Corporate Governance Hong Kong

Slaughter and May acts for a wide range of Hong Kong listed clients with their compliance and corporate needs, including regular compliance and corporate governance and risk management requirements.

Scope of our Corporate Governance advice

- Regular compliance matters such as financial reporting (annual and interim results announcement and reports) and AGM
- Continuing obligations under the Listing Rules, including, Chapter 13, Chapter 14 (notifiable transactions), Chapter 14A (connected transactions) (including but not limited to analysing the applicability of the relevant requirements, consulting the HKSE, drafting announcements and circulars, applying for waivers)
- Requirements for share option and share award schemes
- Share repurchases and requirements under the Listing Rules and the HK Share Repurchase Code
- Disclosure of inside information requirements under Part XIVA of the SFO and preparing announcements
- Disclosure of interests requirements under Part XV of the SFC and preparation of SFC forms
- Market misconduct issues (including insider dealing) under the Securities and Futures Ordinance
- Corporate governance and risk management requirements and best practices including establishing systems and preparing/ reviewing compliance manuals and procedures
- Establishment of board committees and preparing, reviewing or amending the relevant terms of reference
- Board and board committee proceedings, preparing board meeting notice, board agenda, board resolutions and attending such meetings where necessary
- Amendments to its constitutional documents and the related HKSE requirements

"They are responsive and ready to provide their experience. It was a bonus to get good partner attention, with a diligent team of associates."

Chambers Asia Pacific 2020 - Capital Markets Department – China

Corporate Governance Hong Kong

Appointments with the regulators in Hong Kong

We regularly advise clients on the regulatory rules and policies of the Hong Kong Stock Exchange (HKEX) and the Hong Kong Securities and Futures Commission (SFC), offering them the benefit of our relationships with these regulatory authorities. Two partners are currently appointed members of committees with the SFC and HKEX and two previously worked for these regulators:

- Hong Kong senior partner **Peter Brien** is the Deputy Chairman of the Listing Committee of the HKEX. **John Moore** was previously Deputy Chairman of the Listing Committee of the Main Board and the Growth Enterprise Market of the HKEX
- Hong Kong partner **Benita Yu** is a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee and was a member of the SFC (HKEC Listing) Committee of the SFC in Hong Kong
- Hong Kong partner **Wynne Mok** was a Director of Enforcement of the SFC
- Hong Kong partner **Jing Chen** was in the Listing Division of the HKEX covering Listing and Regulatory Affairs prior to re-joining the firm as a partner in 2019
- Hong Kong partner **Lisa Chung** is currently a member of the Company Law Committee of The Law Society of Hong Kong.

Leading Corporate Practice in Hong Kong

Slaughter and May is listed as a band one firm in all three of the legal directories - *Chambers Asia Pacific*, *Legal 500 Asia Pacific* and *IFLR1000 Asia-Pacific* - and in the September 2019 *Asian Legal Business Asia M&A Report*, published by *Thomson Reuters*, for Corporate and M&A in Hong Kong and China. The firm also features regularly in the top tiers for Hong Kong in the global M&A legal league table rankings, published by *Bloomberg*, *Refinitiv* and *MergerMarket*. In the last three years, more than 25 transactions we have advised on have won awards in Asia.

Elite leading Corporate lawyers in Hong Kong

Many of our partners are listed as elite leading lawyers in the Asia Pacific Region for Corporate and M&A in China: in the 2020 editions of: *Chambers Asia Pacific,* Benita Yu, Lisa Chung, and Jason Webber are ranked in the category Corporate/M&A: Hong Kong-based (International Firms) China; *Legal 500 Asia Pacific,* Peter Brien is listed as a leading lawyer in Hong Kong for Corporate (including M&A); and *IFLR1000 Asia-Pacific* Benita Yu is listed as highly regarded for M&A and Chris McGaffin is listed as a rising star. In the International *Who's Who Legal 2020* nine partners in Hong Kong and London are listed as Recommended for M&A.

Calibre of our lawyers

We do not measure our lawyers' success in hours. Quality not quantity is the focus. There are no monthly/annual billing targets for our lawyers and the emphasis is on technical expertise, professional skills, business acumen, relationships and the value that our lawyers add to our clients' businesses. The quality of our clients and the work they bring to us enable us to attract highly motivated, intelligent, hardworking individuals. We regard common sense, commercial awareness and strong interpersonal skills as essential qualities; integrity and ambition as key. Our lawyers possess a genuine underlying interest in the law and a desire always to do their very best for our clients. It is fundamental to our success that we work as teams of talented individuals where differing personalities are bound together by a commonly held belief in excellence, quality and service.

A client focused approach

Central to our culture is the priority that we place on satisfying the individual needs of each of our clients, supporting them with practical and commercially minded advice.

Hong Kong listed companies we advise

We act for many Hong Kong listed clients (many of whom since their IPOs) on a wide range of corporate matters, including post-listing compliance, corporate governance and risk management, share option schemes, further fund raising and financing and mergers and acquisitions.

Clients in alphabetical order which we have provided corporate compliance legal services advice to include:

Client	Year started acting
Cathay Pacific Airways	1986
China National Building Material Company	2006*
China Power Clean Energy Company (and its predecessor China Power New Energy Company)	2004
China Power International Development	2004
Chinalco Mining Corporation International	2013*#
Dongfeng Motor Group Company	2005*
Golden Throat Holdings Group Company	2015*
High Fashion	2015
Hong Kong Aircraft Engineering Company	1990
Orient Overseas International	1990
PRADA S.p.A.	2011*
Prudential plc	2010*
MTR Corporation	2000*
Standard Chartered Bank	2002*
Semiconductor Manufacturing International Corporation	2004*
SmarTone Telecommunications Holdings	1996
Swire Pacific	1988
Swire Properties	2011*
Wing Tai Properties	1990
Yingde Gases Group Company	2017#

** Where we advised on or before its listing and thereafter*
 # Delisted

Scope of our advice for Hong Kong listed companies

- **China National Building Material Company** (CNBM), a leading manufacturer of cement and building materials in the PRC, in relation to:
  - > its listing compliance requirements in Hong Kong
  - > its proposed merger with China National Materials Company (Sinoma) by way of merger of absorption
  - > three secondary H share offerings - more than US$1 billion was raised through the offerings
  - > its acquisition through a subsidiary of Xuzhou Conch Cement Company Limited for a consideration of US$150 million
  - > its acquisition through a subsidiary of CNBM of 14.36% of the equity interest in China Glass Holdings Limited at a consideration of HK$244 million
  - > its acquisition through a subsidiary of CNBM of 16.67% of the equity interest in China Shanshui Cement Group Limited at a consideration of HK$1,560 million
  - > its IPO and listing in Hong Kong in 2005, raising approximately US$265 million
- **Dongfeng Motor Group**, one of the three leading auto makers in China, in relation to:
  - > its listing compliance requirements in Hong Kong
  - > its subscription for shares in Peugeot PSA (Peugeot) for EUR800 million (or US$1,100 million), and its further strategic partnership with Peugeot to enhance their collaboration in research and development and to establish a new joint venture to drive PSA Peugeot Citroën and Dongfeng vehicle sales in the rest of Asia in respect of HK regulatory requirements
  - > its establishment of a joint venture with Getrag Group (one of the globe's largest transmission manufacturer) for the purpose of developing advanced dual-clutch transmission
  - > Dongfeng Asset Management's cornerstone investment in the initial public offering of Yangtze Optical Fibre and Cable Joint Stock Company (YOFC) for a total consideration of US$15 million
  - > Dongfeng Asset Management's cornerstone investment in the initial public offering of China CNR Corporation (CNR) for a total consideration of US$40 million
  - > its global offering and listing on the Main Board of the Hong Kong Stock Exchange raising approximately US$587 million
- **China Power International Development** in relation to:
  - > its listing compliance requirements in Hong Kong
  - > in relation to its acquisitions of the entire interest in certain clean energy project companies (the Target Companies) respectively from CPI Holding, a controlling shareholder of China Power and a wholly-owned subsidiary of State Power Investment Corporation (SPIC), and from SPIC, an indirect controlling shareholder of China Power, for a total consideration of approximately RMB5.0 billion (HK$5.8 billion). The

acquisitions were announced on 9 October 2017 and constitute major transactions and connected transactions under the Hong Kong Listing Rules

> a top-up placing of shares, which involves the placing of existing shares and top-up subscription of new shares by its parent for a total consideration of US$113 million, and at the same time the issue of RMB 1,140 million RMB-denominated (US$180 million), US dollar-settled 2.75% convertible bonds due 2017

> its issue of RMB 800 million 3.2% bonds due 2015. The sole bookrunner and manager in respect of the bond issue was Standard Chartered Bank

> its RMB 982 million (US$150 million) issue of RMB-denominated, US dollar-settled convertible bonds due 2016. The bonds are convertible into its shares. The bonds are also listed on the Hong Kong Stock Exchange

> its acquisition of Wu Ling Power Corporation from China Power Investment Corporation which constituted a very substantial acquisition and connected transaction under the Hong Kong Listing Rules

> its conditional acquisition of a 25% stake in Shanghai Electric Power Company for a total consideration of approximately US$211 million

> its acquisition of 100% interest in Wuhu Electric Power Generating Company from its controlling shareholder, China Power International Holding, for a total consideration of RMB1.45 billion (approximately US$238 million). It constituted a disclosable and connected transaction under the Hong Kong Listing Rules

- **China Power Clean Energy Development Company** (CPCE) (and its predecessor **China Power New Energy Development Company (CPNE))** in relation to:

> its listing compliance requirements in Hong Kong

> its privatisation and delisting form HKSE in 2018

> the re-domiciliation in 2017 of the holding company of the listed group, from Bermuda-incorporated CPNE to Hong Kong-incorporated CPCE by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda (as amended)

> its placing of new shares to China Three Gorges Corporation. Under a share purchase agreement, CPNE issued HK$2.1 billion (US$269 million) new shares to China Three Gorges, giving China Three Gorges a 29.05% share in the enlarged share capital of CPNE

> its issue of RMB 800 million (US$125.5 million) RMB-denominated guaranteed bonds to the trustees of China Life Insurance (Overseas) Company (China Life Overseas). The bonds are due in 2017 and are guaranteed by subsidiaries of CPNE

> its acquisition of the entire issued share capital and a shareholder loan of Power Will Investment (Power Will) for a total consideration of RMB166 million (approximately US$27 million). The acquisition constituted a disclosable transaction under the Hong Kong Listing Rules

> its issue of new shares to China Energy Engineering Group Guangdong Electric Power Design Institute (GEPDI). Under a share agreement, CPNE issued new shares to GEPDI for RMB200 million (US$33 million), giving GEPDI a 2.87% share in the enlarged issued share capital of CPNE

> its issue of RMB 500 million (US$76.7 million) RMB-denominated guaranteed bonds. The bonds are guaranteed by certain of its subsidiaries

  > its acquisition of China Power Dafeng Wind Power Company (CP Dafeng) for RMB504 million (approximately US$74 million)

- **Semiconductor Manufacturing International Corporation** (SMIC) in relation to:

  > its listing compliance requirements in Hong Kong

  > its issue of US$450 million zero coupon convertible bonds due 2022. The lead manager and sole bookrunner for the issue was J.P. Morgan Securities plc. The Bonds are listed on the Singapore Stock Exchange

  > its placing of new shares to Xinxin (Hongkong) Capital, a wholly-owned subsidiary of China Integrated Circuit Industry Investment Fund, for a total consideration of HK$ 3,094 million and the issue of further shares to Datang Holdings (Hongkong) Investment Company and Country Hill in relation to the exercise of their pre-emptive rights

  > its issue of US$500 million 4.125% bonds due 2019 (Bonds) which were sold internationally including through a Rule144A offering

  > its top-up placing of shares, which involved the placing of existing shares and top-up subscription of new shares by Datang Holdings (Hongkong) Investment Company for a total consideration of HK$1,554 million (approximately US$200 million), and the related issue of US$95 million zero coupon convertible bonds due 2018

  > its issue of US$200 million zero coupon convertible bonds due 2018 which were listed on the Singapore Stock Exchange in 2013

  > its issue of US$250 million convertible preference shares, warrants and warrants issued with preferred stock to Country Hill, a wholly-owned subsidiary of China Investment Corporation (CIC)

  > its issue of 8% shareholding in SMIC together with warrants for another 2% within three years as part of a settlement with Taiwan Semiconductor Manufacturing Company (TSMC) of a long-running legal dispute related to TSMC's trade secrets

  > its placing of new shares to institutional investors, raising approximately HK$780 million (approximately US$100 million) in parallel with its issue of new shares for a consideration of US$100 million, to Datang Telecom Technology & Industry Holdings

  > its issue of new shares under its general mandate to Datang Telecom Technology & Industry Holdings, for a total purchase price of US$171.8 million

  > its initial public offering and dual listing in Hong Kong and New York (US$1.9 billion)

- **Chinalco Mining Corporation International** (CMC) in relation to:

  > its listing compliance requirements in Hong Kong

  > its privatisation by Aluminum Corporation of China Overseas Holdings (Offeror) to be implemented by way of a scheme of arrangement (under Section 86 of the Companies Law of the Cayman Islands) (the Scheme) and the withdrawal of listing of its shares on the Hong Kong Stock Exchange

  > its copper sale and offtake and hedging contracts

> its initial public offering and listing on the Main Board of the Hong Kong Stock Exchange, raising approximately US$400 million

- **Metallurgical Corporation of China** (MCC), one of the largest engineering and construction company in the world, in relation to:

> its listing compliance requirements in Hong Kong

> its sale of Zhongye Building to its parent, which constituted a connected transaction

> its initial issuance of US dollar-denominated bonds and listing on Singapore Exchange. The US$500 million 5-year bonds were issued by MCC Holding (Hong Kong) Corporation and guaranteed by China Metallurgical Group Corporation

> its US$5.2 billion global offering of H shares and A shares and listing on the Main Board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The offering was reported to be the world's third-largest initial offering in 2009

- **COSCO SHIPPING Ports** in relation to:

> its conditional agreement with Volcan Compañía Minera (Volcan) and Terminales Portuarios Chancay (TPCH) to subscribe for 60% of the shares of TPCH for a total consideration of US$225 million

> its conditional agreement with TPIH Iberia (TPIH) to purchase 51% of the shares of Noatum Port Holdings (NPH) for a total consideration of €203.49 million. NPH operates two container terminals in Valencia (Noatum Container Terminal Valencia (NCTV)) and Bilbao (Noatum Container Terminal Bilbao (NCTB)) and two facilitative rail terminals in Madrid (Conterail Madrid) and Zaragoza (Noatum Rail Terminal Zaragoza (NRTZ)) in Spain

> its acquisition of China Shipping Ports Development, which is interested in a portfolio of container terminals in the PRC and other parts of the world, for a consideration of RMB7.63 billion (approximately US$1.18 billion)

> its joint acquisition with China Merchants Holdings (International) and China Investment Corporation of approximately 65% of Kumport Terminal, which is the third largest container terminal in Turkey, a strategic location along the "Silk Road Economic Belt" and "the 21st Maritime Silk Road".

- **Orient Overseas (International)** (OOIL) in relation to:

> its listing compliance requirements in Hong Kong

> the sale of LBCT LLC to a consortium led by Macquarie Infrastructure Partners, and the entry into a 20-year terminal services agreement, for a total consideration of US$1.78 billion. LBCT LLC operates the Long Beach Container Terminal in Long Beach, California, United States

> the cash offer by UBS on behalf of Faulkner Global Holdings, a wholly-owned subsidiary of COSCO SHIPPING Holdings, together with Shanghai Port Group, a wholly-owned subsidiary of Shanghai International Port Group, as joint offerors to acquire all the issued shares in OOIL. The offer was announcement on 7 July 2017 and the cash consideration of the offer is approximately HK$49.2 billion (US$6.3 billion)

  - its disposal of Orient Overseas Developments to CapitaLand China (RE) Holdings under a share sale and purchase agreement following a competitive auction process
  - the sale of its Terminals Division to Ontario Teachers' Pension Plan Board (OTPP) for US$2.35 billion in cash and the assumption of US$60 million of debt. OOIL's Terminals Division comprises four container terminals located in North America. The transaction was a very substantial disposal for the purpose of the Hong Kong Listing Rules

- **China Resources Gas Group** (formerly known as China Resources Logic) in relation to:
  - its acquisition of China Resources Gas Group from its parent company China Resources Group for a total consideration of US$488 million and the related rights issue
  - its US$7 billion proposed merger with China Resources Power Holdings Company (CR Power) to form one flagship energy group under China Resources (Holdings) Company

- **MTR Corporation** in relation to:
  - its listing compliance requirements in Hong Kong
  - its negotiations with the Hong Kong Government on the agreement for the further funding of the high-speed rail project linking Hong Kong and Mainland China. The further funding arrangements were structured in a way that satisfied the interests of the various stakeholders whilst enabling the project to be completed in accordance with the project timetable. We also advised on the operational and financial arrangements for the US$10.7 billion project which is one of the most significant and complex infrastructure projects ever undertaken in Hong Kong
  - its listing, being Hong Kong's first, and only privatisation of its kind, including a global offering by the Hong Kong Government by way of secondary offer
  - in relation to its investment in the construction and operation of Line 4 of the Shenzhen Metro and the related project financing
  - its merger with the Kowloon-Canton Railway Corporation (KCRC), being the largest M&A transaction done in Asia
  - its acquisition of part of the business of Rail Sourcing Solutions Limited, a supplier of components for the transport industry
  - the connected transaction implications of a restructuring of the Octopus group of companies. Octopus Cards Limited (OCL) operates a smart card ticketing system in Hong Kong and provides consultancy services overseas in relation to automatic fare collection
  - its US$2 billion Debt Issuance Programme

Corporate Governance Hong Kong

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"Superb service. The team understood our business well and could always provide commercial, practical and timely advice and support."

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