

## Table of Contents

About Wolters Kluwer Law & Business .....	iii
About the Author .....	v
Foreword .....	vii
Preface .....	ix
Dedication .....	xi
Acknowledgments .....	xiii
General Note .....	xv
Abbreviations .....	xvii
<b>Chapter 1 H Shares and its Development .....</b>	<b>1</b>
¶1-010 Development of H Share Listing .....	1
¶1-020 What are H Shares? .....	2
¶1-030 H Share Statistics .....	3
¶1-040 Development of the HK Stock Markets .....	3
¶1-041 Historical Background .....	3
¶1-042 Securities Markets .....	3
¶1-043 Stock Settlement .....	5
¶1-044 Organisational Structure .....	6
¶1-045 Market Functions .....	8
¶1-046 Equity Share Structures .....	8
¶1-047 Regulatory Agencies .....	8
¶1-050 Why is Hong Kong a Better Listing Venue? .....	12
¶1-051 Effective Rules and Regulations .....	12
¶1-052 Strong Legal System and Effective Supervision .....	13
¶1-053 Gateway to the PRC .....	14
¶1-054 Effective Fund-raising .....	15
¶1-055 Sophisticated Accounting Systems .....	15
¶1-056 Advanced Clearing and Settlement Infrastructure and Other Financial Infrastructures .....	16
¶1-057 Free Market .....	18
¶1-058 Hong Kong as an Investment Window to the World .....	19
¶1-059 Significant Human Resources in Hong Kong .....	20

¶1-060	Alternative Methods for PRC Companies to be Listed on the Hong Kong Stock Exchange.....	21
¶1-061	Red Chip Companies .....	21
¶1-062	What is VIE? .....	26
¶1-063	How to Set Up a VIE Restructuring? .....	26
¶1-064	Effectiveness of the VIE Restructuring .....	28
¶1-065	Listing Decision LD 43-3 and VIE Restructuring .....	28
¶1-066	Regulatory Hurdles for VIE Restructuring.....	31
¶1-067	Other Regulations that May Affect VIE Restructuring ...	32
¶1-068	Other Regulations Targeting Particular Industry.....	34
¶1-069	Potential Risks .....	35
¶1-070	Other Possible Structures.....	36
¶1-080	B Shares' Conversion to H Shares by Introduction .....	38
¶1-081	Main Board Requirements for Introduction .....	38
¶1-082	Reasons for Allowing B Shares' Conversion to H Shares .....	39
¶1-083	Certain Waivers Required for the Conversion.....	40
¶1-084	Examples of B Shares' Conversion to H Shares.....	41
¶1-090	Three H-share-related Facts in the PRC .....	42
¶1-091	History of Stock Markets in China .....	42
¶1-092	Alphabet Shares (PRC Equity Share Structure) .....	43
¶1-093	Development of the State Owned Enterprises (SOEs) ....	50
<b>Chapter 2</b>	<b>Laws and Regulations relating to H Shares .....</b>	<b>55</b>
¶2-010	Three-Tier Model of Regulation .....	57
¶2-011	Company Law.....	57
¶2-012	Securities Law .....	57
¶2-013	Listing Rules (Main Board Rules and GEM Rules) .....	57
¶2-014	Rules and Regulations Governing H share Listing.....	58
¶2-020	Primary and Secondary Listings .....	66
¶2-021	Pre-listing Preparation and Consideration .....	66
¶2-022	Reorganisation and its Considerations.....	69
¶2-023	PRC Government Approvals .....	71
¶2-024	Main Board Listing Requirements of HKSE.....	76
¶2-025	Conclusion .....	99

<b>Chapter 3</b>	<b>H Shares and Connected Transactions: Chapter 14A/19A of the Main Board Rules &amp; Chapter 20 of the GEM Rules .....</b>	<b>105</b>
¶3-010	Connected Transactions.....	105
¶3-011	Definition of "Connected Transaction".....	106
¶3-012	Connected Transactions and H Share Companies.....	106
¶3-013	Who are the Connected Persons? (Main Board Rules 1.01 & 14A.11) .....	107
¶3-014	Transactions with Parties who Are Not Connected Persons May Become Connected Transactions .....	118
¶3-015	Types of Connected Transactions .....	122
¶3-016	Compliance Requirements for Connected Transactions .....	123
¶3-017	Categories of Connected Transactions Requirements (Main Board Rule 14A.16 & 14A.17) .....	127
¶3-018	Exemptions from Connected Transaction Compliance Requirements .....	128
¶3-019	Checklists (Main Board Rule 14A.09).....	130
<b>Chapter 4</b>	<b>GEM for H-share Companies .....</b>	<b>131</b>
¶4-010	GEM as the Second Board .....	131
¶4-020	Differences between GEM and the Main Board .....	133
¶4-021	Entry Requirements.....	137
¶4-022	Continuity and Presence.....	138
¶4-023	Appointment of Professionals .....	138
¶4-024	Company Personnel .....	141
¶4-025	Various Committees to be Set Up for Listing .....	142
¶4-026	Financial Information.....	142
¶4-027	Moratorium (GEM Rules 13.16A & 13.19).....	143
¶4-028	Property Titles and Valuation (GEM Rules 11.16 to 11.19) .....	144
¶4-029	Non-competition (GEM Rules 11.03 and 11.04) .....	145
¶4-030	Special Companies: Project and Mineral Companies ...	145
¶4-031	Other Equities (GEM Rule 11.23(3)(a)) .....	146
¶4-032	The Listing Process .....	146
¶4-033	Post-Listing Requirements .....	147

¶4-034	Dispute Resolution .....	147
¶4-040	GEM as a Stepping Stone for the Main Board (Main Board Rule 2A.05 & Chapter 9A) .....	147
¶4-041	Processing of Transfer Application .....	148
¶4-042	Requirement for One Year Listing on GEM and No Material Rule Breaches .....	148
¶4-043	Requirement regarding Appointment of a Compliance Advisor .....	148
¶4-044	Independence and Competition .....	148
¶4-045	Transfer of Options and Warrants .....	149
¶4-046	Independent Financial Advisor and Sponsor Are Not Required .....	149
¶4-047	Main Board Rule Exemptions for GEM Transfers .....	149
¶4-048	Waiver and Approval Already Obtained .....	149
¶4-049	Transfer of Infrastructure, Mineral, and Investment Companies .....	149
¶4-050	Refund of GEM Annual Listing Fee and 50% Discount of Initial Listing upon Transfer .....	150
<b>Chapter 5</b>	<b>H-share IPO Process.....</b>	<b>151</b>
¶5-010	Different Methods of Listing .....	151
¶5-011	Offer for Subscription and Offer for Sale.....	151
¶5-012	Placing .....	151
¶5-013	Introduction .....	151
¶5-020	Common IPO Structures in Hong Kong .....	151
¶5-021	Combination: Placing and Public Offer.....	151
¶5-022	Combination: Global Offering.....	152
¶5-030	H-share IPO Process .....	152
¶5-031	Appointment .....	152
¶5-032	Kick-off Meeting (six to nine months from listing) .....	152
¶5-033	IPO Preparation (three to four months before the submission of Form A1).....	153
<b>Chapter 6</b>	<b>H-share IPO Team/Working Parties .....</b>	<b>187</b>
¶6-010	Part A .....	187
¶6-011	Sponsor(s) (“Sponsor”).....	187

¶6-012	Directors (“Company”) .....	195
¶6-013	Pre-IPO Shareholders (“Company”) .....	198
¶6-014	Underwriters.....	198
¶6-015	Counsels .....	199
¶6-016	Auditor and Reporting Accountants (“Accountants”)... ..	204
¶6-017	Property Valuers (“Valuers”).....	208
¶6-018	Competent Person (for Mineral Companies Only) (“Competent Person”) .....	210
¶6-019	Placing Agents .....	210
¶6-020	Research Analysts .....	211
¶6-021	Investor Relations Firm (“PR Company”) .....	211
¶6-022	Receiving Banks (“Receiving Bankers”) .....	212
¶6-023	Share Registrar and Transfer Office (“Registrar”).....	212
¶6-024	Financial Printer (“Printer”/“Translation Company”)... ..	212
¶6-025	Compliance Adviser (“Compliance Adviser”).....	212
¶6-030	Part B – Division of Labour within the IPO Team.....	214
¶6-031	Public Documents .....	214
¶6-032	Documents Supporting Prospectus.....	214
¶6-033	Underwriting and Placing Documents .....	215
¶6-034	Reorganisation Documents and Approvals .....	216
¶6-035	Company Documents .....	216
¶6-036	Press Conference/Announcement .....	217
¶6-037	Exchange Related Documents.....	217
¶6-038	Legal Opinions .....	218
¶6-039	General .....	219
<b>Chapter 7</b>	<b>H-share Prospectus .....</b>	<b>221</b>
¶7-010	Prospectus Governing Rules and Liabilities.....	221
¶7-011	Companies Ordinance (“CO”) Prospectus Regime.....	221
¶7-012	Securities and Futures Ordinance (“SFO”) .....	224
¶7-013	Listing Rules .....	227
¶7-014	Other Legislation Prospectus Liabilities .....	227
¶7-020	Contents of the Prospectus .....	228
¶7-021	Cover .....	228
¶7-022	Expected Timetable.....	230

¶7-023	Contents Page .....	231
¶7-024	Main Body of the Prospectus.....	232
¶7-030	Review of Prospectus.....	293
<b>Chapter 8</b>	<b>H-share IPO Documentation .....</b>	<b>295</b>
¶8-010	Sponsors' Documents .....	295
¶8-011	Sponsors' Agreement .....	295
¶8-012	Due Diligence .....	297
¶8-013	Compliance Undertaking (Main Board Rule 3A.04, Appendix 17).....	308
¶8-014	Independence Statement (Main Board Rule 3A.08, Appendix 18).....	309
¶8-015	Sponsor's Declaration (Main Board Rule 3A.13, Appendix 19).....	310
¶8-020	Company Lawyer.....	313
¶8-021	Reorganisation Proposal .....	313
¶8-022	Director's Service Contract .....	314
¶8-023	Share Option Scheme .....	316
¶8-024	Articles of Association (Main Board Rule 19A.01).....	320
¶8-025	Shareholders' Resolutions .....	323
¶8-026	Board Minutes .....	323
¶8-027	Waiver Application Letters.....	327
¶8-028	Responsibility Statement .....	328
¶8-029	Power of Attorney .....	330
¶8-030	Statement of Interests .....	331
¶8-031	Lock Up Agreement .....	338
¶8-032	Letter Explaining Form B to the Directors .....	339
¶8-040	Underwriter's Lawyer.....	341
¶8-041	Underwriting Agreement.....	341
¶8-042	Hong Kong Underwriting Agreement .....	342
¶8-043	Agreement among Hong Kong Underwriters.....	346
¶8-044	International Underwriting Agreement.....	346
¶8-045	Agreement Among International Underwriters .....	347
¶8-046	Inter-syndicate Agreement .....	347
¶8-047	Price Determination Agreement .....	347

¶8-048	Verification Notes .....	348
¶8-049	All Counsel – Legal Opinions.....	348
¶8-050	Bring-down Confirmations and Closing Certificates....	359
¶8-060	Accountant's Documents.....	359
¶8-061	Arrangement Letters.....	359
¶8-062	Comfort Letter.....	390
¶8-063	Bring Down Letter .....	398
¶8-064	Consent Letter .....	400
¶8-070	Banks – Receiving Banks Agreement .....	401
¶8-080	Registrar – Registrar Agreement.....	402
<b>Chapter 9</b>	<b>Other H Share-related IPO Terminology .....</b>	<b>407</b>
¶9-010	Corporate Governance.....	407
¶9-011	Category 1 .....	407
¶9-012	Category 2 .....	407
¶9-013	Category 3 .....	408
¶9-020	Placing Guidelines.....	408
¶9-021	“General Public” Requirement.....	409
¶9-022	Prohibited Placees .....	410
¶9-023	Waiver from the Stock Exchange for Placing to Connected Clients .....	410
¶9-030	Stabilisation .....	411
¶9-031	Application of Stabilisation Rules.....	411
¶9-032	Over-allotment or “Green Shoe” Options .....	411
¶9-033	Stabilisation and Disclosure of Interests Obligations (Part XV of SFO).....	412
¶9-040	Claw Back Mechanism.....	413
¶9-050	US Offering: Rule 144A and Regulation S .....	414
¶9-051	Rule 144A .....	415
¶9-052	Regulation S .....	415
¶9-053	Offshore Press .....	416
¶9-060	Continuing Obligations .....	416
¶9-061	Interim and Annual Accounts .....	416
¶9-062	Price-sensitive Information (PSI).....	417
¶9-063	Transactions requiring disclosure and prior approval ...	419

---

¶9-064	Market Misconduct.....	423
¶9-070	Summary List of IPO Terminology in this Chapter.....	423
<b>Index</b> .....		<b>425</b>

<http://www.pbookshop.com>