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A Guideline to the Mergers and Acquisitions of PRC Listed Companies

By Christophe Han

MARKET AND REGULATION

1. **Please give a brief overview of the public M&A market in your jurisdiction. (Has it been active? What were the big deals over the past year?)**

The Chinese public M&A market has developed rapidly since 2005, attracting both domestic and international investors. In particular, with the Share Reform almost completed, 2006 has seen the China A share market enter a period of full circulation.

The recent enactment of a new series of M&A laws and regulations have also had a significant impact on M&A activity in China's securities market (*for a list of key legislation, see Question 4*).

Major deals announced in 2006 include the following:

- Carlyle Group's acquisition of Xu Gong Group Construction Machinery;
- Switzerland Holcim's acquisition of 160 million A shares of Huaxin Cement through a private placement;
- Goldman Sachs' investment of approximately CNY1,800 million (about US$231 million) into three listed companies via private placement. Goldman acquired 60 million shares of Chengdu Yangzhiguang Industrial for CNY240 million (about US$31 million), 111 million shares of Fuyao Group Class Industries Co for CNY890 million (about US$114 million), and 75.595 million shares of Guangdong Midea Electric Appliances for CNY717 million (about US$92 million);

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- Mittal Steel's acquisition of a 36.67% stake in Hunan Valin Steel Tube & Wire for US$338 million (about CNY2,342 million);

- Alstom's acquisition of a 51% stake in Wuhan Boiler for CNY329 million (about US$42 million), making them the controlling shareholder; and

- SEB's CNY2,000 million (about US$256 million) acquisition of Supor, which was the first use of a partial tender offer structure.

2. What are the main means of obtaining control of a public company? (For example, public offer, legal merger, scheme of arrangement and so on.)

Investors may obtain control of a public company by any lawful method including:

- Trading on the stock exchanges;

- Tender offer;

- Transfer by agreement;

- Private placement;

- Indirect acquisition;

- Administrative assignment; and

- Consolidation by merger.

Currently, transfers by agreement, private placements and tender offers are the main means of obtaining control of public companies.

3. Are hostile bids allowed? If so, are they common? If they are not common, why not?

Although there are no restrictions on hostile bids, they are not common. The shareholding structures of China's listed companies are relatively centralised. Before Share Reform, most listed companies' controlling shareholders held non-tradable shares. The best way to take over a listed company, therefore, is to acquire shares by agreements.

When Share Reform is completed, more hostile bids are expected in the A share market. However, since hostile bids are usually costlier than recommended bids, and because it is harder to pass the governmental approval process (for example, anti-trust review) without the target company's co-operation, hostile bids may remain uncommon.

4. How are public takeovers and mergers regulated and by whom?

How takeovers are regulated

The main regulations are as follows:

- **The PRC Securities Law.** This is the highest-level legislation regarding the acquisition of listed companies and establishes the framework for regulating takeovers of listed companies. An amendment in 2005 introduced the partial tender offer mechanism, which significantly improved China's acquisition rules.

- **The Measures for the Administration of Takeover of Listed Companies.** These regulations, amended by the China Securities Regulatory Commission (CSRC) in 2006, provide detailed measures regulating M&A and has significantly changed China's takeover market.

- **The Measures for the Administration of Strategic Investments in Listed Companies by Foreign Investors.** On 31 December 2005, the CSRC and four other governmental agencies issued these measures, which permit foreign investors to acquire listed companies' A shares through tender offers, private placements and other lawful methods. This is the first regulation regarding strategic investment by foreign investors in China's A share market.

- **The Provisions for the Merger and Acquisition of Domestic Enterprises by Foreign Investors.** On 8 August 2006, the Ministry of Commerce (MOFCOM) and five other governmental agencies issued these newly amended provisions. These rules tightened the administrative approval process, including merger controls and national economic security controls. They also provided new regulations on M&A activity, including the use of special purpose vehicles and cross-border share swap transactions.

- **The Measures for the Administration of Investment in Domestic Securities by Qualified Foreign Institutional Investors.** In November 2002, the China Securities Regulatory Commission (CSRC) and the People's Bank of China (PBOC) issued the Interim Measures for the Administration of Investment in Domestic Securities by Qualified Foreign Institutional Investors. These measures allowed qualified foreign institutional investors to directly purchase A shares. They were replaced by the Measures for the Administration of Investment in Domestic Securities by Qualified Foreign Institutional Investors, promulgated in August 2006 by the CSRC, PBOC and the State Administration of Foreign Exchange (SAFE), which lowered the requirements for qualification of foreign institutional investors.

- **The Notice on Matters Relevant to Transfer of State-Owned Shares and Corporate Shares of Listed Companies to Foreign Investors.** This notice was issued on November 2002 by the CSRC, the State Economic and Trade Commission and the Ministry of Finance. It removed the prohibitions on transfer of state-owned shares and corporate-owned shares to foreign investors.

Who regulates takeovers?

The main regulatory bodies are as follows:

- **The China Securities Regulatory Commission (CSRC).** The CSRC is the main regulator of China's securities market. It supervises and regulates activities in the securities market, including the takeover of listed companies and related share transfer activities.

- **Stock Exchanges.** There are two non-affiliated stock exchanges, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Their main responsibilities regarding takeovers of listed companies include:

  - formulating trading rules;

  - organizing transactions;

  - arranging information disclosures, registrations of share transfers and other auxiliary services for the takeover of listed companies; and

  - supervising related securities trading and information disclosures.

- **Other supervisions and approvals.** There may be other governmental approval procedures to consider before an acquisition (*see Question 25*).

PRE-BID

5. What due diligence inquiries does a bidder generally make before making a recommended bid and a hostile bid? What information is in the public domain?

Recommended bid

During a recommended bid, since the target company is more cooperative, information obtained through due diligence is more comprehensive and detailed.

Hostile bid

During a hostile bid, the bidder normally can only rely on the information available in the public domain.

Public domain

This information is generally available in the major publications such as the *China Securities Journal*, *Shanghai Securities News*, or websites such as www.cninfo.com.cn. Available information includes the:

- Company's general status;
- Company's financial statements and operational records;
- Resumes of managers and the details of the shareholdings of the company;
- Details of outstanding shares and corporate bonds, including the names of the top ten shareholders and the number of shares they hold;
- De facto controller of the company;
- Major litigation involving the company; and
- Major events that could have a material effect on the trading price of the shares, including:
  - major changes in the company's business policies or scope of business;
  - decisions by the company concerning a major investment or major asset purchase;
  - material contracts that may have a significant effect on the company's assets, liabilities, rights, beneficial interests or operational records;
  - any material debts incurred by the company, or the company's default on any material outstanding debts;
  - any major deficits or losses incurred by the company;
  - material changes in the external environment relating to the company's business or operation;
  - changes made to any of the directors or general managers of the company, or to one-third or more of the supervisors;
  - material changes in the shareholding of major shareholders or changes of the de facto controller of the company;
  - decisions made by the company in relation to increases or decreases of registered capital, merger proposals, and division, dissolution and/or bankruptcy of the company;
  - material lawsuits involving the company;
  - resolutions of the general shareholders' meeting or the board of directors being revoked or declared invalid;

- a criminal offence or suspected criminal offence of the company or its directors, supervisors or senior officials; and
- other matters specified by the CSRC.

6. Are there any rules as to maintaining secrecy until the bid is made?

There are no clear rules as to maintaining secrecy before the bid is made.

7. Is it common to obtain a memorandum of understanding or undertaking from key shareholders to sell their shares? If so, are there any disclosure requirements or other restrictions on the nature or terms of the agreement?

In a recommended bid, the purchaser and the key shareholders often execute a letter of intent or memorandum of understanding to facilitate the transaction. The parties or the target company must disclose any letter of intent or memorandum of understanding.

8. If the bidder decides to build a stake in the target before announcing the bid, what disclosure requirements, restrictions or timetables apply? Are there any circumstances in which shareholdings of associates could be aggregated for these purposes?

The bidder may build a stake before announcing the bid either by an on-exchange transaction or through off-exchange transactions, under which different disclosure requirements and restrictions apply.

Purchase by on-exchange trading

If a purchaser acquires, alone or in concert with another party, 5% or more of the outstanding share of a listed company by means of on-exchange trading, it must, within three days:

- Write a report on the change of interests and submit it to the CSRC, the stock exchange and the CSRC's local representative office;
- Notify the listed company; and
- Make a public announcement regarding such change of interests.

The purchaser cannot buy or sell shares in the target company during this reporting period.

Once the purchaser, together with its concert party, holds 5% of the target company's shares, it must make a similar report and announcement if its stake in the target company increases or decreases by 5% via on-exchange trading. The purchaser may not buy or sell shares in the target company during the reporting period or for two days after such announcement.

Purchase by off-exchange transaction

If a purchaser acquires, alone or in concert with another party, 5% or more of the outstanding shares of a listed company by means of an off-exchange transaction (for example, private agreement, administrative assignment, enforcement of court decision, succession or donation) it must, within three days of the transaction, make reports and announcements. Once the purchaser, together with its concert parties, holds 5% of the shares, it must make a similar report and announcement if its stake increases or decreases by 5% or more. The purchaser is not allowed to buy or sell shares before it makes the required reports and announcements.

The purchaser's interests in the target company are deemed to include both shares registered in the purchaser's name and shares over which the purchaser has actual control of the attached voting rights. Additionally, the interests held by the purchaser and its allied parties are calculated together.

9. If the board of the target company recommends a bid, is it common to have a formal agreement between the bidder and target? If so, what are the main issues that are likely to be covered in the agreement? To what extent can a target board agree not to solicit or recommend other offers?

There is usually a formal agreement between the bidder and the key shareholders of the target company.

If the acquisition involves a transaction with the target company, there is often an agreement between the bidder and the target company, or the target company may enter into a multi-party contract with the bidder and the key shareholders.

Special provisions in relation to the target company's rights and commitments are contained in the agreements to which the target company is a party. These provisions may cover matters such as:

- The target company's future business plans;
- Corporate governance;
- The management and restructuring of the company; and
- Private placements made by the target company.

10. Is it common on a recommended bid for the target to agree a break fee if the bid is not successful? If so, please explain the circumstances in which the fee is likely to be payable and any restrictions on the size of the payment?

The use of break fees depends on the negotiations between the parties. In practice, they are not common.

11. Is committed funding required before announcing an offer?

The tender offer documents must contain information regarding the source of the funding and a guarantee that sufficient funding is available. In practice, this means the bidder must ensure the offer funding is in place before proceeding with the tender offer.

In a cash offer, the bidder must, when announcing the tender offer, deposit at least 20% of the total amount of the offer price in a bank designated by the securities depository and clearing institution as a performance guarantee.

If listed securities are offered as payment, the bidder must, when announcing the tender offer, deposit all the consideration securities in a securities depository and clearing institution.

If the securities offered as payment are not listed securities, the purchaser must disclose how the securities will be delivered to the selling shareholders and also grant a cash alternative to the selling shareholders.

ANNOUNCING AND MAKING THE OFFER

12. Please explain how (and when) the bid is made public (high-lighting any relevant regulatory requirements) and set out brief details of the offer timetable. (Consider both recommended and hostile bids.) Is the timetable altered if there is a competing bid?

Announcement

Subject to the mandatory offer requirements, the bidder may, at its own discretion, either:

- Make a general tender offer to purchase all of the outstanding shares held by other shareholders; or
- Make a partial tender offer to purchase only part of the outstanding shares.

When making a tender offer, the bidder must prepare a full tender offer report (including a professional report issued by an independent financial consultant) and submit it to the CSRC, the local CSRC representative office, and the stock exchange. The bidder must also publish a summary of the tender offer report.

The CSRC must review the tender offer report within 15 days of receiving it. If it detects any issue not in compliance with relevant regulations, it must notify the bidder. Unless the CSRC raises an objection within 15 days, the bidder may announce the full tender offer report, together with the report from its financial consultant and the legal opinion of its legal adviser.

Key dates in the offer timetable

- **Day 0.** The bidder submits the full tender offer report together with other required documents to the CSRC, the stock exchange and the CSRC's local representative office. The bidder also simultaneously notifies the listed company and makes an announcement summarizing the tender offer report;

- **Day 15**. If no objection is raised by the CSRC, the bidder may announce the full tender offer report;

- **Day 16 to 35**. The board of directors of the target company announces its opinion within 20 days of the bidder's announcement of the full tender offer report. The board must also submit its opinion, as well as a professional opinion from an independent financial consultant, to the CSRC, the local CSRC representative office and the stock exchange;

- **Day 15 to 75 (assuming the offer period is** 60 **days)**. Throughout the offer period, shareholders can accept the offer. During the offer period, the bidder must publish the amount of pre-accepted shares on the stock exchange's website every day;

- **Days 75 to 78**. The share transfer must be completed within three trading days of the expiration of the offer period;

- **Days 79 to 80**. The bidder must, within 15 days of the expiration of the offer period, submit a report regarding the completion of the tender offer to the CSRC, the CSRC's local representative office, and the stock exchange, and must notify the target company.

Timetable variations

- **Regulatory delays**. The CSRC's 15-day review period starts from the date that the CSRC has received all of the required documents. Therefore, the actual review period may vary if the submitted documents are incomplete.

- **Competing offer.** If a competitive tender offer is issued, the first bidder may cancel or modify its initial tender offer. Any cancellation or modification is subject to pre-approval by the CSRC before it is announced. Such approval may extend the timetable accordingly.

In addition, if there are less than 15 days between the date that the first bidder announces the modified tender offer and the expiry date of its initial offer period, the first bidder must extend the offer period, so that the extended offer period expires at least 15 more days after the amended offer and no later than the expiry of the last competing offer.

13. What conditions are usually attached to a takeover offer (in particular, is there a regulatory requirement that a certain percentage of the target's shares must be offered/bid)? Can an offer be made subject to the satisfaction of pre-conditions (and, if so, are there any restrictions on the content of these pre-conditions)?

A voluntary tender offer may be subject to a number of conditions. Common examples include:

- The number of shares to be acquired on completion of the tender offer meeting a minimum shareholding ratio required by the bidder.

- Making the offer subject to the satisfaction of certain conditions precedent, such as the approval of the acquisition by the relevant regulatory authorities.

There are no clearly expressed restrictions on the content of these conditions, but in principle the relevant parties may not use such conditions to avoid government supervision or statutory requirements.

The bidder must tender for a minimum of 5% of the target's shares, but there is no maximum limit.

14. What documents do the target's shareholders receive on a recommended and hostile bid? (Please briefly describe their purpose and main terms, and which party has responsibility for each document.)

The shareholders of the target company receive:

- The full tender offer report and the summary tender offer (*see Question 8*);
- The professional report issued by the bidder's independent financial consultant;
- Opinions in respect of the tender offer issued by the target company; and
- Opinions issued by the target company's financial consultant.

Opinions issued by the target company's board of directors must include any information from its investigation of the bidder, an analysis of the terms of the tender offer and advise on whether to accept the tender offer. In particular, the opinions must include:

- Basic information on the purchaser;
- The purchaser's purpose in making the takeover and whether it intends to increase its shareholding ratio in the next 12 months;
- The name of the listed company and the type of shares to be purchased;
- The amount and percentage of shares to be purchased;
- The takeover price;
- The source, guarantee or other arrangements made in relation to the consideration offered by the purchaser;
- The conditions stipulated in the tender offer report;
- The time period of the takeover;

- The amount and percentage of shares held by the purchaser when submitting the tender offer report;
- Analysis of the takeover's likely effect on the target company;
- Any planned adjustments to the target company's assets, business, employees, structure or articles of association in the next 12 months;
- Any material transactions between the target company and the purchaser and/or its affiliates in the past 24months; and
- Any previous listed transactions by the purchaser involving the target company's shares.

15. Are there any requirements for a target's board to inform or consult its employees about the offer?

In a takeover of a state-owned enterprise, opinions from employees' representative meetings must be considered. No similar requirements exist for private enterprises.

16. Is there a requirement to make a mandatory offer? If so ,when does it arise?

In general, the mandatory offer requirement is triggered when the post acquisition shareholding is above 30%. This may happen either when the purchaser owns at least 30% of the issued shares and wishes to acquire additional shares in the target, or when the purchaser owns less than 30% of the issued shares and wishes to increase its shareholding above 30%.

If the purchaser intends to acquire more than 30% of the outstanding shares through private agreements with other shareholders, the purchaser must make a general tender offer unless it obtains an exemption from the CSRC. However, the purchaser can structure a transaction to acquire up to 30% by private agreement and a further percentage by partial tender offer, therefore avoiding the mandatory general offer requirement.

If the purchaser owns at least 30% of the issued shares and intends to purchase further shares by private agreement, it again must make a general tender offer unless it obtains an exemption from the CSRC.

Where the purchaser owns 30% of the issued shares of the target company and wishes to acquire more shares by means of a listed transaction, the purchaser is given the option of making either a mandatory general offer or a mandatory partial offer.

Where the purchaser beneficially owns an interest in excess of 30% of the issued shares of the target and does not sell down the excess interest within 30 days of its acquisition, it must make a mandatory general tender offer, and any subsequent acquisitions must be made by general offer. If the purchaser is not a direct shareholder in the target but still owns an interest through an investment relationship, agreement or other relationship, it is deemed to beneficially own that interest.

CONSIDERATION

17. What form of consideration is commonly offered on a public takeover?

Consideration for a public takeover may include cash, securities, or a combination of both. In most cases, consideration is offered in cash.

Where consideration in the form of non-listed securities is offered, it must be accompanied by a cash alternative. For a mandatory offer (*see Question 16*) or a general tender offer for de-listing purposes, the consideration must be in cash.

18. Are there any regulations that provide for a minimum level of consideration? If so, please give details.

The offered price must not be lower than the highest price paid for the same type of shares by the bidder during the six months before the announcement of the summary tender offer (*see Question 8*)

If the offered price is lower than the arithmetic mean of the daily weighted average price of the same type of shares for the 30 trading days before the announcement of the summary tender offer, the bidder's financial consultant must publish a report analyzing the previous six months' trading record of the shares, and give opinions on whether:

- The share price was manipulated;
- Any allied parties of the bidders have not yet been disclosed;
- The bidder had paid any other consideration to acquire the shares in the previous six months; and
- The offered price is reasonable.

In a transfer by agreement, there is no minimum level of consideration required.

19. Are there additional restrictions or requirements on the consideration that a foreign bidder can offer to shareholders? If so , please give details.

There are no additional restrictions or requirements for foreign bidders to pay consideration in cash. However, settlement of committed funding may involve supervision by the SAFE.

If the foreign bidder pays the consideration in offshore securities, approval by the MOFCOM and the CSRC in respect of the relevant share swap arrangement is also required.

POST-BID

20. Can a bidder compulsorily purchase the shares of remaining minority shareholders? If so, please give details.

The bidder cannot compulsorily purchase the shares of remaining minority shareholders.

21. If a bidder fails to obtain control of the target, are there any restrictions on it launching a new offer or buying shares in the target?

If a bidder intends to cancel a planned takeover after submitting a tender offer report to the CSRC and before the full tender offer report is announced, the bidder must apply to the CSRC for cancellation and explain its reasons. The bidder must then make a public announcement of the cancellation, and cannot launch a new takeover attempt on the same target company in the following 12 months.

If the tender offer is subject to other government approvals, and such approvals are not obtained, the purchaser must make a similar report and a public announcement of the failure to obtain approval and its intent to cancel the offer. In this situation, however, there is no 12-month restriction on subsequent takeover attempts.

There are no other restrictions on launching a new offer.

22. What action is required to de-list a company?

If a listed company meets the de-listing criterion set out in the PRC Securities Law and the stock exchange's listing rules (that is, the specified percentage of shares publicly held), it must apply to the stock exchange for de-listing. The stock exchange's listing panel is responsible for de-listing issues and suspends trading in the company.

The listing panel must decide whether to de-list the listed company within 15 trading days of receiving the application. Once the decision is made, the exchange must, within two days, notify the listed company, publish the de-listing announcement and file a report with the CSRC.

TARGET'S RESPONSE

23. What actions can a target's board take to defend a hostile bid (pre- and post-bid)?

Before the commencement of any tender offer, a listed company can introduce acquisition defence clauses into its articles of association.

However, from the time a summary tender offer is announced until its completion, the target's board of directors cannot, without the approval of the general shareholders' meeting, conduct any activities that may have a material effect on the company's assets, liabilities, beneficial interests and operational records, by:

- Disposing of any asset;
- Making any investment;
- Adjusting its main business; and
- Changing its security or loan facilities.

In addition, during the tender offer period, directors of the target company cannot resign from the company.

These regulations, however, do not prevent the general shareholders' meeting of the target company from passing resolutions implementing defence measures against any hostile bid.

Nonetheless, the regulatory authorities currently hold the opinion that public takeovers invigorate the capital market and acquisition defence measures are generally not encouraged. The CSRC reserves the power to correct any acquisition defence clauses in the target's articles of association which it deems to be improper.

In addition to the above specific requirements, the actions of the target's board, controlling shareholders, de facto controller and other related parties are also subject to the following principles:

- No person can make use of any merger and acquisition to damage the lawful rights and interests of a listed company and its shareholders;
- The controlling shareholder or the de facto controller cannot abuse their shareholder's rights to damage of the rights and interests of the target company and other shareholders;
- The target company's directors, supervisors and senior managers assume a fiduciary responsibility to the shareholders, and must treat all purchasers on a fair basis;
- The decisions made and the measures taken by the board of directors of the target company must be beneficial to the interests of the company and its shareholders; and
- The board of directors of the target company must not abuse its authority to set up any improper obstacles for a takeover and must not use the target's resources to provide any financial assistance to any purchaser.

TAX

24. Are any transfer duties payable on the sale of shares in a company that is incorporated and/or listed in your jurisdiction? Can payment of transfer duties be avoided?

Enterprise income tax

The seller's income resulting from transfer of shares is deemed to be taxable income. If the seller is a foreign investor with no permanent establishment in China, a withholding tax is imposed against its transfer amount.

Individual income tax

Following a decision by the State Council, individual income tax is currently not levied against natural persons for selling shares through on-exchange transactions.

Stamp duty

The purchaser and the seller must both pay stamp duty on the transfer price. The current tax rate is 1% of the transfer price.

OTHER REGULATORY RESTRICTIONS

25. Are any other regulatory approvals required, such as merger control and banking? If so, what is the effect of obtaining these approvals on the public offer timetable (for example, do the approvals delay the bid process, at what point in the timetable are they sought and so on)?

Regulatory approvals

If the takeover of a listed company or a change of shareholding involves matters related to state industrial policies, market admission policies, the transfer of state-owned shares and other issues, it is subject to the approval of the relevant governmental authorities. Examples of the main regulations and approvals to be considered include, among others:

- A transfer of state-owned shares must be approved by the State-owned Assets Supervision and the Administration Commission of the State Council (SASAC);
- A transfer of shares in a bank must be approved by the China Banking Regulatory Commission (CBRC);
- Foreign investors' strategic investments in listed companies, including share acquisitions, must be approved by the MOFCOM;
- Acquisitions of domestic enterprises by foreign investors are subject to anti-trust review by the MOFCOM and the State Administration for Industry and Commerce (SAIC);
- Some investments by foreign investors may involve industry policy review by the national Development and Reform Commission and the MOFCOM;
- National economic security issues must be reviewed by the MOFCOM;

- Foreign exchange issues must be approved or supervised by the SAFE; and
- To takeover a listed company, foreign investors must obtain prior approval from the MOFCOM and other related authorities.

Effect on timetable

In general, regulatory approval prolongs the takeover timetable. The length of the approval period varies for each situation. For example, in a foreign investor's acquisition, the approval period for the MOFCOM is 30 days; in the case of an anti-trust review, the approval period is 90 days. However, there is no fixed approval period for takeovers relating to national security or industrial policy, which makes the transaction's timeframe uncertain.

26. Are there restrictions on foreign ownership of shares (generally and/or in specific sectors)? If so, what approvals are required for foreign ownership and from whom are they obtained?

The Foreign Investment Industrial Guide Catalogue divides industries into four categories: encouraged, permitted, restricted and prohibited. Generally, there are no restrictions on foreign ownership in industries classified as encouraged or permitted. Limitations are normally placed on foreign ownership of companies in restricted and prohibited industries.

Foreign investments in different industries may be subject to approvals from different authorities (*see Question 25*).

27. Are there any restrictions on repatriation of profits or exchange control rules for foreign companies? If so, please give details.

Foreign investors can repatriate their profits and dividends after tax after obtaining a board resolution regarding profit distribution. Such profits and dividends may be repatriated from the investor's own foreign exchange account or with foreign exchange purchased at designated foreign exchange banks (Regulations on the Sale and Purchase of and Payment in Foreign Exchange).

28. Following the announcement of the offer, are there any restrictions or disclosure requirements imposed on persons (whether or not parties to the bid or their associates) who deal in securities of the parties to the bid?

Following the announcement of the offer, the bidder cannot sell any shares in the target company, or purchase the target company's shares in any manner that does not comply with the terms of the offer.

REFORM

29. Please summarise any proposals for the reform of takeover regulation in your jurisdiction.

The rules and regulations enacted in 2006 have dramatically impacted foreign investors' access to China's A share market. New practical and technical issues will inevitably emerge and be addressed during the implementation period.

Contact Details

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