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PRESS RELEASE

Guidance On Furthering The IPO Mechanism Reform

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In line with the unified arrangement for the reform of the pricing mechanism for initial public offering (IPO), the China Securities Regulatory Commission (“the CSRC”) has formulated the Guidance on Furthering the IPO Pricing Mechanism Reform, which is hereby announced and shall come into force as of 1 November 2010.

China Securities Regulatory Commission

11 October 2010

Attachment: Guidance on Furthering the IPO Mechanism Reform

To further improve the new issue regime and strengthen the market constraint mechanism, the CSRC released on 10 June 2009 the Guidance on Furthering the Reform and Improvement of the IPO Mechanism to launch the reform on the IPO mechanism. With respect to the specific implementation thereof, it was planned to adopt a way by which the reform would be implemented step by step and polished on a gradual basis, with the various reform measures to be taken in different phases. At present, the measures of Phase I have been fully implemented, the market-driven reform direction has gained a wide social recognition, a consensus to promote the reform in depth has been reached in the market, and the market conditions to implement the reform measures of Phase II have been roughly created. Therefore, upon an in-depth research and a wide hearing of opinions from markets and in line with the unified arrangement for the reform, it is hereby to propose the reform measures of Phase II as follows:

I. To further improve the constraint mechanism for price quotation, subscription and allotment

In the IPOs launched by small and medium-sized businesses, the issuers and their lead underwriters shall reasonably set the volume of each offline allotment based on the issue size and the market conditions so as to induce book-building participants to fix price earnestly. After that, the issuers and lead underwriters may, based upon the volume for each allotment, determine the number of the

institutions to which the shares may be allotted and then make allotments to those whose quotation is included but above the issuing price. If the number of the candidate institutions exceed the expectation, it is possible to conduct a random selection and then make the allotments subject to the selection results.

II. To broaden the scope of book-building participants and expand offline institutional investors

The lead underwriters may recommend at its own discretion a certain number of institutional investors that have a higher pricing capacity and a long-term investment plan to participate in the offline book-building and allotments.

The lead underwriters shall establish the principles and standards for the recommendation of institutional investors, including the requirements for minimum registered capital, asset management size, professional skills, investment experience, market impact, credit records, business strategic relationship, etc. and encourage long-term shareholding. The lead underwriters shall establish a transparent recommendation decision-making mechanism. The recommendation standards, decision-making process and the list of the finalized institutional investors shall be registered and filed with the Securities Association of China (the SAC). The SAC may formulate a guideline to guide the registration and filing of the list.

III. To enhance the transparency of pricing information

The issuers and their lead underwriters must make detailed disclosures on the prices quoted by potential investors that have participated in the book-building. The lead underwriters must also disclose the fair value of the issue as well as comparison figures for industry peers that they provide to potential investors during pre-marketing.

IV. To improve the callback and suspension mechanisms

The issuers and lead underwriters shall reasonably design the underwriting process based on the issue size and market conditions to effectively control underwriting risks.

If it is insufficient of the online subscription, it is possible to make an offline callback to allow offline institutional investors to subscribe for the shares; if the subscription is still insufficient, the underwriting syndicate may recommend other investors to participate in the offline subscription. Where the valid subscription by offline institutional investors within the established ratio for offline allotment is

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insufficient, it is not allowed to make any online callback but a suspension of the issue. The suspension may be exercised if offline quotation fails to reach the expectation of the issuer and its lead underwriter, or the subscription is still insufficient after an offline callback in response to an insufficient online subscription. The specific circumstances for suspending an IPO may be agreed upon by the issuer and its lead underwriter and then disclosed. A suspended IPO may be restarted provided that an application therefore filed with the CSRC within the valid period of the approval document.

Securities exchanges and securities depository and clearing institutions shall create conditions to further reduce the time between the closure of an IPO and its listing.

The reform of the IPO mechanism requires the close cooperation from market participants, which shall, in the light of the reform spirits, unify concepts, raise awareness and make careful deployment and thorough arrangements to ensure the implementation of the various reform measures and the satisfaction of the requirements for the reform.

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