

## **ChiNext releases Business Memorandum to regulate use of over-raised funds**

2010-1-6

In order to further regulate the use and management of raised funds of ChiNext listed companies, especially over-raised funds, enhance the safety and use of raised funds of listed companies, protect the rights and interest of investors and interest of listed companies, the SZSE recently released the “Business Memorandum No. I for ChiNext Information Disclosure—Use of Over-raised Funds”

The Memorandum sets out the stringent restrictions in respect of the use of over-raised funds, emphasizing that the over-raised funds shall be used for main business of listed companies, not for high-risk investment such as engaging in securities investment, entrusted finance management, derivatives investment, venture investment and financing other parties or individuals.

The Memorandum also requires that listed companies shall properly make plans for the use of over-raised funds in light of the company's development planning and actual production and operation needs within 6 months after the aforementioned funds are collected. And the Memorandum sets forth that before a listed company puts over-raised funds into use, the company shall perform the duties including going through the corresponding procedure for consideration of the board or the general meeting and information disclosure in accordance with the requirements of the “Rules of Shenzhen Stock Exchange for ChiNext Stock Listing”.

In addition, with respect of information disclosure and the procedure for consideration in relation to changes in projects to be actually invested by over-raised funds or plans for use of over-raised funds, or using over-raised funds to temporarily replenish working capital, the Memorandum gives specific provisions.