such circumstances as comprehensive offer to purchase the listed company's stocks, implementation of merger targeting the listed company, and comprehensive repurchase by the listed company of its stocks, the Exchange will,

within fifteen trading days from the date when the company announces its repurchase or repurchase results and completes the merger transaction, make a decision whether or not to terminate listing of its stocks, unless otherwise specified.

**14.4.10** The Exchange's Listing Committee will deliberate the voluntary termination of listing a listed company's stocks and issue its review opinion based on independent and professional judgment after reviewing the compliance of the company's decision making procedures, especially from the perspective of protecting the rights and interests of investors, in particular, minority investors.

The Exchange will make a decision whether or not to terminate listing the company's stocks according to the opinion of the Listing Committee.

**14.4.11** The Exchange will, within two trading days after it makes a decision on terminating the listing of a listed company's stocks, notify the company of this decision and make relevant announcement.

The company shall, after receiving the decision of the Exchange on the termination of its stocks' listing, disclose an announcement on the listing termination of its stocks in a timely manner in accordance with Section 14.3.19 hereof.

**14.4.12** The stocks of a listed company that are voluntarily terminated from listing will not be traded during the delisting preparation period; the Exchange will, within five trading days from the date when announcing its decision of terminating the listing of the company's stocks, delist such stocks to terminate their listing.

**14.4.13** If the Exchange terminates the listing of a listed company's stocks as a result of the occurrence of any of the circumstances specified in Section 14.4.1, the company and its affiliates shall make a proper arrangement for the matters such as transfer or trading of the delisted stocks and measures for protecting dissent shareholders in order to protect the legal rights and interests of investors, particularly, minority investors.

**14.4.14** A listed company voluntarily terminating its listing may choose to trade or transfer its stocks at a securities exchange, or make other arrangements according to law.

**14.4.15** The Exchange will report the particulars of the voluntary termination of listing of a listed company to the CSRC within fifteen trading days from the date when the Exchange makes a decision whether or not to approve the company's voluntary termination of listing and within fifteen trading days from the date when the company is delisted.

## **Section 5 Relisting**

**14.5.1** A listed company with its stocks terminated from listing may apply to the Exchange for relisting if the company meets the following conditions with its stocks' listing termination lifted:

- (1) its total share capital is no less than RMB 50 million;
- (2) its public shares take up over 25% of its total shares, or over 10% if its total share capital exceeds RMB 400 million;

- (3) the company and its directors, supervisors and senior officers commit no major illegal acts in the most recent three years, and its financial reports contain no falsehoods;
- (4) its net profit for each of the most recent three financial years is positive and their total exceeds RMB 30 million; the net profit is determined according to this profit before and that after deducting non-recurring gains and losses, whichever is lower;
- (5) its total net cash flow from operating activities for the most recent three financial years exceeds RMB 50 million, or the total operating income for the most recent three financial years exceeds RMB 300 million;
- (6) its audited final net assets for the most recent financial year are positive;
- (7) its financial reports for the most recent three financial years receive standard unqualified audit reports issued by a CPA firm;
- (8) there are no major changes in its main business, directors and senior officers, and no changes in its actual controllers, in the most recent three years;
- (9) sponsor issues a clear opinion after verification that the company is able to continue as a going concern;
- (10) sponsor issues a clear opinion after verification that the company has a sound corporate governance structure, operation regulations and no major defect in its internal control;
- (11) other conditions specified by the Exchange.

If the company fails to cooperate with the Exchange in its delisting-related work after its stocks are compulsively terminated from listing, the Exchange will not consider its relisting application within thirty six months from the date when such stocks get listed on the National Equities Exchange and Quotations System.

**14.5.2** After the listing of a listed company's stocks is terminated due to the occurrence of any of the circumstances specified in Article 13 of Section 14.3.1 hereof, if the company is informed that the administrative penalty or the ruling by the People's Court based on which the Exchange decides that the company meet the criteria of major legal violation and therefore delists its shares are revoked, invalidated or lawfully altered, the company may apply to the Exchange for revoking the compulsory delisting due to major violation of laws within 10 days of being informed of the relevant decision made by competent administrative authority or the ruling issued by the People's Court coming into force. The listing committee of the Exchange shall, within 15 trading days after receiving the application of the listed company, convene a meeting to review the decision and issue review opinions based on the relevant decision made by competent administrative authority or the ruling issued by the People's Court.

Based on the opinions issued by the Listing Committee, the Exchange will make a decision on whether to revoke the compulsory delisting due to major legal violation. Where the Exchange decides to reverse the decision, the delisting risk warning on the stock equities will be lifted at the same time. The company may, within 20 trading days from the date on which the Exchange decides to revoke the listing termination, apply to the Exchange for stocks relisting.

**14.5.3** If a listed company carries out fraudulent issuance and therefore meets the criteria for compulsory delisting due to major violation of laws, which results in the listing termination of its stocks, the company shall not apply for stocks relisting, except as stipulated in Section 14.5.2.

**14.5.4** If a listed company carries out misconducts other than fraudulent issuance and therefore meets the criteria for compulsory delisting due to major violation of laws, which results in the listing termination of its stocks, the company shall not apply for stocks relisting unless its shares have been listed and traded in the National Equities Exchange and Quotations (NEEQ) for five fiscal years. The Exchange will not consider the company's relisting application unless it meets all the following conditions:

(1) the company has fully corrected its major illegal acts and also met the following requirements:

1. the company has made a supplementary or correction announcement on the matters involved in major illegal information disclosure;
2. the investigation and affixation of the responsibility for major violation of laws;
3. the company has additionally performed relevant decision making procedures for the matters involved in major violation of laws;
4. relevant liability subjects of the company such as controlling shareholders and actual controllers have compensated the company for its losses caused by major violation of laws;
5. the risk factors relevant to the company possibly induced by major violation of laws have been removed.

(2) the following liable persons related to fraudulent issuance and major illegal information disclosure have been replaced:

1. relevant persons who are found guilty by a people's court;
2. relevant persons who receive the administrative penalty imposed by the competent administrative authority;
3. relevant persons who are transferred by the competent administrative authority to a public security organ according to law for receiving investigation;
4. other liable persons who are found by the CSRC and the Exchange to be related to major violation of laws.

(3) the assumption of relevant civil compensation has been properly arranged and the following requirements are met:

1. if a people's court has made a decision on relevant compensation matters, this decision has been fully implemented;
2. if a people's court fails to make a decision on relevant compensation matters but a settlement agreement has been reached, this agreement has been fully implemented;

3. if a people's court fails to make a decision on relevant compensation matters and no settlement agreement has been reached, the company and relevant liability subjects have accrued estimated maximum claim amount as compensation fund, and transferred it in full into a special account, and the controlling shareholders and the actual controllers of the company have promised to make up for any deficit if such compensation fund is in shortage.

(4) the sponsors and lawyers engaged by the company for its relisting have verified the facts involved in the preceding three conditions and issued their special opinions that they clearly confirm the company has met such three conditions.

**14.5.5** The Exchange's Listing Committee will deliberate stocks relisting application and issue its opinion based on independent and professional judgment.

The Exchange will make a decision whether or not to grant approval according to the opinion issued by the Listing Committee.

**14.5.6** Relisted stocks of a company shall be traded on the Exchange's risk warning board until at least the time when the company discloses its first post-relisting annual report; however, those company stocks relisted according to Section 14.5.2 hereof shall not be applicable to this section.

**14.5.7** For other relisting matters, the Exchange shall otherwise develop provisions.

## **Chapter XV Application for Review**

**15.1** If an issuer, a listed company or a company applying for relisting (hereinafter, collectively "applicant") is dissatisfied with the Exchange's decision of listing denial, listing suspension, or listing termination, the applicant may, within seven trading days of receiving the Exchange's relevant decision or within 5 trading days from the date of the Exchange's announcement of the relevant decision, file an application with the Exchange for review.

The applicant shall disclose relevant information on the next trading day after the date that it files the application with the Exchange for review.

**15.2** The applicant that applies for review pursuant to the provisions of the preceding Subsection shall submit the following documents to the Exchange:

- (1) application for review;
- (2) the sponsor's written opinion on the review application;
- (3) the law firm's legal opinion on the review application; and
- (4) other documents as required by the Exchange.

**15.3** Within 5 trading days of the date of receiving the applicant's application for review, the Exchange will make a decision whether or not to consider such application and then notify the applicant.

The Exchange will not consider the application for review filed by any applicant that fails to

submit the application documents pursuant to the preceding Subsection

After receiving the Exchange's decision on whether or not to consider its application for review, applicant shall disclose the contents of such decision and relevant risks in a timely manner.

**15.4** The Exchange has a review committee that is responsible for reviewing the application for review.

**15.5** Within 30 trading days of the date of accepting an application for review, the Exchange will make its decision whether or not to sustain its original decision of listing denial, listing suspension, or listing termination based on the opinion of the Review Committee. Such decision shall be conclusive.

If, during the aforesaid thirty trading days, the Exchange requires the applicant to provide supplementary materials, the applicant shall submit the relevant materials accordingly. The period for the company to provide such supplementary materials shall not be counted in the time limit for the Exchange to make relevant decision.

The period of providing supplementary materials shall not exceed 30 trading days cumulatively. If the applicant fails to provide such supplementary materials within such period, the Exchange will continue to review its application upon expiration of this period and will make a decision of listing denial, listing suspension, or listing termination based on these Rules.

Upon receiving the Exchange's decision on its application for review, the applicant shall disclose the contents of the decision in a timely manner.

## **Chapter XVI Coordination between Domestic and Overseas Listings**

**16.1** Where securities of a listed company are also listed on overseas stock exchanges, the Exchange must be simultaneously informed of any information released to any of such other exchanges and such information must be released in the designated media in accordance with these Rules at the same time as it is released to the other markets.

**16.2** The reports and announcements submitted to overseas stock exchanges by a listed company shall be consistent with those filed with the Exchange in respect of the same events. In case of any material discrepancy, the company shall provide a special explanation to the Exchange and publish a restatement and supplementary announcement as required by the Exchange.

**16.3** Where the stocks of a listed company and derivatives thereon are suspended from trading on overseas stock exchanges, the company shall report the trading suspension as well as the reason therefor to the Exchange in a timely manner together with a written statement whether or not it will apply to the Exchange for trading suspension.

**16.4** Any matters not covered in this Chapter shall be governed by applicable laws, administrative regulations, rules of competent authorities, other regulatory documents, the MoUs on regulatory cooperation signed by the Exchange with other stock exchanges as well as relevant regulations.

## **Chapter XVII Day-to-day Regulation and Dealing with Breaches of These Rules**

**17.1** The Exchange exercises day-to-day regulation of the institutions and persons enumerated in Subsection 1.5 hereof. The specific regulatory measures include:

- (1) requesting the issuer, the company and relevant persons with disclosure obligations or the company's directors, board of directors, supervisors, board of supervisors or senior officers to give explanations on relevant matters;
- (2) requesting the company to employ relevant securities service agencies to look into its problems and issue opinions;
- (3) issuing various notices and letters to the company;
- (4) interviewing with relevant persons;
- (5) refusing to accept the documents submitted by sponsors, securities service agencies and relevant persons;
- (6) reporting to the CSRC on any breaches of laws and regulations;
- (7) issuing regulatory recommendations to competent authorities; and
- (8) other regulatory measures.

The company, relevant persons with disclosure obligations, and other institutions and persons shall submit to and be cooperative in the Exchange's day-to-day regulation, respond to the Exchange's inquiries within the specified time limit and, when required by the Exchange, provide explanations or disclose relevant restatement or supplementary announcement.

**17.2** Where an issuer, a listed company, relevant persons with disclosure obligations or other responsible persons breach these Rules or their undertakings to the Exchange, the Exchange will, depending on the seriousness of the cases, take the following disciplinary actions:

- (1) circulating a notice of criticism;
- (2) public censure.

**17.3** Where a director, supervisor or senior officer of a listed company breaches these Rules or the undertaking he has made to the Exchange, the Exchange will, depending on the level of severity of the cases, take the following disciplinary actions:

- (1) circulating a notice of criticism;
- (2) public censure;
- (3) announcing that, for more than 3 years, he is unsuitable to serve as a director, supervisor or senior officer of a listed company.

The aforesaid disciplinary actions in (2) and (3) may be imposed concurrently.

**17.4** Where the board secretary of a listed company breaches these Rules, the Exchange

will, depending on level of severity of the cases, take the following disciplinary actions:

- (1) circulating a notice of criticism;
- (2) public censure;
- (3) announcing that he is unsuitable to serve as the board secretary of a listed company.

The aforesaid disciplinary actions in (2) and (3) may be imposed concurrently.

**17.5** Where a sponsor or sponsor representative breaches these Rules, the Exchange will, depending on the level of severity of the cases, take the following disciplinary actions:

- (1) circulating a notice of criticism;
- (2) public censure.

In severe cases, the Exchange will file with the CSRC for investigation and punishment.

**17.6** Where the administrator or a member of the administrator breaches these Rules, the Exchange will, depending on the level of severity of the cases, take the following disciplinary actions:

- (1) circulating a notice of criticism;
- (2) public censure;
- (3) advising the court to replace such administrator or member of the administrator.

The aforesaid disciplinary actions in (2) and (3) may be imposed concurrently.

**17.7** If an issuer, a listed company, relevant persons with disclosure obligations or other responsible persons breaches these Rules or their undertakings to the Exchange, the Exchange may, depending on the seriousness of the cases, collect punitive damages.

The specific matters relating to the collection of punitive damages shall be stipulated separately by the Exchange.

**17.8** The Exchange has a Disciplinary Action Committee to review disciplinary actions to be imposed for breaches of these Rules and issue its opinion based on independent and professional judgment. The Exchange will decide whether or not to impose disciplinary actions based on the opinion of the Disciplinary Action Committee.

Before the Exchange decides whether or not to impose disciplinary actions, the company may apply for hearing testimony according to the scope and procedure provided by the relevant business rules of the Exchange.

**17.9** Where the company is not satisfied with the disciplinary decision made by the Exchange, it may apply for review according to the scope and procedure provided by the relevant business rules of the Exchange.



## Chapter XVIII Interpretation

**18.1** For the purpose of these Rules, the following terms and expressions have the following meanings:

- (1) **Listed Company:** a company limited by stocks with its stocks and derivatives thereon listed on the Exchange.
- (2) **Relevant Person with Disclosure Obligation:** a shareholder, *de facto* controller or acquirer, etc. of a listed company.
- (3) **Timely:** within two trading days from the commencement date or after the point in time for disclosure as prescribed in these Rules is reached.
- (4) **Disclosure:** the process whereby a listed company or relevant persons with disclosure obligations release information in the designated media in accordance with State laws, administrative regulations, rules of competent authorities, other regulatory documents, these Rules and other regulations of the Exchange.
- (5) **Senior Officer:** CEO, deputy CEO, board secretary or financial officer of a company or any other person as defined in the articles of association of the company.
- (6) **Controlling Shareholder:** the shareholder who holds more than 50 percent of the total share capital of a company, or the shareholder who, though holding less than 50 percent of the total share capital of a company, by virtue of the voting rights represented by the stocks it holds, is in a position to have a material impact on the resolutions of the shareholders' general meeting.
- (7) **De Facto Controller:** the person who, though not a shareholder of the company, has actual control over corporate actions through investment relationship, agreements or other arrangements.
- (8) **Control:** to be in a position to decide an enterprise's financial and operation policies and thereby obtain interest from the enterprise's business operations. Control includes any of the following circumstances:
  1. holding the largest number of stocks of the company as shown on the company's register of shareholders, unless there is evidence to the contrary;
  2. in a position to either directly or indirectly exercise more voting rights than the shareholder holding the largest number of stocks as recorded on the company's register of shareholders;
  3. able to decide more than half of the directorships on the company's board of directors by exercising voting rights; or
  4. other circumstances as recognized by the CSRC and the Exchange.
- (9) **Subsidiary of a Listed Company:** a company more than half of whose stocks are held by a listed company, or more than half of the directorships on whose board of directors can be decided by a listed company, or over which a listed company has *de facto* control by agreement

or other arrangements.

(10) Employee Stocks: stocks of a company limited by stocks subscribed for by its employees through private placement before its initial public offering.

(11) The Equity Structure Does Not Meet the Listing Requirement: the stocks held by public shareholders fall below 25 percent of the total share capital of the company for 20 trading days in a row, or below 10 percent if the total amount of a company's share capital exceeds RMB 400 million.

The aforesaid public shareholders include all the shareholders of a listed company, except the following:

1. any shareholder holding more than 10 percent of the stocks of a listed company and the parties acting in concert; and
2. directors, supervisors, senior officers and its related parties.

(12) Securities Service Agencies: CPA firms, asset appraisal agencies, law firms, financial advisory agencies and credit rating agencies that prepare and issue audit reports, asset appraisal reports, legal opinions, financial advisory reports and credit rating reports with respect to the offering, listing and trading of securities and other securities activities.

(13) Net Assets: net assets attributable to common shareholders at the end of the given period, excluding minority interest.

(14) Net Profits: net profits attributable to common shareholders, excluding minority interest income.

(15) Earnings per Share: the basic earnings per share as calculated pursuant to the relevant regulations of the CSRC.

(16) Return on Equity: fully-diluted return on equity as calculated pursuant to the relevant regulations of the CSRC.

(17) Repurchase of Stocks: the process whereby a listed company buys back and then cancels its free-float stocks.

(18) Bankruptcy Proceedings: the reorganization, settlement or bankruptcy liquidation proceedings regulated by the *Enterprise Bankruptcy Law*.

(19) Administrator Management Model: the operation model whereby the administrator is responsible for managing the property and operations of the listed company in accordance with the *Enterprise Bankruptcy Law*, as ruled by the court.

(20) Administrator Supervision Model: the operation model whereby the listed company itself manages its property and operations under the supervision of the administrator in accordance with the *Enterprise Bankruptcy Law*, as ruled by the court.

(21) Retroactive Restatement: adjustments correspondingly made on any previously disclosed

financial reports after correcting any material accounting error or misrepresentation in any financial report by the company independently or under the instructions of the CSRC.

(22) Stock Trading Suspension Days: full trading days that the Exchange issued a suspension for company stocks.

(23) Daily Closing Price of a B Share Lower than Its Par Value: the daily closing price converted into CNY of a B share is lower than its par value (converted at the central parity rate of CNY against USD as adopted by the SHCOMP).

**18.2** The terms and expressions not defined in these Rules shall have the meanings ascribed to them in applicable State laws, administrative regulations, rules of competent authorities, other regulatory documents, and relevant rules of the Exchange.

**18.3** The terms “more than” and “within” in these Rules include the given figure, whereas the terms “exceed”, “less than”, “lower than” and “below” do not include the given figure.

### **Chapter XIX Supplementary Provisions**

**19.1** These Rules and any amendment hereto shall come into force after being adopted by the board of directors of the Exchange and upon the approval of the CSRC.

**19.2** The power to interpret these Rules shall rest with the Exchange.

**19.3** These Rules shall be implemented as of the date of promulgation.

Where a listed company has not disclosed information regarding a major event that shall be disclosed in accordance with the last revision of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and that is required to be disclosed by this revision, the company shall disclose the event according to this revision in a timely manner after the promulgation of this revision.

#### **Appendices:**

1. Director’s Declaration and Undertaking
2. Supervisor’s Declaration and Undertaking
3. Senior Officer’s Declaration and Undertaking

Appendix 1:

## Director's Declaration and Undertaking

### Part I DECLARATION

#### 1. Basic information

(1) name of the listed company: \_\_\_\_\_

(2) short name of the listed stock: \_\_\_\_\_ stock code: \_\_\_\_\_

(3) name: \_\_\_\_\_ position: \_\_\_\_\_

(4) alias, if any: \_\_\_\_\_

(5) former name, if any: \_\_\_\_\_

(6) date of birth: \_\_\_\_\_

(7) residential address: \_\_\_\_\_

(8) nationality: \_\_\_\_\_

(9) countries or regions where you have permanent right of abode, if applicable: \_\_\_\_\_

(10) professional qualification, if applicable: \_\_\_\_\_

(11) ID number: \_\_\_\_\_

(12) passport number, if applicable: \_\_\_\_\_

(13) names and ID numbers of spouse and near relatives: \_\_\_\_\_

spouse: \_\_\_\_\_

parents: \_\_\_\_\_

children aged 18 or above with full capacity for civil conduct and their spouses: \_\_\_\_\_

(14) work experience in the past 5 years: \_\_\_\_\_

\_\_\_\_\_

2. Does your spouse, or any of your parents, any of your children aged 18 or above with full capacity for civil conduct or of your children's spouses, or any of your siblings or of your siblings' spouses, act as a director, supervisor or senior officer of the listed company?

Yes  No

If yes, please give full particulars.

3. Do you hold a position in any other company?

Yes  No

If yes, please state the name of each such company, its registered capital, the scope of its business and the particulars of your position in such company.

4. Do you have any large amount of unsettled due debts? Are there any unsatisfied judgment debts or court-ordered debts against you? Are there any court compulsory measures against you? Are there any court judgments or orders of continuing effect against you?

Yes  No

If yes, please give full particulars.

5. Has any company or enterprise been put into bankruptcy, or been put into liquidation, or shut down, or suspended operations, or merged with others, or switched to other business, or been under such other similar circumstances during the period when you were a director, factory director or manager of the company or enterprise? Were you personally liable for the bankruptcy?

Yes  No

If yes, please give full particulars and state whether you were personally liable.

6. Has any company or enterprise had its business license revoked or been ordered to close down as a result of violations of laws at any time during the period when you were its legal representative? Were you personally liable therefor?

Yes  No

If yes, please give full particulars and state whether you were personally liable.

7. Have you ever been sentenced to any criminal punishment for committing the crime of corruption, bribery, encroaching upon property, misappropriating property or sabotaging the socialist market economic order? Have you been deprived of political rights for committing a crime?

Yes  No

If yes, please give full particulars.

8. Have you ever received any administrative penalties for violations of the *Securities Law*, the *Interim Measures for the Prohibition of Securities Frauds*, the *Interim Regulations on Banning from Securities Market* or other securities market laws, administrative regulations, or rules of competent authorities?

Yes  No

If yes, please give full particulars.

9. Are there any other circumstances that render you ineligible for directorship in a company as provided in the *Company Law*, the *Public Functionary Law*, or other laws, administrative

regulations, rules of competent authorities, or other regulatory documents?

Yes  No

If yes, please give full particulars.

**10.** Have you ever received any criminal or administrative penalties or are you currently subject to any legal proceeding for violations of other laws and regulations other than those set forth in questions 7 and 8 of this Declaration?

Yes  No

If yes, please give full particulars.

**11.** Are you currently subject to any investigation of China Securities Regulatory Commission or involved in relevant administrative proceedings for any suspected violation of securities market laws, administrative regulations or rules of competent authorities? Have you ever been disciplined for any violation of the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* or the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*?

Yes  No

If yes, please give full particulars.

**12.** Do you or does your spouse, any of your parents, any of your children or any of your children's spouses hold the stocks of the listed company or derivatives thereon?

Yes  No

If yes, please give full particulars.

**13.** Do you have any past or present interest in the listed company or any of its controlled subsidiaries other than that you have disclosed pursuant to the foregoing questions?

Yes  No

If yes, please give full particulars.

**14.** Have you ever participated in any securities business training programs organized or acknowledged by China Securities Regulatory Commission or Shanghai Stock Exchange?

Yes  No

If yes, please give full particulars.

**15.** As a director of the listed company, are you fully aware that, if the listed company provides any false financial statements to shareholders or the public or conceals any important facts in such statements, or the listed company fails to disclose any other material information that shall be disclosed in accordance with law, which, as a consequence, has severely injured the interests of the shareholders or any other person or gives rise to other severe consequences, the officers directly in charge and the other persons held directly responsible will be prosecuted for criminal liability?

Yes  No

**16.** Are you fully aware that, as a director of the listed company, you will be prosecuted for your criminal liability if you breach your fiduciary duty to the listed company and abuse your position to manipulate the listed company into conducting any of the following activities, thereby causing heavy losses to the listed company?

- (1) providing any capital, commodity, service or any other asset gratuitously to any other entity or individual;
- (2) providing or accepting any capital, commodity, service or any other asset under clearly unfair terms;
- (3) providing any capital, commodity, service or any other asset to any entity or individual that obviously has no ability of repayment;
- (4) providing guarantee to any entity or individual that obviously has no ability of repayment, or providing guarantee to any other entity or individual without justifiable reasons;
- (5) waiving any credit or undertaking any debt without justifiable reasons; or
- (6) injuring the interests of the listed company in any other manner.

Yes  No

**17.** Other than the information which you have disclosed pursuant to the foregoing questions, are there any other matters the non-disclosure of which may affect the truthfulness, completeness or accuracy of your response to any of the foregoing questions?

Yes  No

If yes, please give full particulars.

I, \_\_\_\_\_ (in Chinese regular script) solemnly declare that the foregoing answers are true, accurate and complete and that I guarantee there are no misrepresentations, misleading statements or material omissions herein. I fully understand the possible consequences of making a false declaration. Shanghai Stock Exchange may rely upon the foregoing answers in assessing my suitability to act as a director of the listed company.

Declarant (signature):

Date:

Declared at \_\_\_\_\_ (place) this \_\_\_\_\_ day of \_\_\_\_\_ (month), \_\_\_\_ (year).

Attesting solicitor:

Date:

## Part II UNDERTAKING

I, \_\_\_(in Chinese regular script), undertake with Shanghai Stock Exchange that:

1. in the exercise of my powers and duties as a director of the listed company I shall comply with applicable State laws, regulations and rules, cause the listed company and any authorized person of mine to so comply, and fulfill my fiduciary duty and due diligence duty;
2. in the exercise of my powers and duties as a director of the listed company I shall comply with the rules, regulations and circulars issued by China Securities Regulatory Commission and procure that the listed company and any authorized person of mine shall so comply;
3. in the exercise of my powers and duties as a director of the listed company I shall comply with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other rules, regulations and circulars issued by Shanghai Stock Exchange and procure that the listed company and any authorized person of mine shall so comply;
4. in the exercise of my powers and duties as a director of the listed company I shall comply with the articles of association of the listed company and procure that the listed company and any authorized person of mine shall so comply;
5. I shall be subject to the supervision of Shanghai Stock Exchange, including answering promptly and truthfully any questions addressed to me, promptly producing the documents that are required to be submitted under the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the originals or copies of any other documents so requested, and attending any meeting at which I am requested to appear;
6. I hereby give my authority to Shanghai Stock Exchange to submit my declaration and undertaking to China Securities Regulatory Commission;
7. I will participate in the professional training programs organized by China Securities Regulatory Commission and Shanghai Stock Exchange pursuant to relevant regulations;
8. in case of my breach of the foregoing undertaking, I shall be willing to undertake all legal liabilities arising therefrom;
9. if any disputes between Shanghai Stock Exchange and I arise during the performance of my duties and lead to legal proceedings, such legal proceedings shall be under the jurisdiction of the people's court of the place where Shanghai Stock Exchange is domiciled.

Promisor (signature):

Date:

Declared at \_\_\_\_\_ (place) this \_\_\_\_\_ day of \_\_\_\_\_(month), \_\_\_\_\_(year).

Attesting solicitor:

Date:



Appendix 2:

## Supervisor's Declaration and Undertaking

### Part I DECLARATION

#### 1. Basic information

(1) name of the listed company: \_\_\_\_\_

(2) short name of the listed stock: \_\_\_\_\_ stock code: \_\_\_\_\_

(3) name: \_\_\_\_\_ position: \_\_\_\_\_

(4) alias, if any: \_\_\_\_\_

(5) former name, if any: \_\_\_\_\_

(6) date of birth: \_\_\_\_\_

(7) residential address: \_\_\_\_\_

(8) nationality: \_\_\_\_\_

(9) countries or regions where you have permanent right of abode, if applicable: \_\_\_\_\_

(10) professional qualification, if applicable: \_\_\_\_\_

(11) ID number: \_\_\_\_\_

(12) passport number, if applicable: \_\_\_\_\_

(13) names and ID numbers of spouse and near relatives: \_\_\_\_\_

spouse: \_\_\_\_\_

parents: \_\_\_\_\_

children aged 18 or above with full capacity for civil conduct and their spouses: \_\_\_\_\_

(14) work experience in the past 5 years: \_\_\_\_\_

\_\_\_\_\_

2. Does your spouse, or any of your parents, any of your children aged 18 or above with full capacity for civil conduct or of your children's spouses, or any of your siblings or of your siblings' spouses, act as a director, supervisor or senior officer of the listed company?

Yes  No

If yes, please give full particulars.

3. Do you hold a position in any other company?

Yes  No

If yes, please state the name of each such company, its registered capital, the scope of its business and the particulars of your position in such company.

4. Do you have any large amount of unsettled due debts? Are there any unsatisfied judgment debts or court-ordered debts against you? Are there any court compulsory measures against you? Are there any court judgments or orders of continuing effect against you?

Yes  No

If yes, please give full particulars.

5. Has any company or enterprise been put into bankruptcy, or been put into liquidation, or shut down, or suspended operations, or merged with others, or switched to other business, or been under such other similar circumstances during the period when you were a director, factory director or manager of the company or enterprise? Were you personally liable for the bankruptcy?

Yes  No

If yes, please give full particulars and state whether you were personally liable.

6. Has any company or enterprise had its business license revoked or been ordered to close down as a result of violations of laws at any time during the period when you were its legal representative? Were you personally liable therefor?

Yes  No

If yes, please give full particulars and state whether you were personally liable.

7. Have you ever been sentenced to any criminal punishment for committing the crime of corruption, bribery, encroaching upon property, misappropriating property or sabotaging the socialist market economic order? Have you been deprived of political rights for committing a crime?

Yes  No

If yes, please give full particulars.

8. Have you ever received any administrative penalties for violations of the *Securities Law*, the *Interim Measures for the Prohibition of Securities Frauds*, the *Interim Regulations on Banning from Securities Market* or other securities market laws, administrative regulations, or rules of competent authorities?

Yes  No

If yes, please give full particulars.

9. Are there any other circumstances that render you ineligible for directorship in a company as provided in the *Company Law*, the *Public Functionary Law*, or other laws, administrative

regulations, rules of competent authorities, or other regulatory documents?

Yes  No

If yes, please give full particulars.

**10.** Have you ever received any criminal or administrative penalties or are you currently subject to any legal proceeding for violations of other laws and regulations other than those set forth in questions 7 and 8 of this Declaration?

Yes  No

If yes, please give full particulars.

**11.** Are you currently subject to any investigation of China Securities Regulatory Commission or involved in relevant administrative proceedings for any suspected violation of securities market laws, administrative regulations or rules of competent authorities? Have you ever been disciplined for any violation of the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* or the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*?

Yes  No

If yes, please give full particulars.

**12.** Do you or does your spouse, any of your parents, any of your children or any of your children's spouses hold the stocks of the listed company or derivatives thereon?

Yes  No

If yes, please give full particulars.

**13.** Do you have any past or present interest in the listed company or any of its controlled subsidiaries other than that you have disclosed pursuant to the foregoing questions?

Yes  No

If yes, please give full particulars.

**14.** Have you ever participated in any securities business training programs organized or acknowledged by China Securities Regulatory Commission or Shanghai Stock Exchange?

Yes  No

If yes, please give full particulars.

**15.** As a supervisor of the listed company, are you fully aware that, if the listed company provides any false financial statements to shareholders or the public or conceals any important facts in such statements, or the listed company fails to disclose any other material information that shall be disclosed in accordance with law, which, as a consequence, has severely injured the interests of the shareholders or any other person or gives rise to other severe consequences, the officers directly in charge and the other persons held directly responsible will be prosecuted for criminal liability?

Yes  No

**16.** Are you fully aware that, as a supervisor of the listed company, you will be prosecuted for your criminal liability if you breach your fiduciary duty to the listed company and abuse your position to manipulate the listed company into conducting any of the following activities, thereby causing heavy losses to the listed company?

- (1) providing any capital, commodity, service or any other asset gratuitously to any other entity or individual;
- (2) providing or accepting any capital, commodity, service or any other asset under clearly unfair terms;
- (3) providing any capital, commodity, service or any other asset to any entity or individual that obviously has no ability of repayment;
- (4) providing guarantee to any entity or individual that obviously has no ability of repayment, or providing guarantee to any other entity or individual without justifiable reasons;
- (5) waiving any credit or undertaking any debt without justifiable reasons; or
- (6) injuring the interests of the listed company in any other manner.

Yes  No

**17.** Other than the information which you have disclosed pursuant to the foregoing questions, are there any other matters the non-disclosure of which may affect the truthfulness, completeness or accuracy of your response to any of the foregoing questions?

Yes  No

If yes, please give full particulars.

I, \_\_\_\_\_ (in Chinese regular script) solemnly declare that the foregoing answers are true, accurate and complete and that I guarantee there are no misrepresentations, misleading statements or material omissions herein. I fully understand the possible consequences of making a false declaration. Shanghai Stock Exchange may rely upon the foregoing answers in assessing my suitability to act as a supervisor of the listed company.

Declarant (signature):

Date:

Declared at \_\_\_\_\_ (place) this \_\_\_\_\_ day of \_\_\_\_\_ (month), \_\_\_\_\_ (year).

Attesting solicitor:

Date:

## Part II UNDERTAKING

I, \_\_\_(in Chinese regular script), undertake with Shanghai Stock Exchange that:

1. in the exercise of my powers and duties as a supervisor of the listed company I shall comply with applicable State laws, regulations and rules, cause the listed company and its directors and senior officers to so comply, and fulfill my fiduciary duty and due diligence duty;
2. in the exercise of my powers and duties as a supervisor of the listed company I shall comply with the rules, regulations and circulars issued by China Securities Regulatory Commission and procure that the listed company and its directors and senior officers shall so comply;
3. in the exercise of my powers and duties as a supervisor of the listed company I shall comply with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other rules, regulations and circulars issued by Shanghai Stock Exchange and procure that the listed company and its directors and senior officers shall so comply;
4. in the exercise of my powers and duties as a supervisor of the listed company I shall comply with the articles of association of the listed company and procure that the listed company and its directors and senior officers shall so comply;
5. in the exercise of my powers and duties as a supervisor of the listed company I shall supervise the listed company and its directors and senior officers to earnestly exercise their powers and duties and strictly observe the undertakings they have made in the *Director/Senior Officer's Declaration and Undertaking*;
6. I shall be subject to the supervision of Shanghai Stock Exchange, including answering promptly and truthfully any questions addressed to me, causing the listed company and its directors and senior officers to produce promptly the documents that are required to be submitted under the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the originals or copies of any other documents so requested, and attending any meeting at which I am requested to appear;
7. I hereby give my authority to Shanghai Stock Exchange to submit my declaration and undertaking to China Securities Regulatory Commission;
8. I will participate in the professional training programs organized by China Securities Regulatory Commission and Shanghai Stock Exchange pursuant to relevant regulations;
9. in case of my breach of the foregoing undertaking, I shall be willing to undertake all legal liabilities arising therefrom;
10. if any disputes between Shanghai Stock Exchange and I arise during the performance of my duties and lead to legal proceedings, such legal proceedings shall be under the jurisdiction of the people's court of the place where Shanghai Stock Exchange is domiciled.

Promisor (signature):

Date:

Declared at \_\_\_\_\_ (place) this \_\_\_\_\_ day of \_\_\_\_\_ (month), \_\_\_\_\_(year).

Attesting solicitor:

Date:

Appendix 3:

## Senior Officer's Declaration and Undertaking

### Part I cDECLARATION

#### 1. Basic information

(1) name of the listed company: \_\_\_\_\_

(2) short name of the listed stock: \_\_\_\_\_ stock code: \_\_\_\_\_

(3) name: \_\_\_\_\_ position: \_\_\_\_\_

(4) alias, if any: \_\_\_\_\_

(5) former name, if any: \_\_\_\_\_

(6) date of birth: \_\_\_\_\_

(7) residential address: \_\_\_\_\_

(8) nationality: \_\_\_\_\_

(9) countries or regions where you have permanent right of abode, if applicable: \_\_\_\_\_

(10) professional qualification, if applicable: \_\_\_\_\_

(11) ID number: \_\_\_\_\_

(12) passport number, if applicable: \_\_\_\_\_

(13) names and ID numbers of spouse and near relatives: \_\_\_\_\_

spouse: \_\_\_\_\_

parents: \_\_\_\_\_

children aged 18 or above with full capacity for civil conduct and their spouses: \_\_\_\_\_

(14) work experience in the past 5 years: \_\_\_\_\_

\_\_\_\_\_

2. Does your spouse, or any of your parents, any of your children aged 18 or above with full capacity for civil conduct or of your children's spouses, or any of your siblings or of your siblings' spouses, act as a director, supervisor or senior officer of the listed company?

Yes  No

If yes, please give full particulars.

3. Do you hold a position in any other company?

Yes  No

If yes, please state the name of each such company, its registered capital, the scope of its business and the particulars of your position in such company.

4. Do you have any large amount of unsettled due debts? Are there any unsatisfied judgment debts or court-ordered debts against you? Are there any court compulsory measures against you? Are there any court judgments or orders of continuing effect against you?

Yes  No

If yes, please give full particulars.

5. Has any company or enterprise been put into bankruptcy, or been put into liquidation, or shut down, or suspended operations, or merged with others, or switched to other business, or been under such other similar circumstances during the period when you were a director, factory director or manager of the company or enterprise? Were you personally liable for the bankruptcy?

Yes  No

If yes, please give full particulars and state whether you were personally liable.

6. Has any company or enterprise had its business license revoked or been ordered to close down as a result of violations of laws at any time during the period when you were its legal representative? Were you personally liable therefor?

Yes  No

If yes, please give full particulars and state whether you were personally liable.

7. Have you ever been sentenced to any criminal punishment for committing the crime of corruption, bribery, encroaching upon property, misappropriating property or sabotaging the socialist market economic order? Have you been deprived of political rights for committing a crime?

Yes  No

If yes, please give full particulars.

8. Have you ever received any administrative penalties for violations of the *Securities Law*, the *Interim Measures for the Prohibition of Securities Frauds*, the *Interim Regulations on Banning from Securities Market* or other securities market laws, administrative regulations, or rules of competent authorities?

Yes  No

If yes, please give full particulars.

9. Are there any other circumstances that render you ineligible for directorship in a company as provided in the *Company Law*, the *Public Functionary Law*, or other laws, administrative

regulations, rules of competent authorities, or other regulatory documents?

Yes  No

If yes, please give full particulars.

**10.** Have you ever received any criminal or administrative penalties or are you currently subject to any legal proceeding for violations of other laws and regulations other than those set forth in questions 7 and 8 of this Declaration?

Yes  No

If yes, please give full particulars.

**11.** Are you currently subject to any investigation of China Securities Regulatory Commission or involved in relevant administrative proceedings for any suspected violation of securities market laws, administrative regulations or rules of competent authorities? Have you ever been disciplined for any violation of the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* or the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*?

Yes  No

If yes, please give full particulars.

**12.** Do you or does your spouse, any of your parents, any of your children or any of your children's spouses hold the stocks of the listed company or derivatives thereon?

Yes  No

If yes, please give full particulars.

**13.** Do you have any past or present interest in the listed company or any of its controlled subsidiaries other than that you have disclosed pursuant to the foregoing questions?

Yes  No

If yes, please give full particulars.

**14.** Have you ever participated in any securities business training programs organized or acknowledged by China Securities Regulatory Commission or Shanghai Stock Exchange?

Yes  No

If yes, please give full particulars.

**15.** As a senior officer of the listed company, are you fully aware that, if the listed company provides any false financial statements to shareholders or the public or conceals any important facts in such statements, or the listed company fails to disclose any other material information that shall be disclosed in accordance with law, which, as a consequence, has severely injured the interests of the shareholders or any other person or gives rise to other severe consequences, the officers directly in charge and the other persons held directly responsible will be prosecuted for criminal liability?

Yes  No



**16.** Are you fully aware that, as a senior officer of the listed company, you will be prosecuted for your criminal liability if you breach your fiduciary duty to the listed company and abuse your position to manipulate the listed company into conducting any of the following activities, thereby causing heavy losses to the listed company?

- (1) providing any capital, commodity, service or any other asset gratuitously to any other entity or individual;
- (2) providing or accepting any capital, commodity, service or any other asset under clearly unfair terms;
- (3) providing any capital, commodity, service or any other asset to any entity or individual that obviously has no ability of repayment;
- (4) providing guarantee to any entity or individual that obviously has no ability of repayment, or providing guarantee to any other entity or individual without justifiable reasons;
- (5) waiving any credit or undertaking any debt without justifiable reasons; or
- (6) injuring the interests of the listed company in any other manner.

Yes  No

**17.** Other than the information which you have disclosed pursuant to the foregoing questions, are there any other matters the non-disclosure of which may affect the truthfulness, completeness or accuracy of your response to any of the foregoing questions?

Yes  No

If yes, please give full particulars.

I, \_\_\_\_\_ (in Chinese regular script) solemnly declare that the foregoing answers are true, accurate and complete and that I guarantee there are no misrepresentations, misleading statements or material omissions herein. I fully understand the possible consequences of making a false declaration. Shanghai Stock Exchange may rely upon the foregoing answers in assessing my suitability to act as a senior officer of the listed company.

Declarant (signature):

Date:

Declared at \_\_\_\_\_ (place) this \_\_\_\_\_ day of \_\_\_\_\_ (month), \_\_\_\_\_ (year).

Attesting solicitor:

Date:

## Part II UNDERTAKING

I, \_\_ (in Chinese regular script), undertake with Shanghai Stock Exchange that:

1. in the exercise of my powers and duties as a senior officer of the listed company I shall comply with applicable State laws, regulations and rules, cause the listed company to so comply, and fulfill my fiduciary duty and due diligence duty;
2. in the exercise of my powers and duties as a senior officer of the listed company I shall comply with the rules, regulations and circulars issued by China Securities Regulatory Commission and procure that the listed company shall so comply;
3. in the exercise of my powers and duties as a senior officer of the listed company I shall comply with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other rules, regulations and circulars issued by Shanghai Stock Exchange and procure that the listed company shall so comply;
4. in the exercise of my powers and duties as a senior officer of the listed company I shall comply with the articles of association of the listed company and procure that the listed company shall so comply;
5. in the exercise of my powers and duties as a senior officer of the listed company I shall promptly report to the board of directors and the board secretary on operation-related matters or financial matters that have arisen and may have a significant impact on the prices of the stocks of the company and derivatives thereon, as well as other material matters prescribed in the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*;
6. I shall be subject to the supervision of Shanghai Stock Exchange, including answering promptly and truthfully any questions addressed to me, producing promptly the documents that are required to be submitted under the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the originals or copies of any other documents so requested, and attending any meeting at which I am requested to appear;
7. I hereby give my authority to Shanghai Stock Exchange to submit my declaration and undertaking to China Securities Regulatory Commission;
8. I will participate in the professional training programs organized by China Securities Regulatory Commission and Shanghai Stock Exchange pursuant to relevant regulations;
9. in case of my breach of the foregoing undertaking, I shall be willing to undertake all legal liabilities arising therefrom;
10. if any disputes between Shanghai Stock Exchange and I arise during the performance of my duties and lead to legal proceedings, such legal proceedings shall be under the jurisdiction of the people's court of the place where Shanghai Stock Exchange is domiciled.

Promisor (signature):

Date:

Declared at \_\_\_\_\_ (place) this \_\_\_\_\_ day of \_\_\_\_\_ (month), \_\_\_\_\_ (year).

Attesting solicitor:

Date:

**Notes:**

1. Every person required under the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* to lodge the *Director/Supervisor/Senior Officer's Declaration and Undertaking* with Shanghai Stock Exchange shall complete Part 1 "DECLARATION" and Part 2 "UNDERTAKING" herein.
2. Please answer all questions. If insufficient space is provided for completion of any question, additional information may be entered on a separate sheet of paper attached hereunder.
3. The failure of any person to complete the part of DECLARATION truthfully, completely, accurately and timely, or the failure to complete the part of UNDERTAKING or to observe any of the undertakings made under that part, constitutes a breach of the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and Shanghai Stock Exchange will impose relevant punishment in accordance with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*.
4. If you have any doubt as to how to complete the two parts, you should consult Shanghai Stock Exchange or your solicitor.