

Research Summary

This project mainly targets at the significant legal issues arising from Chinese Corporations' listing in Japan. Although Sino-Japan economy and trade relations have been developing very rapidly, only a few Chinese corporations are listed in Japan. According to the most recent figures, only 3 Chinese corporations have been listed in Japanese stock exchanges. Since the headquarter of one of them is located in Hong Kong, another one was delisted as a result of the misappropriating company's funds by the president of this corporation,, there are only one Chinese Mainland corporation is listed in Japan and function well. We have to identify the reasons to explain phenomenon.

This project has comprehensively deployed the theory of law and economics with various analysis methods, such as comparative analysis, historical analysis, case analysis, regulatory analysis. The authors have conducted fruitful discussions with both of Japanese corporate law scholars and Chinese law firms engaging the Chinese companies to be listed in Japan and Chinese Securities Regulatory Commission.

To enable Chinese business corporations to have a clear picture of the roadmap of listing in Japan, and to encourage them to be reliable and respected issuer for Japanese investors, this project has observed the legal thresholds regarding the listing qualification and procedure, including the available ways and channels for Chinese corporations to be listed in Japan, and the various costs and benefits of listing in details in Japan. To prevent potential legal risks, and to enable the Chinese business people be aware of Japanese legal requirements of the listing, this research report has examined the legal environment of the regulation of Chinese corporations listing in Japan. Considering the significance of the corporate governance and internal compliance, this research project advised the Chinese audience to reform corporate governance and internal control system in Japan to. To settle the disputes arising from the listing process in efficient and fair way, this project proposes to establish for alternative dispute resolution mechanism. As response to the scandal of Chinese corporation listed in Japan suffered a scandal in 2008, this project has identified a umber of the legal, commercial and cultural reasons behind this scandal, in order to avoid future similar corporate failures, and restore the confidence of Japanese investors.

Considering the rare listing of Chinese corporations in Japan, this project has observed the barriers of channels for overseas listing, the costs of legal regulation, unsatisfied corporate core competitiveness, cultural differences, limited openness and globalization of Japanese market, weak promotion and services of Japanese stock exchanges, the defects of the listing rules and procedures, shortage of professionals.

As the research conclusion, the authors have made some specific and constructive suggestions to promote the listing of Chinese corporation in Japan. In addition to providing good guidelines for Chinese corporations' listing in Japan in a practical manner, the project has put forward several legal advices to Chinese and Japanese government agencies. Theses policy advices include but not confined to, amending the Memorandum of Understanding, expanding market channels, improving the quality of professional services, reducing market risks and

listing costs, strengthening the transparency and globalization of Japanese capital market, and training bilingual financial professionals in both China and Japan. This project argues that the international collaboration between Japanese financial authority and Chinese securities authority is necessary, and urges China and Japan to strengthen legal cooperation and to establish joint supervising mechanisms.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

Date: March 26,27,2009

Venue: CHEUNG KONG GRADUATE SCHOOL OF BUSINESS

Name of Conference: EMBA course on Business Law.

Audience: Chinese influential entrepreneurs.

Title of Presentation: The Legal issues of Chinese Corporations' listing in Japan

Presenter: Prof/ Liu Junhai

Although Sino-Japan economy and trade relations have been developing very rapidly, not so many Chinese corporations list in Japan. So far, only 3 Chinese corporations have been listed in Japan, one of which has headquarter in Hong Kong, another of which was delisted as a result of the president's misappropriating company's funds. That means there are only one Chinese Mainland corporation listing successfully in Japan and functioning well. We have to identify the reasons to explain phenomenon.

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

Name of Journal and its Date: Vol.3, Law Review of Chinese Capital Market, published by Press of Law,Beijing, China. Forthcoming in the August,2010.

Title: 《中国企业赴日本上市的若干法律问题研究》 (The Research on Legal issues of Chinese Corporations' listing in Japan)

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Book (Publisher and Date of the Book, Title and Author of the Book, etc.)