Initial Public Offering (IPO)
Listing on the Stock Exchange of Hong Kong Limited

February 2016

www.charltonslaw.com
Hong Kong: A Leading International Market

By market capitalisation, Hong Kong is the world’s 8th largest and Asia’s 4th largest (after Japan, Shanghai and Shenzhen) exchange (as at the end of December 2015).

Source: SFC based on data from the World Federation of Exchanges and Bloomberg. Figures for the London Stock Exchange Group include those of Borsa Italiana.
HKEx: Top IPO Funds Raising Platform

IPO funds raised 2015 (US$ million)

- Hong Kong Stock Exchange (HKEx) was the top IPO market in 2015
- Total amount of IPO funds raised in Hong Kong (US$33.7 billion/HK$261.3 billion) made up 15.7% market share of IPO funds worldwide

Source: Hong Kong Exchanges and Clearing Limited
## Ten Largest Hong Kong IPOs in 2015

<table>
<thead>
<tr>
<th></th>
<th>Company name</th>
<th>Industry</th>
<th>IPO funds raised (HK$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Huatai Securities Co. Ltd. – H shares</td>
<td>Financials - Securities &amp; Brokerage</td>
<td>38.8</td>
</tr>
<tr>
<td>2</td>
<td>GF Securities Co., Ltd. – H shares</td>
<td>Financials - Securities &amp; Brokerage</td>
<td>32.1</td>
</tr>
<tr>
<td>3</td>
<td>China Huarong Asset Management Co., Ltd. – H shares</td>
<td>Financials - Investment &amp; Asset Management</td>
<td>19.7</td>
</tr>
<tr>
<td>4</td>
<td>China Reinsurance (Group) Corporation – H shares</td>
<td>Financials - Insurance</td>
<td>16.4</td>
</tr>
<tr>
<td>5</td>
<td>Legend Holdings Corporation – H shares</td>
<td>Conglomerates</td>
<td>15.3</td>
</tr>
<tr>
<td>6</td>
<td>China Energy Engineering Corporation Ltd. – H shares</td>
<td>Industrials - Environmental Engineering</td>
<td>14.0</td>
</tr>
<tr>
<td>7</td>
<td>China Railway Signal &amp; Communication Corporation Ltd. – H Shares</td>
<td>Information Technology</td>
<td>11.3</td>
</tr>
<tr>
<td>8</td>
<td>Dali Foods Group Co. Ltd.</td>
<td>Consumer Goods - Packaged Foods</td>
<td>8.9</td>
</tr>
<tr>
<td>9</td>
<td>Fuyao Glass Industry Group Co., Ltd. – H shares</td>
<td>Automobiles - Auto Parts</td>
<td>8.5</td>
</tr>
<tr>
<td>10</td>
<td>China International Capital Corporation Ltd. – H shares</td>
<td>Financials - Securities &amp; Brokerage</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Source: Hong Kong Exchanges and Clearing Limited
## Ten Largest IPO on the HKEx

<table>
<thead>
<tr>
<th>Company name</th>
<th>Industry</th>
<th>IPO funds raised (HK$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIA Group Ltd.</td>
<td>Financials</td>
<td>159.08</td>
</tr>
<tr>
<td>Industrial and Commercial Bank of China Ltd. - H Shares</td>
<td>Financials</td>
<td>124.95</td>
</tr>
<tr>
<td>Agricultural Bank of China Ltd. - H Shares</td>
<td>Financials</td>
<td>93.52</td>
</tr>
<tr>
<td>Bank of China Ltd. - H Shares</td>
<td>Financials</td>
<td>86.74</td>
</tr>
<tr>
<td>Glencore International plc</td>
<td>Resources</td>
<td>77.75</td>
</tr>
<tr>
<td>China Construction Bank Corporation - H Shares</td>
<td>Financials</td>
<td>71.58</td>
</tr>
<tr>
<td>China Unicom Ltd.</td>
<td>Telecommunications</td>
<td>43.61</td>
</tr>
<tr>
<td><strong>Huatai Securities Co., Ltd. – H Shares</strong> <em>(listed in 2015)</em></td>
<td>Financials</td>
<td>38.76</td>
</tr>
<tr>
<td>China CITIC Bank Corporation Ltd. - H Shares</td>
<td>Financials</td>
<td>32.92</td>
</tr>
<tr>
<td>China Mobile Ltd.</td>
<td>Telecommunications</td>
<td>32.67</td>
</tr>
</tbody>
</table>

Source: Hong Kong Exchanges and Clearing Limited
HKEx Attracts a Diverse Portfolio of Issuers

IPO Funds Raised by Industry (Jan - Oct 2015)

- Financials: 58.3%
- Consumer Goods: 13.4%
- Energy: 1.2%
- Consumer Services: 2.1%
- Energy: 1.2%
- Information Technology: 6.4%
- Industrials: 1.0%
- Construction: 0.7%
- Materials: 0.4%
- Properties: 4.2%
- Utilities: 1.2%
- Conglomerates: 7.8%
- Telecoms: 3.4%

- No. of newly listed companies in 2015: 138 (14 of which were transfer listing from GEM to Main Board)
- Amount raised by Financial and Consumer Goods issuers accounts over 70% of the total 2015 IPO funds raised
- HKEx is the listing venue of choice for Financials and Consumer Goods issuers

Source: Hong Kong Exchanges and Clearing Limited
HKEx: A Strong Equity Fund Raising Platform

Total Amount of Funds Raised (HK$ bn)

- **Top 2015 IPO fundraising platform**: A total amount of HK$261.3 billion was raised, accounting for 15.7% market share of IPO funds worldwide
- **Strong secondary capital raising market**: A total of HK$848 billion was raised from post-IPO fundraising activities in 2015 breaking the 2014 record

Source: Hong Kong Exchanges and Clearing Limited
High market liquidity: average daily turnover was amounted to HK$105.63 billion in 2015, breaking the 2007 record.

Source: Hong Kong Exchanges and Clearing Limited
HKEx: Primary Financing Platform for Chinese Enterprises

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>Total</th>
<th>Chinese Enterprise</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at 31 December 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of listed companies</td>
<td>No.</td>
<td>1,866</td>
<td>951</td>
<td>51%</td>
</tr>
<tr>
<td>Market capitalisation</td>
<td>HK$bn</td>
<td>24,684</td>
<td>15,320</td>
<td>62%</td>
</tr>
<tr>
<td><strong>As of 31 December 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity funds raised</td>
<td>HK$bn</td>
<td>1,109</td>
<td>652.2</td>
<td>59%</td>
</tr>
<tr>
<td>- IPO funds raised</td>
<td>HK$bn</td>
<td>261.3</td>
<td>241.1</td>
<td>92%</td>
</tr>
<tr>
<td>- Post IPO funds raised</td>
<td>HK$bn</td>
<td>847.7</td>
<td>411.1</td>
<td>48%</td>
</tr>
<tr>
<td>Average daily equity turnover</td>
<td>HK$bn</td>
<td>70.8</td>
<td>51.4</td>
<td>73%</td>
</tr>
</tbody>
</table>

Given a diverse investor base, HKEx has been the primary financing platform for Chinese enterprises that seek to go international:

- Chinese companies account for over 50% of Hong Kong’s listed market in terms of number of listed companies as well as market capitalisation.

Source: Hong Kong Exchanges and Clearing Limited
Hong Kong: a Bridge between China and the World

Advantages to List International Companies in Hong Kong

- **Access to Mainland Chinese investors**, currently through:
  1. Qualified Domestic Institutional Investor (QDII) scheme: allowing Chinese institutional investors to invest in offshore capital markets
  2. Shanghai-Hong Kong Stock Connect: launched in November 2014 allowing Mainland Chinese investors to invest directly in Hong Kong listed stocks for the 1st time. The stock connect scheme helps broaden investor base and add liquidity to Hong Kong market adding momentum to the market

- **Raise company’s reputation and brand awareness** in China and other Asian markets

Other advantages to list in Hong Kong includes:

- **Strong and sound legal and regulatory framework**: Hong Kong legal system is based on English common law providing a solid foundation for companies to raise funds, as well as confidence to investors.

- **World’s freest economy**: Hong Kong ranked top in 2015 Index of Economic Freedom adopting a free market policy with no capital flow restrictions. Hong Kong also enjoys the freedom of information.

Source: Heritage Foundation/Wall Street Journal, Hong Kong Exchanges and Clearing Limited
Selected International Listings in Hong Kong

Source: Hong Kong Exchanges and Clearing Limited
Hong Kong’s Markets

- **Main Board** – caters for established companies able to meet its profit or other financial requirements.

- **Growth Enterprise Markets ("GEM")** – a second board for smaller growth companies. Has lower admission criteria and provides a stepping stone to Main Board listing.

- The post-listing obligations of GEM and Main Board companies are broadly similar. Key difference - quarterly reporting is mandatory for GEM companies but only recommended for Main Board companies.
Accepted Jurisdictions

The Main Board and GEM Listing Rules allow the listing of companies incorporated in Hong Kong, China, Bermuda and the Cayman Islands.

The Exchange has accepted 24 jurisdictions as acceptable jurisdictions of incorporation –

- Australia, Brazil, the British Virgin Islands, Canada (Alberta, British Columbia and Ontario), Cyprus, France, Germany, Guernsey, the Isle of Man, India, Italy, Japan, Jersey, Luxembourg, Republic of Korea, Labuan, Russia, Singapore, the United Kingdom and the United States (State of California, State of Delaware and State of Nevada).
## Principal Listing Requirements

<table>
<thead>
<tr>
<th>Operating History and Management</th>
<th>Main Board</th>
<th>GEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Main Board applicant must have a trading record of not less than 3 financial years with:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. management continuity for at least the 3 preceding financial years; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. ownership continuity and control for at least the most recent audited financial year.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exception:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under the market capitalization/revenue test, the Exchange may accept a shorter trading record period under substantially the same management if the new applicant can demonstrate that:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. its directors and management have sufficient and satisfactory experience of at least 3 years in the line of business and industry of the new applicant; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. management continuity for the most recent audited financial year.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A GEM applicant must have a trading record of at least 2 full financial years with:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. substantially the same management for the 2 preceding financial years; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. continuity of ownership and control for the preceding full financial year.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Principal Listing Requirements (Cont’d)

<table>
<thead>
<tr>
<th>Financial Tests</th>
<th>Main Board</th>
<th>GEM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit</strong></td>
<td>Applicants must meet one of 3 financial tests below:</td>
<td>A GEM applicant must have:</td>
</tr>
<tr>
<td></td>
<td><strong>1. Profit Test</strong></td>
<td><strong>a.</strong> positive cash flow from operating activities of &gt;HK$20 million (US$2.6 million) in aggregate for the 2 preceding financial years; and**</td>
</tr>
<tr>
<td></td>
<td>Profit in respect of the most recent financial year of not less than HK$20,000,000 and, in respect of the two preceding years, be in aggregate of not less than HK$30,000,000</td>
<td><strong>b.</strong> market cap of &gt;HK$100 million (US$13 million) at the time of listing.</td>
</tr>
<tr>
<td><strong>Market Cap</strong></td>
<td>At least HK$200 million (US$26 million) at the time of listing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>At least HK$4 billion (US$515 million) at the time of listing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HK$2 billion (US$257 million) at the time of listing</td>
<td></td>
</tr>
</tbody>
</table>
### Financial Tests

Applicants must meet one of 3 financial tests below:

<table>
<thead>
<tr>
<th></th>
<th>Main Board</th>
<th>GEM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Profit Test</strong></td>
<td>-</td>
<td>A GEM applicant must have:</td>
</tr>
<tr>
<td><strong>2. Market Cap/Revenue Test</strong></td>
<td>At least HK$500 million (US$64 million) for the most recent audited financial year</td>
<td>a. positive cash flow from operating activities of &gt;HK$20 million (US$2.6 million) in aggregate for the 2 preceding financial years; and</td>
</tr>
<tr>
<td><strong>3. Market Cap/Revenue / Cash flow Test</strong></td>
<td>At least HK$500 million (US$64 million) for the most recent audited financial year</td>
<td>b. market cap of &gt;HK$100 million (US$13 million) at the time of listing.</td>
</tr>
</tbody>
</table>

#### Revenue

- At least HK$500 million (US$64 million) for the most recent audited financial year

#### Cash flow

- Positive cash flow from operating activities of at least HK$100 million (US$13 million) in aggregate for the 3 preceding financial years
### Principal Listing Requirements (Cont’d)

<table>
<thead>
<tr>
<th>Public Float</th>
<th>Main Board</th>
<th>GEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>- At least 25% of the issuer’s total issued share capital must be held by the public at all times.</td>
<td>- The market capitalisation at the time of listing of the publicly held shares must be at least HK$50 million (US$6.4 million) (for Main Board issuers) and HK$30 million (US$3.8 million) (for GEM issuers).</td>
<td>- The Exchange has a discretion to accept a lower percentage of between 15% and 25% for issuers with an expected market capitalisation at the time of listing of over HK$10 billion (US$1.3 billion).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spread of Shareholders</th>
<th>Main Board</th>
<th>GEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>- There must be a minimum of 300 public shareholders at the time of listing</td>
<td>- There must be at least 100 public shareholders (which can include employee shareholders) at the time of listing.</td>
<td></td>
</tr>
<tr>
<td>- At the time of listing, not more than 50% of the publicly held securities can be beneficially owned by the 3 largest public shareholders</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Other Listing Requirements

- **Accountants’ Report**: A listing document must include an accountant report on the financial information for the track record period. The latest period reported on must end no more than 6 months before the date of the listing document.

- **Independent non-Executive Directors**: Must be at least 3: one must have appropriate professional qualifications or accounting or related financial management expertise. From 31 December 2012, INEDs must make up at least 1/3 of the Board.

- **Authorised Representatives**: Must be at least 2: either 2 directors or a director and the company secretary.

- **Share Registrar**: Issuer must employ an approved share registrar in HK to maintain register of members.

- **Audit Committee**: Must be made up of non-executive directors only; have 3 or more members; one must have appropriate professional qualifications or accounting or related financial management expertise; majority of members must be INEDs.

- **Remuneration Committee**: Majority of members (incl. Chairman) must be INEDs.

- **Process Agent for Overseas Issuer**: An overseas company must appoint a person authorised to accept service of process and notices on its behalf in Hong Kong.

- **Compliance Adviser**: Newly listed companies must appoint a Compliance Adviser for the period starting on the listing date and ending on the date of publication of results for the first full financial year commencing after listing (for MB issuers) and on the date of publication of results for the second full financial year commencing after listing (for GEM issuers).

- **Compliance Officer (for GEM issuers only)**: GEM issuers must appoint one of their executive directors as a compliance officer.
### Documents Required to be Submitted in Support of a MB Listing Application

<table>
<thead>
<tr>
<th>Documents</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Documents as per LR 9.11(1) to 9.11(17c)</td>
<td>4 Clear days before LC hearing date: Documents as per under LR 9.11(18) to 9.11(23)</td>
</tr>
<tr>
<td>2. As soon as practicable after the hearing of the application by the LC, but on or before the date of issue of the listing document submission of the documents as per LR’s 9.11(29) to 9.11(32)</td>
<td>Before bulk printing Documents as per LR 9.11(24) to 9.11(28)</td>
</tr>
<tr>
<td>3. By no later than 11 a.m. on the intended day of authorization of the prospectus, lodgment of documents as per LR9.11(33) (In case of a listing document which constitutes a prospectus under the CO)</td>
<td>After the issue of the prospectus but before dealings commence, lodgment of documents as per LR9.11(34) to 9.11(38)</td>
</tr>
</tbody>
</table>

- AP’s as required by HKEx and 2 CD-ROMs
- sponsor’s undertaking and statement of independence
- compliance adviser’s undertaking
- advanced draft of requests for waiver from LRs and Companies Ordinance (“CO”)
- directors’/supervisors’ confirmations relating to:-
  - accuracy of information contained in AP
  - accuracy directors’/supervisors’ biographical details
  - updating the HKEx re changes to directors’/supervisors’ biographical details
  - declaration in Form B/H/I
- If AP contains an accountants’ report, an advanced draft of any statement of adjustments relating to the accountants’ report
- draft deposit agreement
- specimen certificate for the depositary receipts (if applicable)
- a final or an advanced draft of the board’s profit forecast memorandum
- certified copy of the new applicant’s certificate of incorporation
- sponsor’s letter re working capital
- any other document required by the HKEx to support the listing

- final proof of the listing document as required by the HKEx together with 2 CD-ROM
- confirmation from the new applicant’s legal advisers that the new applicant’s articles of association are not inconsistent with the LR
- a certified copy of the signed deposit agreement (if applicable)
- unless previously provided, all executed requests for waiver from the requirements of the LR and the provisions of CO

- dated and signed copy of each of the English and the Chinese language versions of the listing document
- copy of the formal notice, where applicable
- a copy of the written notification issued by HKSCC stating the securities will be Eligible Securities
- every written undertaking and confirmation from the new applicant, its shareholders and/or other relevant parties to the HKEx referred to in the listing document
- original signed sponsor declaration(s) required by rule 3A.13
- final proof of the formal notice, (where applicable) and application forms, and statement re sufficiency of working capital
- final copy of all draft documents submitted to support the listing application
- application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the CO
- 2 printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the CO
- certificate issued by translator

- certified copies of the resolution(s) of the new applicant in general meeting (if any) authorising the issue of all securities and resolution(s) of the board of directors delegating powers
- copy of the placing letter (where applicable)
- sponsor’s declaration (Form E)
- director’s declarations (Form F and B/H/I as applicable)
### IPO Timeline

**1. Initial Submission**
- "Substantially complete" Application Proof with Form A1 and a timetable
- Initial listing fee
- 3 Documents as per LR 9.11(1) to 9.11(17c)
- Expert confirmations of no material change expected

2. **AP Accepted**
- Drafting prospectus and other documents
- Verification
- All due diligence (except that which can only be performed at a later date)
- Notification to HKEx re appointment of sponsors (not less than 2 months before A1)

3. **2 Weeks - 1 Month**
- Listing Application (A1) & Publication

4. **3 Months**
- Re-org
- All Parties Meeting

5. **25 - 40 Days**
- Listing Application (A1)
- Notice
- On receipt of post hearing letter and directors' conclusions and request to post PHP

6. **1 Day**
- LC Hearing
- LC Approval
- Submission of PHP
- Bulk Printing
- Signing of UW and registration of prospectus
- Trading Commences

7. **As soon as practicable after the hearing of the application by the LC, but on or before the date of issue of the listing document submission of the documents as per LR's 9.11(29) to 9.11(32)**

8. **By no later than 11 a.m. on the intended day of authorization of the prospectus, lodgment of documents as per LR 9.11(33)**

9. **After the issue of the prospectus but before dealings commence, lodgment of documents as per LR 9.11(34) to 9.11(38)**

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**Legend:**
- **AP:** Application Proof
- **CL1:** Comment letter 1 – within 10 days of receipt of AP
- **CL2:** Comment letter 2 (if any) – WITHIN 10 days of replies to CL1
- **LC:** Listing Committee
- **LR:** Listing Rules of the Main Board of the HKEx
- **Notice:** Notice to hearing
- **PHP:** Post Hearing Information Pack
- **UW:** Underwriting Agreement

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**Charltons**

易周律师事务所
Charltons’ extensive experience in corporate finance makes us uniquely qualified to provide a first class legal service

Charltons have representative offices in Shanghai, Beijing and Yangon

Charltons was named the “Corporate Finance Law Firm of the Year in Hong Kong” in the Corporate Intl Magazine Global Award 2014


“Hong Kong’s Top Independent Law Firm” was awarded to Charltons in the Euromoney Legal Media Group Asia Women in Business Law Awards 2012 and 2013

“Equity Market Deal of the Year” was awarded to Charltons in 2011 by Asian Legal Business for advising on the AIA IPO
Excellent links and networks with law firms worldwide.


“Asian Restructuring Deal of the Year” 2000 awarded to Charltons by International Financial Law Review for their work with Guangdong Investment Limited.

Finalist for China Law & Practice’s “Deal of the Year (M&A)” 2007 for the work on Zijin Mining Group Co Ltd.’s bid for Moncerrico Metals plc.
Practice Areas

- Capital markets
- Corporate and commercial
- Securities
- Mergers and acquisitions
- Investment funds: China and offshore
- Derivatives
- Restructuring
- Venture capital
- Investment
Practice Areas

- **Capital Markets**
  - Global offerings and GDRs
  - IPOs and Placings
  - Listing on the Hong Kong, Shanghai, Shenzhen, London and Luxembourg stock exchanges

- **Corporate and Commercial**
  - Mergers and Acquisitions
  - Joint ventures
  - Stock exchange advisory
  - Corporate governance
  - Stock options
  - Employment law

- **Securities**
  - Compliance and disclosure
  - Dealing and advisory authorisations in Hong Kong and Mainland China
  - Options

- **Investment Funds: China and Offshore**
  - Authorised and unauthorised funds
  - Stock exchange listing (including Hong Kong, Dublin, London, Cayman, Bermuda stock exchanges)
  - Closed-end and open-ended structures
  - Hedge funds

- **Mergers and Acquisitions**
  - Hong Kong Code on Takeovers and Mergers
  - Public offerings
  - Reverse takeovers
  - Private acquisitions
  - Due diligence in China and elsewhere in Asia

- **Derivatives**
  - Structuring listed and unlisted derivatives
  - Placings on Hong Kong and Luxembourg listed warrants and other structured products
  - Compliance and regulatory

- **Restructuring**
  - Schemes of arrangement
  - Workouts
  - Corporate recovery
  - Asset injections

- **Investment**
  - China investment regulations
  - Structuring a major foreign direct investment projects
  - Evaluation and due diligence

- **Private Equity and Venture Capital**
  - Optimum PRC and offshore structures
  - Preferred stock financing
  - PRC regulations
  - Exit Strategies
Charltons has considerable experience in helping companies to list on the Main Board and the GEM Board of the Hong Kong Stock Exchange.

Extensive experience in China
The team is composed of individuals with the following knowledge and skills:

- A detailed knowledge of Hong Kong law and practice in relation to IPOs and equity fund raising transactions of public companies.

- Extensive experience of providing legal services for Hong Kong and PRC-related IPO transactions.

- In depth knowledge of the Listing Rules of both GEM and the Main Board of the Hong Kong Stock Exchange.

- Depth and range of experience in advising companies in connection with IPO and Listing transactions.
Julia Charlton – Partner

- Julia, LL.B (1st class Honours), A.K.C (Kings College, London) was admitted as a solicitor in England & Wales in 1985 and has practised as a solicitor in Hong Kong since 1987.

- Julia is a member of the Listing Committee of the Stock Exchange of Hong Kong Limited and the Takeovers Panel and the Takeovers Appeal Panel of the SFC.


- Julia was named a “Leading Advisor” by Acquisition International for 2013.

- Julia was also named the “Capital Markets Lawyer of the Year – Hong Kong” in the Finance Monthly Global Awards 2014.

- Julia has extensive experience in China work and is a Mandarin speaker.
Recent IPO Experience

- **Medicskin Holdings Limited** (listed on the GEM of the SEHK in December 2014, Charltons acted as the Hong Kong legal adviser to the company)

- **Orient Securities International Holdings Limited** (listed on the GEM of the SEHK in January 2014, Charltons acted as the Hong Kong legal adviser to the sponsor)
Recent IPO Experience

- **Mastercraft International Holdings Limited** (listed on the GEM of the SEHK in July 2012, Charltons acted as the Hong Kong legal adviser to the sponsor)

- **Branding China Group Limited** (listed on the GEM of the SEHK in April 2012, Charltons acted as the Hong Kong legal adviser to the sponsor)
Recent IPO Experience

- **AIA Group Ltd.** (listed on the Main Board of the SEHK in October 2010, Charltons acted as the Hong Kong legal adviser to AIG, a shareholder)

- **United Company RUSAL Plc** (listed on the Main Board of the SEHK in January 2010, Charltons acted as the Hong Kong legal adviser to the controlling shareholder)
Other IPO Experience

- China Titans Energy Technology Group Co., Limited (listed on the Main Board of the SEHK in May 2010, Charltons acted as the Hong Kong legal adviser to the sponsor)

- Mingfa Group (International) Company Limited (listed on the Main Board of the SEHK in November 2009, Charltons acted as the Hong Kong legal adviser to the company)
Other IPO Experience

- **Greens Holdings Limited** (listed on the Main Board of the SEHK in November 2009, Charltons acted as the Hong Kong legal adviser to the company)

- **China All Access (Holdings) Limited**,  
  - sponsored by Guotai Junan Capital Limited  
  - listed on the Main Board of the Exchange in September 2009, Charltons acted as the Hong Kong legal adviser to the sponsor
Other IPO Experience

- **China Tianyi Fruit Holdings Limited** (listed on the Main Board of the SEHK in July 2008, Charltons acted as the Hong Kong legal adviser to the sponsor)

- **China High Speed Transmission Equipment Group Co., Ltd.**
  - sponsored by Morgan Stanley
  - listed on the Main Board of the Exchange in 2007, Charltons acted on behalf of the company
  - with market capitalisation on listing of approximately HK$2,442,000,000 (US$313,600,000)
Zhejiang Shibao Co., Ltd., (listed on the GEM in May 2006, Charltons acted as the Hong Kong legal adviser to the company)

Fu Ji Food and Catering Services Holding Ltd. (listed on the Main Board of the SEHK in December 2004, Charltons represented the strategic investor)
Other IPO Experience

- **China Fire Safety Enterprise Group Holdings Ltd.** (listed on the GEM of the SEHK in September 2002, Charltons represented the strategic investor)
- **Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co. Ltd.** (listed on GEM of the Exchange in August 2002, Charltons acted as the Hong Kong legal adviser to the sponsor)
- **Tianjin TEDA Biomedical Engineering Co. Ltd.** (listed on GEM of the Exchange in June 2002, Charltons acted as the Hong Kong legal adviser to the sponsor)
- **Zheda Lande Scitech Ltd.** (listed on GEM of the Exchange in May 2002, Charltons acted as the Hong Kong legal adviser to the company)
- **TradeEasy Holdings Ltd.** (listed on GEM of the Exchange in March 2002, Charltons acted as the Hong Kong legal adviser to the company) (it is now renamed as Merdeka Resources Holdings Limited)
- **E. Bon Holdings Ltd.** (listed on the Main Board of the Exchange in April 2000, Charltons acted as the Hong Kong legal adviser to the sponsor)
- **Great Wall Technology Co. Ltd.** (listed on the Main Board of the Exchange in August 1999, Charltons acted as the Hong Kong legal adviser to the company) (the then market capitalisation was valued approximately at HK$3,772,890,000)
The Regulatory Regime for IPO Sponsors

The sponsors regulatory regime includes:

→ **Prospectus liabilities**
  
  o The amended Companies Ordinance clearly states that sponsors have both civil and criminal liabilities for misstatements in prospectus.

→ **New Paragraph 17** of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “Code of Conduct”)
  
  o And higher standards applicable to IPO sponsors, emphasising the standard of due diligence and requirements in relation to the recording of the work undertaken.

→ **Listing Rules by the HKEx** covering listing timetable, guidance materials and templates.
The Regulatory Regime for IPO Sponsors (cont’d)

- Paragraph 17 of the Code of Conduct sets out the outcomes expected by the SFC, but does not address how such outcomes are to be achieved.

- In order to help sponsors and other IPO participants better understand the revised standards contained in the Code of Conduct, Charltons acted as the co-ordinating law firm in relation to the publication of the Hong Kong Sponsors Due Diligence Guidelines ("Due Diligence Guidelines") produced jointly by leading Hong Kong law firms, two of the Big Four accounting firms and more than 40 banks or financial advisory businesses.

- In addition to drafting the Due Diligence Guidelines, Charltons is responsible for managing and leading the publication of the Due Diligence Guidelines.

- The Due Diligence Guidelines can be downloaded for free at www.duediligenceguidelines.com, a web site created and managed by Charltons.
The Regulatory Regime for IPO Sponsors (cont’d)

- The Due Diligence Guidelines are 762 pages long and were completed over a year of extensive consultation.

- A number of international and PRC investment banks in Hong Kong, medium-sized local sponsors and professional institutions (e.g. CCB International (Holdings) Limited, Linklaters and KPMG) were involved in the consultation process.
The Regulatory Regime for IPO Sponsors (cont’d)

- The Due Diligence Guidelines include chapters on:
  - Knowing the Listing Applicant and its Management
  - Verification Practice
  - Business Model
  - Interviews of Major Business Stakeholders
  - Controlling Shareholders’ Relationship with the Listing Applicant
  - Connected Persons and Connected Transactions
  - Financials
  - Internal Controls
  - Material Contracts
  - Biological Assets
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