

Tiantai's Lawyers Powers up the Issuance of China's First Convertible Bonds for Innovation and Entrepreneurship of Limited Liability Company

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In order to help innovative and entrepreneurial enterprises and venture capital companies raise capital from the capital market in compliance with regulations, the China Securities Regulatory Commission ("CSRC") issued the Guiding Opinions of on Conducting the Pilot Program of Corporate Bonds for Innovation and Entrepreneurship (Exposure Draft), which made the bonds for innovation and entrepreneurship (hereinafter referred to as " Bonds for Innovation and Entrepreneurship") become popular rapidly in the market and be recognized by stock exchanges and the inter-bank bond market.

Entrusted by Wenzhou Juchuang Electrical Science & Technology Co. Ltd., Tiantai's lawyers provide legal services for it with regard to issuance of convertible bonds for innovation and entrepreneurship. According to the relevant laws and regulations and normative documents in effect such as the Company Law, the Securities Law and the Measures for the Issue and Trading of Corporate Bonds, a joint stock company may issue corporate bonds that can be converted into shares in accordance with the law, and there is no clear legal basis or operating guidelines for whether a limited liability company can issue convertible bonds. Based on the profound theoretical basis in respect of the Company Law and the Securities Law, and rich experience in bond issuance, the lawyers of our Firm believed that the issuance of convertible bonds for innovation and entrepreneurship by limited liability companies does not violate the provisions of laws and regulations and normative documents, and issued a legal opinion for the issuer of bonds, which fully demonstrated the legality of the issuer's non-public issuance of convertible bonds for innovation and entrepreneurship. The Shanghai Stock Exchange organized an expert panel to hold a special seminar on this issue for discussion and review, and finally endorsed the legal opinion of the lawyer in charge, believing that the issuer's non-public issuance of convertible bonds for innovation and entrepreneurship was in line with the relevant provisions of national laws and regulations.

On April 1, 2019, the non-public issuance of 2019 convertible corporate bonds for innovation and entrepreneurship of Wenzhou Juchuang Electrical Science and Technology Co., Ltd. obtained the Letter of Reply of No Objection to the Trading and Transfer of Convertible Corporate Bonds for Innovation and Entrepreneurship Issued Non-publicly by Wenzhou Juchuang Electrical Science and Technology Co., Ltd. (S. Z. H. [2019] No. 572) issued by the Shanghai Stock Exchange, and the bonds were successfully issued and listed. The convertible corporate bonds for innovation and entrepreneurship issued non-publicly this time to qualified investors featured a total amount of not more than RMB20 million, and was underwritten by Xiangcai Securities Co., Ltd. This bond issuance is the first successful case of a limited liability company issuing convertible corporate bonds.

The bond issuance case was in the charge of lawyers Kun ZHANG and Rongmei JI, Partners of our Firm. The lawyers of our Firm will continue to explore and innovate in providing legal services regarding the securities and capital market, and offer customers with all-round and multi-level quality legal services based on rich experience, professional competence and diligent spirit.

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