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Zhong Lun represented Ninebot Limited in the first CDR issuance in Chinese stock market

On October 29th, 2020, Ninebot Limited, a corporation established under the laws of the Cayman Islands, has become to be the first company to issue Chinese Depositary Receipt listed in China's stock market, with its CDR listed and traded in Shanghai Stock Exchange. It is also the first case in China's capital market where a red-chip company using the VIE structure was approved to go public.

CDR, or Chinese Depositary Receipt, is a security issued by a deposit custodian and listed in China on the basis of offshore securities, and represents an interest in the offshore underlying securities. CDR can be listed in Chinese A share markets and settled in RMB, and traded among domestic investors.

Red-chip companies refers to those companies registered in an offshore jurisdiction, but their main business activities are within the territory of mainland China. By 2018, companies listed on Chinese stock exchanges must be limited companies registered in China, so a red-chip company must dismantle the red-chip structure to register the controlling entity under the Chinese law for purpose to be listed in Chinese domestic capital markets. With the plan to attract more Hi-Tech and new economy enterprises to return to A-share market, the PRC General Office of the State Council on March 22, 2018 issued the Notice of the CSRC on the Implementation of a Pilot Opinion on the Issue of Stocks or Depositary Receipts in Innovative Enterprises (State Office Issued (2018) No. 21), allowing red-chip companies that meet relevant conditions to issue shares or depositary receipts in Chinese domestic capital markets, opening the door for red-chip enterprises to retain red chips.

The successful listing of Ninebot Limited represents a new trend for offshore companies, including but not limited to red-chip companies, to issue CDRs in Chinese capital market. Zhonglun Law Firm acted as the issuer's counsel for the initial public offering of CDRs by Ninebot, including in active communication and discussion with regulatory agencies such as the China Securities Regulatory Commission, Shanghai Stock Exchange, State Foreign Exchange Administration, China Securities Registration and Settlement Co., Ltd. and depository custodians, and also worked closely with counsels from relevant other jurisdictions such as

Cayman Islands, Hong Kong, the United States, and Germany. Zhong Lun Partners leading this project are Guo Kejun and Yao Qiming.

Ninebot Limited is an innovative enterprise focusing on the field of intelligent short-distance transportation and service robots. Its main business is the design, research and development, production, sales and service of various types of short- and medium-range intelligent mobile devices.