

On Policy, Law and Suggestion of Taiwanese Enterprise to Go Public in the Mainland Area

Fu-Lung Lee

Abstract

With the Mainland China opened B share market to its people having foreign currency and had access to the World Trade Organization, Taiwanese listed company there had been sought for the opportunity to go public in the Mainland capital market. In order to develop business well in the Mainland Area, the policy and law of Taiwanese enterprise going public there was needed to be explored.

The amount of Taiwanese enterprise in the Mainland Area was increasing, the scale of them beyond its parent company in Taiwan. Moreover, partial enterprise had no any office or factory in Taiwan. Besides Can-kun and Guo-xiang were listed in Shen-gen B share market and Shanghai A share market respectively, it was not easy for Taiwanese enterprise to go public in the Mainland China. Taiwanese enterprise broadened its operation scope in the Mainland Area, so it was urgent to list and raise the funds. Some other issues that were worth paying attention to was that any explicit regulations could be followed, the experience of successful cases, the analysis of advantages and disadvantages, and the influence of Taiwanese enterprise going public in the Mainland capital market.

The article was divided into eight parts. The second part of this article illustrates the policy adjustment from "no haste, be patient" to "active liberalization with effective management". Part three introduces the legal institutions concerning Taiwanese enterprise going public in the Mainland

China from Taiwan "Statute Governing Relation between the People of the Taiwan Area and the People of the Mainland Area" "Rule Permitting the Mainland Investments and Technology Cooperation", and the Mainland China regulations of internal and external capital market. And then we compare the listing institution of Cross-Strait Areas. Part four explores the feasibility for Taiwanese enterprise to go public in the Mainland China, and still describes the purpose of making B share market open to public access and its listing institution. Part five analyze the advantages and disadvantages of listing in the Mainland capital market. Part six particularizes its possible influence to show the responses in politic, economy and industry. Part seven examines the upsurge for Taiwanese enterprise to go public in the Mainland China and make some suggestions. Finally, we summarize the article to be a conclusion.

Keywords: no haste, be patient, active liberalization with effective management, public offering, foreign enterprise, state-owned enterprise (SOE) liberation, transferable stock, non-transferable stock, the mechanism to encourage the return of profits and funds, the system of risk management