Index

A-B Holdings (Anheuser-Busch International Holdings Inc.) 139, 140, 146–7, 148, 149, 235–6
accounting
Generally Accepted Principles (GAAP) 107, 108, 111
independent directors’ qualifications and 95–6
integrity in financial disclosure, community role in maintaining 112–13
Law 106, 113
new standards improving quality of financial disclosure 106–13
Regulations for Joint Stock Limited Enterprises 106
Rules (Hong Kong) 168
standards, efficiency and 224
Standards for Business Enterprises (ASBE) 106, 111
Statements for Joint Stock Limited Enterprises, Chart of Accounts and 106
actions see class actions; criminal actions; derivative lawsuits; direct lawsuits; joint actions
Anderson, C. 92
Anhui Masteel K. Wah New Building Materials Co. Ltd. 183
Asia, ‘legal origin’ hypothesis and 239
Asiamoney 95
Asset Management Companies 116
Association of Board Secretaries of Listed Companies 98
Australia
financial disclosure and 112 insider and outsider systems and 233
‘legal origin’ hypothesis and 238 regulatory reform 6
authorities
securities and regulatory, cross-border cooperation and dispute resolution 73–6
see also CSRC; HKEx; SFC
Baiyu, Ma 113
Bank of China see PBoC
Basic Law (Hong Kong) 22–3
Bebchuk, Lucien Arye 240
Beida Jade Bird Universal 64
Beihai Brewery 141, 142
Beijing Department Store 36
Beijing Light Bus Co. 36
Beijing Tianqiao Beida Jade Bird 64
Beijing Tongrentang Ltd 64
Beijing Town and Country Trade Centre 36
Beiren Printing Machinery Corporation Limited
1994 Annual Report 242–3
2000 Annual Report 244–5
2005 Annual Report 246–7
case study 138–9, 175–6, 199–201
management structure and composition 178–9
performance 179–80
share capital structure and shareholders 176–7
IPO 31, 36–7
ongoing communication and regular reporting requirements and 108
share-ownership system reform and 128
Beiren Printing Machinery Holdings Ltd 7, 252
BGC (Beiren Group Corporation) 175–6, 177, 178, 180
blockholder control, insider system and 237–8
see also shareholders
boards of directors
Beiren 178
Dongfang 198–9
Guangzhou Shipyard 166
Kunming 190
Maanshan 184, 185
Shanghai Petrochemical 161–2
Tianjin Bohai 194
Tsingtao 147–8, 149
Yizheng 162
see also directors; management
Bohai Corporation see Tianjin Bohai
Chemical Industry (Group) Company
book building, IPO price determination and 29–30
Britain see UK
burden of proof, misrepresentation and 90–91
Burma, PRC’s ‘open door’ policy and 14
buyback plans, Tsingtao and 145–6
Buyback Procedures 127
Capital Market Guidelines 123
CBRC (China Banking Regulatory Commission) 57, 58, 117
CCP (Chinese Communist Party) Committee, corporate governance role 103–5, 166
Company Law reforms and 145 pervasive influence 240
regionalism and 13, 14, 15–16
zhuada and 141
see also state
Central Bank see PBoC
CEPA (Closer Economic Partnership Arrangement) 23, 24
CEUPEC (China Eastern United Petrochemical (Group) Company Limited) 153–4
Cha Shi May-lung, Laura 60, 62
Cheffins, 236–7
Chengdu Top Sci-Tech Co Limited 56, 64
Cheung, Stephen Yan-Leung 8, 224, 233
China Banking Regulatory Commission see CBRC
China Construction Bank 197
China Development Finance 33
China Dongfang Electric Corporation see DFEC
China Eastern United Petrochemical (Group) Company Limited see CEUPEC
China Everbright group 25
China Insurance Regulatory Commission see CIRC
China International Economic and Trade Arbitration Commission 75
China International Investment Corporation 21
China International Trade and Investment Corporation see CITIC
China Jialing Industrial 122
China National Petroleum Corporation see PetroChina
China Oilfield Services 56
China Petrochemical Corporation see CPC
China Petroleum Corporation see Sinopec Corp
China Resources 25
China Securities Depository & Clearing Corporation 125
China Securities Regulatory Commission see CSRC
China Southern Securities 58
China State Shipbuilding Corporation see CSSC
China Telecom 56
China Travel 25
China Venture Capital Group Ltd 60
Chinese Communist Party see CCP
CIRC (China Insurance Regulatory Commission) 57, 117
CITIC (China International Trade and Investment Corporation) 151, 152, 155, 159, 162
Civet Investment Co (Hong Kong) 162
Civil Law General Principles 90
Civil Procedure Law 88, 94
civil remedies
CSRC role and powers and 59–60
misrepresentation and 90
shareholders, for, under new legislation 91–4
Index

SFC and 67–8
see also criminal actions
class actions, shareholder rights and 93
Closer Economic Partnership Arrangement see CEPA
Coffee, John 237, 238
Commercial Bank Law 115, 116
Commercial Banks, Provisional Regulations on Intermediary Businesses of 116
Commission of Science Technology and Industry for National Defence see CSTIND committees
audit, H-share companies and 99, 100
boards of directors and 99–101
CCP 103–5, 166
POR, of CSRC 61–2, 63
remuneration 99, 100
supervisors and 101–3
see also supervisory committees
communication
ongoing, requirement for, financial disclosure and 108–11
supervisory committee role 101–2
companies
Chinese characteristics, with 9–10
H-share, selection and flotation of first batch 27–34
HKEx-listed, Mandatory Provisions for 23–4
Joint Stock, Tentative Measures Concerning Administration of State-Owned Equities of 54
Joint Stock Limited, Standard Opinion for 22
Limited, Special Regulations of the State Council concerning Floating and Listing of Shares Overseas by 24, 64
red-chip 24–5, 26
shell 24, 25, 26
see also enterprises; listed companies
Companies Ordinance (Hong Kong) 94, 107
company law Interpretations 93
reform see corporate law reform
Company Law 1994
insider control and 83
securities market evolution and 35, 39
share market overview and 55
shareholder meetings and 84
shareholder rights and 88
Standard Opinion for Joint Stock Limited Companies supplanted by 22
Tsingtao restructuring and 145
Company Law 2006
CCP corporate governance role and 104, 105
independent directors and qualified personnel and 96
insider control and 83
insider system and 239
shareholder meetings and 83, 84, 85–6, 87
shareholder rights and 91, 92–3, 94
supervisory committees and 101
company secretary, HKEx Listing Rules and 98
conflict of interest, SFC and HKEx listing requirements 69–70
convergence
corporate law reform, in 1–9
family analogy and 12
formal, financial disclosure and 106–8
globalization and 10
insider and outsider system, regulatory reform and 234–5, 236
cooperation
cross-border
securities and regulatory authorities and 73–6
SFC investigation powers and 68
Responsibilities and, in Financial Supervision and Regulation among the CBRC, the CSRC and the CIRC, Memorandum of Understanding on Division of 57
corporate governance
CCP Committee role in 103–5
defined 81
evolutionary model and 3–4
good, efficiency and 224–5
H-share market role in 8
HKEx standards 224–5
HKEx system 222
implementation difficulties, listed companies 82
practice and reform, political burdens for 240–41
strategic partnerships improving 235–6
see also internal governance
structures
Corporate Governance Guidelines 84–5, 98, 99
corporate law reform convergence in 1–9
regionalism in 1–9, 13–16
transplantation in 1–9, 10–13
see also company law
corporatization efficiency and 222
privatization contrasted 81–2
courts
Guangdong Provincial High People’s 171–2
Haerbin Intermediate People’s 89
Market Misconduct Tribunal (Hong Kong) 68
People’s, shareholder rights and 94
Securities and Futures Appeals Tribunal (Hong Kong) 68
Supreme Peoples’ 89–90, 93
CPC (China Petrochemical Corporation) 153, 154, 155, 159
criminal actions
CSRC role and powers and 60
misrepresentation and 90
SFC and 67, 68
see also civil remedies
CSRC (China Securities Regulatory Commission)
Buyback Procedures 127
capital flight to Hong Kong and 26–7
committee system for boards of directors and 100
Controlling Shareholder Circular 126, 127
cross-border cooperation and dispute resolution and 73, 74–5
differential pricing and 226
Dongfang management changes and 199
financial disclosure and 109, 110, 111
independent directors and qualified personnel and 95, 96, 97, 99
insider control and 82
IPO approval in mainland China, standards and procedures for 60–66
ownership structure changes and 114, 117, 118, 122, 125
POR Committee 61, 62, 63
regulatory system nature and 5
role and powers 56–60
Securities market evolution and 37, 38–9, 40, 42
selection and flotation of first batch of H-share companies 29, 32, 34
Separation Circular 123
SFC investigation powers compared 68
shareholder meetings and 84–5
shareholder rights and 90
Takeover Code and 226, 227, 229
takeover offers and 228
see also regulation
CSSC (China State Shipbuilding Corporation) 162, 163, 164, 165–6, 168
CSTIND (Commission of Science Technology and Industry for National Defence) 164, 174
culture, regionalism and 15
Customs Statistics 23
Daqing Lianyi Petrochemical Shareholding Co 89
debt, triangular see triangular debt
decentralization
economic functions, regionalism and 13, 14–15
fiscal, regionalism and 13–14
definitions
A-shares 53
B-shares 54
connected transaction 110
continued connected transactions 86
corporate governance 81
disclosable transaction 110
financial reporting community 224
H-share enterprises 2
H-shares 56
insider system 233
market 224
misrepresentation 89
triangular debt 144
Deng Xiaoping 22, 25, 26, 81
derivative lawsuits, shareholder rights and 92, 93
DFEC (China Dongfang Electric Corporation) 195, 196
DFEW (Dongfang Electrical Machinery Works) 195–6, 198, 199
Dignam, Alan 233, 237
direct lawsuits, shareholder rights and 92, 93
directors, internal governance structures and 83–4, 94–101
see also boards of directors; independent directors
disclosure see financial disclosure; information disclosure
dispute resolution, securities and regulatory authorities and 73–6
diversification, Guangzhou Shipyard 167–70
Dongfang Electrical Machinery Company Limited
1994 Annual Report 242–3
2000 Annual Report 244–5
2005 Annual Report 246–7
case study 138–9, 199–201
listing 7, 195–7
management changes 198–9
performance 197–8, 257
CCP corporate governance role and 105
IPO 34, 37, 38
Kunming management changes and 190
share-ownership system reform and 128
Dongfang Electrical Machinery Works see DFEW
economy functions decentralization, regionalism and 13, 14–15
growth, open door policy and 14
market-oriented and market-determined, regionalism and development of 13
efficiency
accounting standards 224
 corporatization and 222
good corporate governance 224–5
liquidity and 222–3
reporting transparency 224
takeover rules 225–30
enforcement see civil remedies; criminal actions
Enterprise Bankruptcy Law 172
enterprises
Mainland, Listed in Hong Kong, Memorandum of Regulatory Co-operation on Regulation of 23, 28
Overseas, Suspension of the Purchase of, and Further Strengthening the Administration of Overseas Investment, Notice on 26, 27
see also companies; SOEs
equity market, state presence in 2
see also market
EU (European Union) ‘legal origin’ hypothesis and 239
stabilization in 30
evolutionary model, corporate governance and 3–4
see also models
Eximbank (Export-Import Bank of China) 169, 170
expansion, Guangzhou Shipyard 167–70
family analogy
convergence and 12
regionalism and 12–13
Ferguson, Michael J. 111–12, 224, 225, 238
financial disclosure, new accounting standards improving quality of 106–13
see also information disclosure
financial supervision and regulation see regulation
Foreign Investment Industrial Guidance Catalogue 120, 121
Foshan Chemical Fibre Complex 153
Framework Agreement (Guangzhou Shipyard/CSSC) 165–6
future
Shanghai Petrochemical 159–61
Yizheng 159–61

GAAP (Generally Accepted Accounting Principles) 107, 108, 111
see also accounting
Galanis, Michael 233, 237
GEM (Growth Enterprise Market) (Hong Kong) 56, 64
see also market

Germany
corporate governance theory 9–10
insider systems 233
supervisory committees 102

GETDZITIC (Guangzhou Economic and Technology Development Zone International Trust and Investment Company) 172, 173, 174, 175

GFETTIC (Guangzhou Foreign Economic and Trade Trust and Investment Company) 172, 173, 174

Gillespie, John 11

GITIC (Guandong International Trust and Investment Corporation) bankruptcy
Guangzhou Shipyard, impact on 170–75
Maanshan and 184
HKEx exploitation before 1990 and 25

GITIC Enterprises 25
globalization
convergence and 10
petrochemical industry reorganization and 157

Goodman, David S.G. 13, 14, 15

GOTIC (Guandong Overseas Trust and Investment Company) 173, 174
group structure see management structure

Guangdong Enterprises (Holdings) Limited 25

Guangdong International Trust and Investment Corporation see GITIC
Guangdong Overseas Trust and Investment Company see Gotic
Guangzhou Economic and Technology Development Zone International Trust and Investment Company see GETDZITIC
Guangzhou Foreign Economic and Trade Trust and Investment Company see GFETTIC

2000 Annual Report 244–5
2005 Annual Report 246–7
case study 138–9, 199–201
expansion and diversification 167–70
GITIC bankruptcy impact 170–75
group structure and related party transactions significance 163–6
issue 7, 162–3
management changes 166–7
performance 251
Dongfang performance and 197
IPO 31, 36, 37
ongoing communication and regular reporting requirements and 108
SASAC control of 87
shareholder meetings and 87–8
supervisory committees and 103

Guizhou Tyre Company 122

Guo, Bingna 92

Hainan Kaili Central Development & Construction 63

Havens Steel Company (USA) 167, 168
Hebei Dixian Knitwear 55
Hebei Jinniu Energy Resources Company 125

HKEx (Hong Kong Exchanges and Clearing Limited/Hong Kong Stock Exchange)
Beiren and 7, 175–6
Chinese H-share market development and 32, 34, 35
corporate governance system 222
Index

cross-border cooperation and dispute resolution and 73–4, 75
CSRC role and powers and 59
Dongfang and 7, 34, 195, 196
exploitation before 1990 by PRC 24–7
financial disclosure and 107–8, 109–10, 112
Guangzhou Shipyard and 7, 17, 64–5, 163
H-share dual listing and 56
H-share enterprises definition and 2
H-share listing applications, screening by 70–73
independent directors and 96
IPO approval and, standards and procedures for 62, 64
Kunming listed on 7, 186
listing requirements see HKEx Listing Rules; listing requirements
Maanshan listing on 7, 181
regulatory control and 5
role, structure and powers 66–70
securities market evolution and 34–5
Shanghain Petrochemical and 7, 28, 150
share prices on, corporate governance standards reflected in 224–5
Sinopec Corp listing on 154–5
Tianjin Bohai listing on 7, 192
Tsingtao and 7, 28, 139
voluntary disclosure by H-share firms listed on 238
voluntary disclosure by SOEs listed on 111–12
Yizheng listing on 7, 32, 151–2
HKEx Listing Rules
company secretary and 98
committee system for boards of directors and 99
cross-border cooperation and dispute resolution and 74, 75–6
financial disclosure and 107, 109, 110
Guangzhou Shipyard structure and 165
H-share listing applications screening and 70–73
H-share market development and 30, 33
HKEx aims 70
independent directors and qualified personnel and 96, 98–9
insider control and 83
management structure requirements and 161
Mandatory Provisions required and supplemented by 24
petrochemical industry reorganization and 159
SFC and 68–70
shareholder meetings and 86–7
shareholder rights and 88
HKICPA (Hong Kong Institute of Certified Public Accountants) 107, 108
HKICS (Hong Kong Institute of Company Secretaries) 98
HKSCC Nominees Limited 155, 185, 192
Hong Kong
B-shares and 55
financial disclosure and 112
GEM 56, 64
insider and outsider systems and 233
integration with mainland PRC 22–4
‘legal origin’ hypothesis and 239
legal system, PRC compared 2
PRC’s ‘open door’ policy and 14
reform initiatives 234
regulatory control and 5–6
stabilization illegal in 30
see also SFC

Independent Director Guidelines 95–6, 97, 98, 102
independent directors, management role of qualified personnel and 94–9
see also directors
Indonesia, Kunming and 187
information disclosure
Shanghai Petrochemical and 33, 34
voluntary, by H-share firms listed on HKEx 224, 238
voluntary, by SOEs listed on HKEx 111–12
see also financial disclosure

Alice de Jonge - 9781848442788
Downloaded from Elgar Online at 05/06/2019 12:51:37AM
via free access
insider control model, corporate organization 82
see also models
insider system
blockholder control and 237–8
outsider system and 233, 234–5, 236–7
insider trading, shareholder rights and 92
interest see conflict of interest; public interest
internal governance structures
directors 83–4, 94–101
financial disclosure 106–13
insider control 81–3
managers 83–4, 103–5
ownership structure changes 113–15
institutional investors 115–18
share-ownership system reform 122–8
significant foreign investor involvement 118–22
shareholders 83–4
meeting 84–8
rights 88–94
supervisors 83–4, 101–3
see also corporate governance
investors
institutional investors, restructuring and 115–18
significant foreign, ownership structure changes involvement 118–22
QFII scheme 118–19, 120, 121
IPO (initial public offering)
Beiren 31, 36–7
CSRC role and powers and 57, 60–66
Dongfang 34, 37, 38
Guangzhou Shipyard 31, 36, 37
lock-up requirement 42
price determination 29, 40–41
price divergence, listing difficulties with 35–6, 39
securities market evolution and 34–5
Shanghai Petrochemical 28, 29, 30–31, 36
Tianjin 32–3, 38
timing 138
Tsingtao 28

Yizheng 31–2, 37
see also listing; shares
IPO Measures 39, 40
issue see listing

Japan
corporate governance theory 9, 10
Guangzhou Shipyard and 170
insider systems 233
Jardine Fleming 33, 142–3
Jellmont SA (France) 197, 198
Jiangsu Nandastosoft Company Limited 56
Jiaoda Kunji High Tech Co Ltd
(formerly Kunming Machine Tool Company Limited) 187, 188, 189, 190, 191, 235
Jiaotong Group (Xian Jiaotong University Industrial (Group) Incorporated) 187, 188, 189, 190, 191
Jilin Chemical 59
joint actions, shareholder rights and 90, 93–4
Joint Investment Co 21
Kahn-Freund, Otto 11
KMT Plant 186
see also Kunming Machine Tool Company Limited
KPMG Huazhen Accounting 172
Kun Ji 186, 190, 191
see also Kunming Machine Tool Company Limited
Kunji Jiaoda see Jiaoda Kunji High Tech Co Ltd
Kunming Jinghua Company 187, 191
Kunming Machine Tool Company Limited (later Jiaoda Kunji High Tech Co Ltd)
1994 Annual Report 242–3
2000 Annual Report 244–5
2005 Annual Report 246–7
blockholder control and 237
case study 138–9, 199–201
listing 7, 31, 186–7
management changes 190–91
performance 187, 254
restructuring 187–90
financial disclosure and 108
policy objectives coinciding and 240
takeover rules and 225
Tianjin management structure
changes and 194

La Porta, 236, 237, 238
Lam, Kevin C.K. 111–12, 224, 225, 238
Law Debenture Trust (Asia) Limited
147
‘law matters’ thesis 236–7
Lee, Grace Meina 111–12, 224, 225, 238
‘legal origin’ hypothesis 238–9
legal system
Hong Kong and PRC compared 2
transplant effect 10–13
Li Guirong 146
Lianhua Supermarket 64, 98
Lin, Z. Jun 16
liquidity
efficiency and 222–3, 230
takeovers and 225–6
listed companies
corporate governance
implementation difficulties 82
CRSC role and powers and 57
Independent Director System,
Guiding Opinions on the
Establishment of 185
Outside China, Further
Standardizing Operations and
Reform of, Opinion 82–3
Overseas, Notice on the
Implementation of Essential
Clauses in Articles of
Association of 24
Pilot Reform Projects Regarding
Separation of Equity
Ownership and Trading Rights
of, Operational Guidelines 125
Reform Regarding the Separation of
Equity Ownership and Trading
Rights of State-Controlled,
Guiding Opinion 127
Regulation of Cash Flows Between
Their Affiliates and, and
Security Provided to Outside
Parties by, Several Issues
Concerning, Circular 110–11
Shareholders’ General Meetings,
Regulatory Opinion on
Standardizing 84
Standards for Governance of 185
Stock Incentives in, Administrative
Measures on 100
Stock Right Allocation Reform
Method, Administration of 125
Suspending and Terminating the
Listings of, Implementing
Procedures 64
see also companies
listing
applications, screening by HKEx
70–73
back-door 24, 25, 26
difficulties, IPO price divergence and
35–6
Dongfang 195–7
Foreign Investment Shares Inside
China by a Shareholding
Company, of, Provisions on 55
Guangzhou Shipyard 162–3
Kunming 31, 186–7
Maanshan 7, 31
requirements see listing requirements
Shanghai Petrochemical 150–52
Tianjin 191–2
Tsingtao 4, 7, 139–40
Yizheng 150–52
see also IPO
Listing Code 33–4, 39
listing requirements
additional 71–3
cross-border cooperation and
dispute resolution and 73
normal see HKEX Listing Rules
see also requirements
Listing Rules see HKEx Listing Rules;
Shanghai Stock Exchange, Listing
Rules; Shenzen Stock Exchange,
Listing Rules
loss, calculation of, shareholder rights
and 91
‘lottery ticket method’, share allocation
36–7
Low, Chee Keong 68
M&A (mergers and acquisitions)
Provisions 121–2, 227
takeover rules and 226
Maanshan Iron & Steel Company
Limited
1994 Annual Report 242–3
2000 Annual Report 244–5
2005 Annual Report 246–7
case study 138–9, 180–81, 199–201
management changes 184–5
performance 181–4, 253
listing 7, 31
Macau, B-shares and 55
management
accountability to minority
shareholders, H-share
enterprises and 82–3
Beiren 178–9
economic, regionalism and
decentralization of 13
Guangzhou Shipyard 163–6
role of independent directors and
qualified personnel 94–9
State-Owned Assets in Qingdao
Municipality, of, Measures for
Delegation of 142
see also boards of directors;
restructuring; supervisory
committees
management changes
Dongfang 198–9
Guangzhou Shipyard 166–7
Kunming 190–91
Maanshan 184–5
Shanghai Petrochemical 161–2
Tianjin 194–5
Tsingtao 147–9
Yizheng 161–2
managers
internal governance structures and
83–4, 103–5
stock options and 100–101
Mandatory Provisions 23–4, 28, 82,
94–5, 101
market
capitalization, HKEx listing
requirements and 71
defined 224
efficiency see efficiency
Growth Enterprise (GEM) (Hong
Kong) 56, 64
H-share, role in corporate
governance 8
integrity in financial disclosure, role
in maintaining 112–13
intermediaries, CSRC role and
powers and 57
open, HKEx listing requirements
and 71
see also equity market; securities
market; share market
market economy, development of,
regionalism and 13
Market Misconduct Tribunal (Hong
Kong) 68
see also courts
meetings, shareholder 84–8
Merrill Lynch 30
Ministry of Commerce 121
Ministry of Communications 170
Ministry of Finance 28, 106, 118, 123,
170, 189
Ministry of Foreign Trade and
Economic Cooperation see
MOFTEC
Ministry of Metallurgic Industries 180,
182
Ministry of Public Security 59
misrepresentation, shareholder rights
and 89–91
Mitsubishi Heavy Industries Ltd 180
Moakes, Nick 112
models
evolutionary, corporate governance
and 3–4
insider control, of corporate
organization 82
‘principal–agent’, insider control and
81
MOFTEC (Ministry of Foreign Trade
and Economic Cooperation) 25
Montesquieu, Charles-Louis de
Secondat, Baron de la Brède et de
10–11
Multifibre Agreement (WTO) 161
Myanmar see Burma
National Development and Reform
Commission 183
Neoh, Anthony 60
New York Stock Exchange 56, 150, 161
see also USA
Nolan, P. 141, 157
Nomura International (Hong Kong) 34

obligations
balance of powers and, in securities market 2
contractual, listing requirements and 70–73

OECD (Organization for Economic Co-operation and Development) 81

offences see civil remedies; criminal actions

Offering and Underwriting Measures 40

offerings
Follow-on, Measures 42–3
public see IPO; POR

outsider system
failures, solutions to 235
insider system and 233, 234–5, 236–7
regulatory system and 6
shareholder protection and 237–8

ownership
changes see restructuring
state influence 138–9

partnerships
Closer Economic, Arrangement (CEPA) 23, 24
strategic, improving corporate governance and 235–6

Party see CCP

PBoC (People’s Bank of China)
Dongfeng and 197

economic reconstruction and 21
GITIC bankruptcy and 171, 172
Guangzhong Shipyard and 169
ownership structure changes and 116, 118, 119
supervision of Maanshan by 184

penalties see civil remedies; criminal actions

Peregrine Capital 30, 33

performance
Beiren 179–80
Dongfeng 197–8, 257
Guangzhou Shipyard 251
Kunming 187, 254
Maanshan 181–4, 253

price, Shanghai-traded A-shares and Hong Kong-traded H shares compared 35
Shanghai Petrochemical 152–3, 250
SOE, privatization and improvement of 222
Tianjin 192, 256
Tsingtao 140–45, 251
Yizheng 152–3, 255
PetroChina (China National Petroleum Corporation) 153, 154, 155, 156, 157, 159

policy objectives, tensions between central and regional 239–40
POR (Public Offering Review) Committee of the CSRC 61, 62
Measures 63
powers
balance of obligations and, in securities market 2
CSRC 56–60
HKEx 66–70
SFC 66–70
supervisory committee 101

price determination, IPO 29, 40–41
divergence, IPO, listing difficulties with 35–6, 39
performance, Shanghai-traded A-shares and Hong Kong-traded H shares compared 35

sensitive information, financial disclosure and 109–10
share, corporate governance standards and 224–5

Price Waterhouse Coopers 173–4
‘principal–agent’ model, insider control and 81

see also models

privatization
corporatization contrasted 81–2
SOE performance improvement and 222

Process Review Panel (Hong Kong) 68
profit test, HKEx listing requirements and 71

public interest, HKEx listing requirements and 71

public offering see IPO; POR

Puxty, Anthony G. 113, 224
qualifications, independent directors’ 97–8
QFII (Qualified Foreign Institutional Investor) scheme 118–19, 120, 121
see also investors
Qingdao State-owned Assets Bureau 140, 142, 147, 148, 149
see also SASAC
Qualified Foreign Institutional Investor see QFII
rationalization, SOEs 140–41
Red Chip Notice 26–7
regionalism
corporate law reform, in 1–9, 13–16
family analogy and 12–13
questions arising 9
securities market growth and 21–2
state influence and 8
regulation
authorities, cross-border
cooperation and dispute resolution 73–6
framework, B-shares 55
reform, insider and outsider system convergence and 234–5, 236
see also CSRC; HKEx; SFC
regulatory system
centre and region in 13–16
dispersed and disparate nature of 5–6
personal relationships pervading 6
remedies see civil remedies
reporting
regular, requirement for, financial disclosure and 108–9
transparency, efficiency and 224
requirements
lock-up, IPO and 42
management structure, HKEx Listing Rules and 161
ongoing communication, financial disclosure and 108–11
regular reporting, financial disclosure and 108–9
see also listing requirements
restructuring
internal governance structures and 113–15
institutional investors 115–18
share-ownership system reform 122–8
significant foreign investor involvement 118–22
Kunming 187–90
Shanghai Petrochemical 153–9
Tianjin 192–4
Tsingtao 145–7
Yizheng 153–9
see also management rights, shareholder 88–94
Roe, Mark J. 233, 234, 240
rules
Listing see HKEx Listing Rules; Shanghai Stock Exchange, Listing Rules
takeover, efficiency and 225–30
Ruskola, Teema 11, 12
SAFE 119, 120
Salomon Brothers 140
Sany Heavy Industry 125
SASAC (State-owned Assets Supervision and Administration Commission)
Beiren share capital structure and 177
capital flight to Hong Kong and 27
financial disclosure and 110, 113
Guangzhou Shipyard and 87, 164
Kunming restructuring and 188
ownership structure changes and 123, 127
petrochemical industry reorganization and 154
Shanghai Petrochemical and 87
share market overview and 53–4
shareholder meetings and 87
Yizheng issue and 151
see also State Council
SBPCI (State Bureau of Petroleum and Chemical Industry) 154
securities authorities, cross-border cooperation and dispute resolution 73–6
see also CSRC; HKEx; SFC
Securities Commission (Hong Kong)
see SFC
Securities and Futures Appeals Tribunal (Hong Kong) 68
see also courts
Index

Securities and Futures Ordinance (Hong Kong) 67–8, 83
Securities Investment Funds, Interim Measures on the Administration of 115
Securities Law 1998
CSRC role and powers and 57
IPO approval and, standards and procedures for 61, 64
securities market evolution and 39, 40, 41
shareholder rights and 89, 90
Securities Law 2006
committee system for boards of directors and 100
cross-border cooperation and dispute resolution and 74
CSRC role and powers and 57–9
financial disclosure and 106, 110, 113
insider control and 83
IPO approval and, standards and procedures for 62, 63–4
IPO price determination and underwriting agreements and 41
Offering and Underwriting Measures and 40
ownership structure changes and 121
shareholder rights and 91, 92, 93
takeover rules and 226, 228
securities market
balance of powers and obligations in 2
growth, regionalism and 21–2
mainland evolution 34–43
Misrepresentation in
Acceptance of Civil Tort Dispute Cases Arising from, Questions Concerning, Circular 89
Trial of Civil Damages Cases Arising from, Several Provisions 89–91, 94
see also market
Securities Ordinance (Hong Kong) 30
Segal, Gerald 13
SEG International Trust and Investment Corporation 184
Separation Circular 123–5
SETC (State Economic and Trade Commission) 82, 95, 118, 154
SFC (Securities and Futures Commission) (Hong Kong) 5, 24, 30–31, 59, 66–70, 73, 74
SG Warburg 32, 33, 112, 140
Shanghai Feiyue Hi-fi Corp 21
Shanghai Fudan Microelectronics 64
Shanghai Petrochemical Company Limited
1994 Annual Report 242–3
2000 Annual Report 244–5
2005 Annual Report 246–7
case study 138–9, 149–50, 199–201
future 159–61
industrial reorganization 153–9
issue 7, 150–52
management changes 161–2
performance 152–3, 250
CCP role in corporate governance and 105
financial disclosure and 108
information disclosure and 33, 34
IPO 28, 29, 30–31, 36
ownership structure changes and 129
SASAC control of 87
Shanghai Securities Exchange 37
Shanghai Securities News 113
Shanghai Stock Exchange
A-shares and 54
B-shares and 55
Beiren listing on 177
Dongfang and 38, 196, 197
Guangzhou Shipyard listing on 163
IPO approval and, standards and procedures for 63
Listing Rules 39, 41–2
Maanshan listing on 181
ownership structure changes and 123, 124–5
securities market growth and 22
Shanghai Petrochemical and 36, 150
Tianjin Bohai and 38, 192
Tsingtao listing on 140
Shanghai Zi Jiang Enterprise Group 125
share market
cross-border, creation and development 21–4
companies, selection and flotation of first batch 27–34
HKEx, Chinese exploitation of 24–7
overview, securities and regulatory authorities and 53–6
see also market shareholders
Beiren 176–7
blockholder control, insider system and 237–8
Controlling, Circular 126, 127, 128, 229
internal governance structures and 83–4
meeting 84–8
rights 88–94
Majority, Increase Rules 127
management accountability to, H-share enterprises and 82–3
protection of, outsider system and 237–8
Public, Protection of, Provisions 85
shares
Administration of the Issuing and Trading of, Tentative Regulations 22
buyback plans, Tsingtao and 145–6
capital structure, Beiren 176–7
legal-person 54, 118
liquidity, efficiency and 222–3
‘lottery ticket method’ of allocation 36–7
Methods of Issuing, Circular on Further Improving 39
Non-Floating, Operational Guidelines on the Reform of 125
market overview 53–6
Over-placement Option, Tentative Opinion for 34
Overseas Issue and Listing of by Overseas Companies, Issues Relevant to 27
ownership system reform 122–8
price of, corporate governance standards and 224–5
social, A-shares 54
state-owned 54, 118
see also IPO; POR
Shenyang Group (Shenyang Machine Tool (Group) Company Limited) 189, 190, 191
Shenzen Leasing Co. Ltd. 184
Shenzen Stock Exchange
A-shares and 54
B-shares and 55
CSRC role and powers and 60, 63
Listing Rules 39, 41–2
ownership structure changes and 123, 125
Shanghai Petrochemical IPO and 36
securities market growth and 22
Tianjin IPO and 38
Siemens (Germany) 197
Singapore, H-share dual listing and 56
Sinopec Corp (China Petroleum Corporation)
petrochemical industry future and 159, 160
petrochemical industry reorganization and 153, 154–5, 156, 157
Shanghai Petrochemical controlled by 150
Shanghai Petrochemical issue and 151
Yizheng controlled by 150
Yizheng management structure changes and 162
Smyth, Russell 155, 156
SOCBs (State Owned Commercial Banks) 116, 118
SOEs (state-owned enterprises)
capital flight to Hong Kong and 27
CCP role in corporate governance and 104, 105
economic reconstruction and 21
H-shares and 56
HKEx-listed, voluntary disclosure by 111–12
independent directors and qualified personnel and 97
IPO approval and, standards and procedures for 60–61
management structure changes and 194
managers and stock options and 101
ownership structure changes and 114, 118–22
performance improvement,
privatization and 222
rationalization 140–41
regionalism and 2, 4
share market overview and 53, 54
see also companies; enterprises
South Korea
Guangzhou Shipyard and 170
PRC’s ‘open door’ policy and 14
Shanghai Petrochemical and
Yizheng performance
subsequent to listing and 152
Special Assessment Guidelines 64
Spin-off Circular 64–5
sponsor, additional listing
requirements and 71–3
SSRC 123
stabilization, Shanghai Petrochem IPO
and 30–31
standards
accounting, efficiency and 224
Business Enterprises, for (ASBE)
106, 111
CSRC procedures and, for IPO
approval in mainland China
60–66
Governance of Listed Companies, for 185
HKEx, corporate governance and
224–5
new accounting, improving quality
of financial disclosure 106–13
state
accounting regulation and 224
CCP role in corporate governance
and 103
equity market presence 2
Holdings, Reduction of, Tentative
Procedures 122–3
integrity in financial disclosure, role
in maintaining 112–13
interests represented in listed
Chinese firms 6–7
ownership structure changes and
113–14
pervasive influence of 7–8, 138–9,
200–201
Beiren 180
Maanshan 182–3
Kunming 189
Shanghai Petrochemical 157–8
Tsingtao 149
Yizheng 157, 158
regionalism and 5
shareholding, A-shares 54
see also CCP
State Auditing Administration 113
State Bureau of Petroleum and
Chemical Industry see SBPCI
State Council
B-shares regulatory framework and
55
capital flight to Hong Kong and
26–7
cross-border share market
development and 22, 24
financial disclosure and 110
Guangzhou Shipyard and 170
HKEx exploitation before 1990 and
25
ownership structure changes and
122, 123
petrochemical industry
reorganization and 153, 154
Reduction of State Holdings
Tentative Procedures 122
regulatory control role taken over by
CSRC 56–7
selection and flotation of first batch
of H-share companies 27, 28
Yizheng management structure
changes and 162
see also SASAC
State Economic and Trade
Commission see SETC
State Electrical and Mechanical
Department 177
State Planning Commission 61
State Restructuring Commission 24
State Science Technology Commission
188–9
State Tax Bureau 153, 170
State-owned Assets Supervision and
Administration Commission see
SASAC
State-owned Commercial Banks see
SOCBs
Steinfeld, Edward 181–2, 222
Strategic Investment Measures 43, 122,
227, 236
Strategic Investor Circular 120–21, 227
strategic partnerships, improving
corporate governance and 235–6
suitability, HKEx listing requirements
and 70
supervisors, internal governance
structures and 83–4, 101–3
supervisory committees
Beiren 178
Dongfang 198, 199
Kunming 190–91
Maanshan 184, 185
state influence on 139
Tianjin Bohai 194–5
Tsingtao 148, 149
see also committees; management

Taiwan
B-shares and 55
Shanghai Petrochemical and
Yizheng performance
subsequent to listing and 152
Takeover Code 121, 226, 227–30
takeover rules, efficiency and 225–30
Tan Yangzhong Realty Co 21
Textile Council 151

Thailand
Kunming and 187
PRC’s ‘open door’ policy and 14
Thatcher, Margaret 22
Tianjin Bohai Chemical Industry
(Group) Company Limited (later
Tianjin CEP)
1994 Annual Report 242–3
2000 Annual Report 244–5
2005 Annual Report 246–7
blockholder control and 237
case study 138–9, 199–201
listing 7, 191–2
management changes 194–5
performance 192, 256
restructuring 192–4
IPO 32–3, 37, 38
takeover rules and 225
Tianjin CEP (Tianjin Capital
Environmental Protection
Company Limited, formerly
Tianjin Bohai Chemical Industry
(Group) Company) 113, 193, 194,
195, 235
Tianjin Huaze (Group) Co. Ltd. 193
Tianjin Municipal Investment
Company Limited see TMICL
Tianjin Sewage Company 193
Tianjin Trust and Investment
Corporation 194
Tianjin Urban Road & Bridge
Construction Company 193–4
timing, IPO 138
TMICL (Tianjin Municipal
Investment Company Limited)
193, 194, 195
see also Tianjin Bohai Chemical
Industry (Group) Company
Tong Ren Tang Technologies 64
trading, insider see insider trading
trading record, HKEx listing
requirements and 70
training, independent directors’ 97
transactions
connected, Shanghai Petrochemical
and Yizheng and 158–9
connected and other notifiable,
financial disclosure and 110–11
continued connected, defined 86
notifiable, financial disclosure and
107
related party, significance of,
Guangzhou Shipyard 163–6
transparency, reporting, efficiency and
224
transplantation, corporate law reform,
in 1–9, 10–13
triangular debt, Tsingtao and 144
tribunals see courts
Tsinghua Tongfang 125
Tsingtao Bewery Company Limited
1994 Annual Report 242–3
2000 Annual Report 244–5
2005 Annual Report 246–7
case study 138–9, 199–201
listing 4, 7, 139–40
management changes 147–9
ownership changes 145–7
performance 140–45, 249
IPO 28, 31
Kunming listing and 186
ownership structure changes and 120
remuneration committee 99–100
strategic partnerships 235–6
Index

Tsingtao Brewery Xian Company Limited 143
Turkic republics (former USSR), PRC’s ‘open door’ policy and 14

UK (United Kingdom)
financial disclosure and 107
H-share dual listing and 56
‘legal origin’ hypothesis and 238
outsider system and 235, 237–8
reform initiatives 234
regulatory reform 6
stabilization in 30

USA (United States of America)
Chinese H-share Market
development and 28
corporate governance theory 10, 12
financial disclosure and 112
Glass–Steagall reforms 115
independent directors and 97
‘legal origin’ hypothesis and 238
New York Stock Exchange 56, 150, 161
outsider system and 235, 237–8
political burdens 240
reform initiatives 234
regulatory reform 6
Sarbanes-Oxley Act 10
stabilization in 30

Vincent Leader 162
voluntary disclosure see information disclosure, voluntary

Western Europe see EU
World Bank 58, 81, 97, 106, 114, 223
WTO (World Trade Organization) 14, 156, 157, 161

Xi, Chao 53, 104, 105
Xian Hans Brewery and Beverage Factory 143
xianchang jiancha, role and powers and 59

Yizheng Chemical Fibre Company Limited
1994 Annual Report 242–3
2000 Annual Report 244–5
2005 Annual Report 246–7
case study 138–9, 149–50, 199–201
future 159–61
industrial reorganization 153–9
issue 7, 150–52
management changes 161–2
performance 152–3, 255
IPO 31–2, 37
ownership structure changes and 128
Yuan Lu 146
Yunnan State-owned Assets Operation Company Limited 191
see also SASAC

Zhai Qingguo 155, 156
Zhen Ping Hao 224
zhuada
CCP and, 141
petrochemical industry reorganization and 153