

Restructuring Scheme Needed in Trading Suspension Application (2008-05-29)

SSE's New Rules on Significant Asset Restructuring

The Shanghai Stock Exchange (SSE) issued new rules on the procedures for significant asset restructuring of listed companies.

Yesterday, the SSE Listed Company Department issued the "Memorandum of Information Disclosure of Significant Asset Restructuring of Listed Companies" (Memo) No.3 -- "General Statement of Significant Asset Restructuring Scheme" (General Statement) to the listed companies. If any listed company applies for continuous trading suspension to the Listed Company Department due to significant asset restructuring, it should fill in and submit the "General Statement" together with the trading suspension application.

The "General Statement of Restructuring Scheme" specifically includes the type and standard of significant asset restructuring, the relationship between the listed company and its trading counterpart, whether the restructuring will lead to the change of the company's actual controller, as well as the estimated trading amount of the assets restructured into the listed company and the listed company's payment method. Most prominently, the listed company should fill in the estimated time of the directorate's review on the restructuring scheme.

In addition, relevant companies should make explanations on issues such as: whether the price fluctuation of their shares before the trading suspension application conforms to the standard in Article 5 of the "Notice of Regulating Information Disclosure of Listed Companies and Acts of All Parties concerned", whether the listed company has been put on record for investigation by the China Securities Regulatory Commission, with the case unsettled yet, and whether the significant asset restructuring involves innovative and unprecedented issues.

According to an official of the SSE Listed Company Department, this act aims to avoid random trading suspension by promoting the listed companies to work out initial schemes and schedules when applying for continuous trading suspension. However, in case that a restructuring scheme is extremely important and needs to be reported to the State Council for approval in principle, the Memo allows that relevant companies apply to the Listed Company Department for proper postponement of trading suspension before the expiration of the promised suspension period as well as disclose relevant circumstances in the progress announcements.

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