

# DECODING THE NEW NORMAL

Change and Constancy in a Transformed World

Annual Review 2019/20





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# FANGDA PARTNERS

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Founded in 1993, Fangda Partners is a full-service law firm advising on PRC and Hong Kong laws.

- One-firm Approach
- Firm of Choice for the Most Difficult Legal Issues
- Cross-Border Capabilities with a China Edge
- At the Forefront of Chinese Commercial Practice





Team of  
Excellence

141

Partners

705

Associates

## Firm Awards & Rankings



**FinanceAsia**

IFLR1000



IFLR1000

**Chambers**  
AND PARTNERS



China Firm of the Year

*China Law & Practice Awards, 2019*

Best Domestic Law Firm

*China Awards, FinanceAsia, 2019*

Top Tier Firm – China

*IFLR 1000, 2019*

Most Attractive Employers – China

*Universum Awards, 2019*

*IFLR1000* 2020 Rankings:

Ranked Tier 1 firm in 4 practice areas

*Chambers & Partners* 2020 Asia-Pacific Guide:

Ranked Band 1 firm in 9 practice areas

37 partners recognized in 17 practice areas

*The Legal 500* 2020 Asia-Pacific Rankings:


Ranked Tier 1 firm in 12 practice areas

26 partners listed in 17 practices

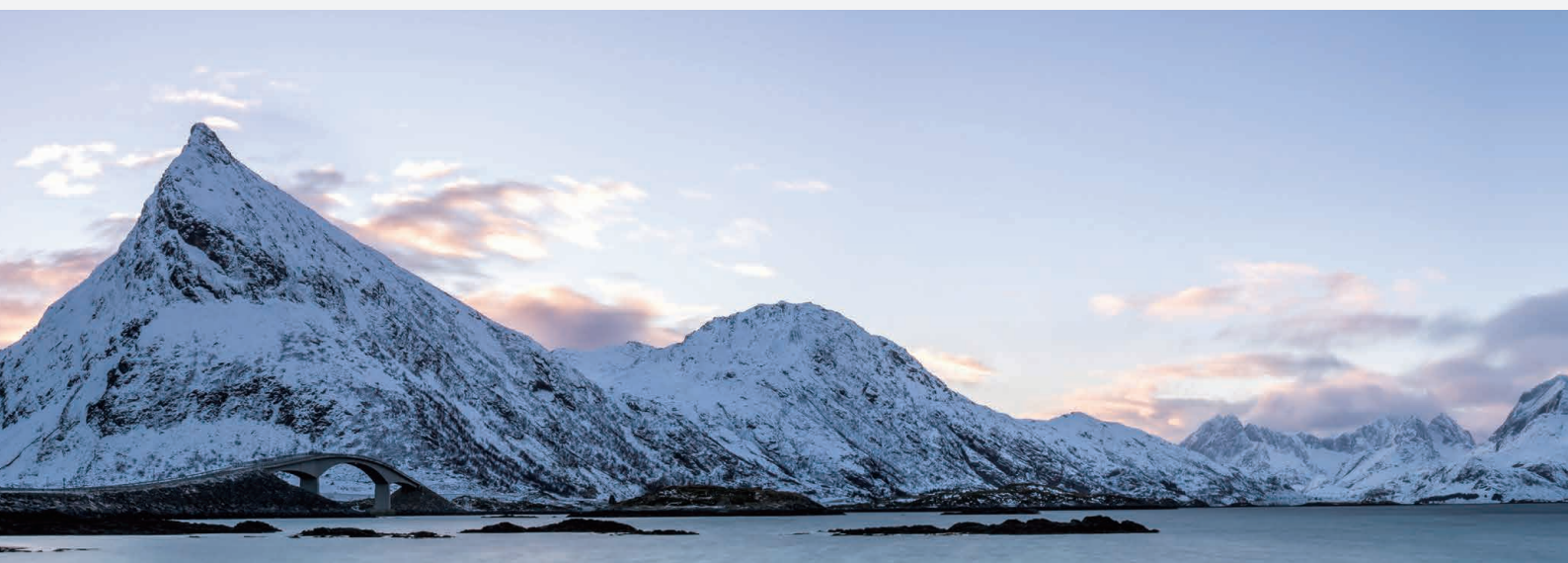
# League Tables

Bloomberg				Bloomberg China Announced Deals
		2020		2019
Firm	Rank	MKT SHR(%)	DEAL COUNT	Rank
Fangda Partners	1	11.2	43	1
King & Wood Mallesons	2	2.1	17	3
Zhong Lun Law Firm	3	6.7	13	16
Latham & Watkins LLP	4	0.7	11	5
Orrick Herrington & Sutcliffe LLP	4	1.4	10	20

Data Sources: BLOOMBERG 01/01/2019 -12/31/2019

REFINITIV 		Refinitiv China Domestic Announced M&A		
Legal Advisor	Rank2020	Rank2019	Deals	Market Share
Fangda Partners	1	4	39	12.7
Han Kun Law Offices	2	24	3	5
Wilson Sonsini Goodrich & Rosati	3	/	2	4.9
Weil Gotshal & Manges	4	98	2	4.9
Paul, Weiss	5	/	2	4.4

Data Sources: REFINITIV 01/01/2020-06/30/2020





## Mergermarket Greater China League Table by Value

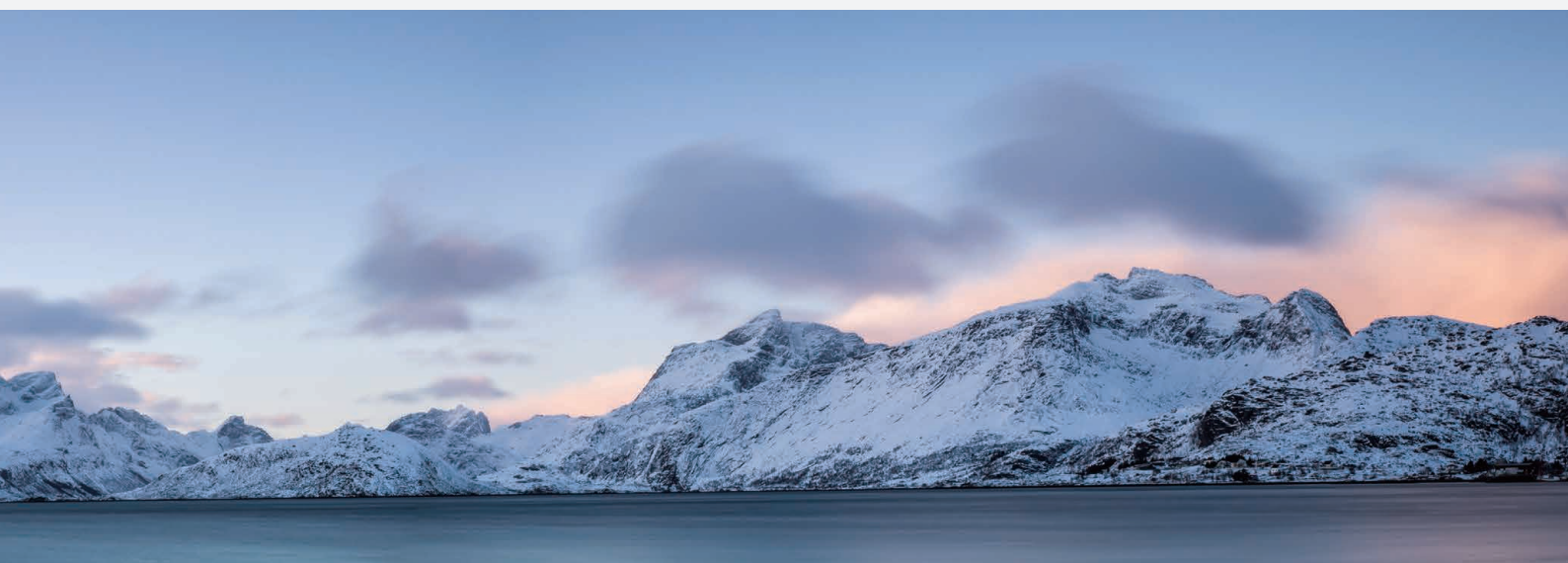
1H20			1H19
Company Name	Ranking	Deal Count	Ranking
Fangda Partners	1	31	6
Skadden Arps Slate Meagher & Flom	2	18	16
Kirkland & Ellis	3	15	34
Han Kun Law Offices	4	13	65
Wilson Sonsini Goodrich & Rosati	5	11	47

Data Sources: Mergermarket 01/01/2020-06/30/2020

## Mergermarket Greater China League Table by Deal Count

1H20			1H19
Company Name	Ranking	Deal Count	Ranking
Fangda Partners	1	31	3
Grandall Law Firm	2	18	5
King & Wood Mallesons	3	15	2
DeHeng Law Offices	4	13	18
JunHe LLP	5	11	9

Data Sources: Mergermarket 01/01/2020-06/30/2020



# MA&PE

## Resilience and Recovery

### Regulatory and Market Trends

Against the background of increased geopolitical tensions and trade conflicts between China and the Western world as exemplified by the US-China relationship, outbound deals by Chinese firms have dropped significantly. In contrast to this sharp drop, we have seen a robust domestic M&A market developing in its own ecosystem. We are also seeing an increased appetite and deal flow by large PE investors and some of China's top Internet companies for equities or assets of public companies listed in China or Hong Kong. The deals involving public companies inevitably feature increased complexities in deal structuring, documentation and execution as they require in-depth knowledge across different practice groups and seamless collaboration of different teams working in different offices and practice groups. In the TMT sector, investors have been far more cautious, preferring to invest in the more established target companies and less in the start-ups.

### Team

In M&A, Fangda has vast experience in the full range of strategic and private equity M&A and commercial transactions, including negotiated deals, public M&A, joint ventures, divestments, take-private deals, distressed transactions and business restructuring. We have in-depth knowledge of a range of regulated industries, such as healthcare, pharmaceuticals, financial services, telecommunications, media and technology.

In PE, we advise on all types of private equity transactions, including public, private and cross-border buyouts and other equity and debt investments, portfolio secondaries, co-investments, and a wide variety of investment opportunities with customized structures. We often service our clients by putting together collaborative and multi-disciplinary teams, including lawyers with unrivaled expertise in private equity M&A, leverage finance, capital markets, fund formation, compliance and employment law.





# Deal Highlights

## Outbound M&A



Represented the buyer consortium led by **Envision Group** on its leveraged acquisition of the electric battery operations and production facilities from Nissan Motor Company and NEC and the resulting joint venture between the buyer and Nissan. The transaction was valued at more than US\$1 billion.



Represented **Eddingpharm Group (Cayman) Holdings Limited** on its acquisition from Eli Lilly of the rights to two legacy antibiotic medicines in China, Ceclor and Vancocin, as well as a manufacturing facility in Suzhou that produces Ceclor, involving a total transaction price of US\$375 million.

## PE Investment



Represented **KKR** on its acquisition from NVC Lighting Holding Limited of majority interest in NVC Lighting's China lighting business. The deal amount is approximately US\$794 million.



Represented **Alibaba** on its strategic investment in Red Star Macalline. Alibaba subscribed for the exchangeable bonds issued by the controlling shareholder of Red Star Macalline, involving a transaction price of RMB4.4 billion. At the same time, Alibaba acquired the H shares of Red Star Macalline from Warburg Pincus, for HK\$894 million.



Represented **EQT Partners** in its exit from LBX Pharmacy Chain Joint Stock Company for more than RMB5.3 billion.

## Domestic M&A



Represented **CICC Transportation Investment Industry Fund** on its purchase of 14.04% equity shares of the Shanghai- Hangzhou Passenger Railway Co. for RMB2.76 billion.



Advised **China Mobile Capital** on its subscription for the privately placed A shares in Mango Excellent Media Co. for RMB1.6 billion.



Represented **Ant Financial** in setting up a joint venture with Shanghai Junfeng Technology Co., Ltd. and Contemporary Amperex Technology Co., Ltd., with a total investment of RMB1 billion, as well as the acquisition by the JV of the battery recharge and swap business from Hellobike for a total purchase price around RMB650 million.

## TMT



Represented **Alibaba** and **YF Capital** on their minority equity investment in NetEase Cloud Music, for a total transaction price of US\$700 million.



Represented **Warburg Pincus** in the US\$140 million Series D financing of Gaosi Education.

# CAPITAL MARKETS

## Expanding, Opening Up and Becoming More Transparent

### Regulatory and Market Trends

China's capital markets have in recent years been subject to uncertainties brought about by political and economic challenges, and none more so than the COVID-19 pandemic. Despite this, the trend is in the right direction as China's capital markets continue to open up, become more efficient and aligned with international practices. The launch of the Shanghai Stock Exchange's STAR Market, less onerous listing criteria, the trial implementation of securities offering registration, the promotion of the Shanghai-London Stock Connect, and the facilitation for international investors to invest in A shares through QFII/RQFII have all created unprecedented opportunities for Chinese and international participants. Regulators are pushing the allocation of market resources to high-quality hi-tech enterprises and encouraging the return of high-quality red chip enterprises to the home markets. International investors and issuers are taking advantage of the opening up of the inter-bank bond market.

### Team

We offer clients in-depth experience in complex capital markets transactions, combining global-standard counsel with a deep understanding of PRC and Hong Kong equity and debt capital markets. We handle the most complex and high-profile A-share initial public offerings and panda bond offerings in the China markets. In Hong Kong, our team regularly acts as both PRC and Hong Kong counsel, handling virtually all aspects of equity capital markets transactions for issuers, underwriters and other market participants. Our debt capital markets team leads work on a full range of debt securities offerings and related transactions in the international markets.





# Deal Highlights

## ECM



Top two largest Hong Kong IPOs in 2019 (**Alibaba Group Holding Limited** and **Budweiser Brewing Company APAC Limited**)



1st GDR offering on the London Stock Exchange by a Chinese Mainland company (**Huatai Securities Co., Ltd**)



1st IPO on the STAR Market for a private company with red-chip structure (**CRM**)



1st IPO on the STAR Market for an overseas listed company with red-chip structure (**SMIC**)

## DCM



**Nanjing Southeast State-owned Assets Investment Group's** RMB bond offering (first ever offshore bond offering in the Shanghai Free Trade Zone)



**Crédit Agricole S.A.'s** panda bond offering (first ever bail-in-able, TLAC-eligible panda bond offering by a G-SIB)



**Asian Infrastructure Investment Bank's** RMB3.0 billion panda bond offering on China's interbank bond market (first panda bond offering by an issuer rated AAA by international credit rating agencies after the promulgation of the current panda bond rules)

## ABS



Advised **China Construction Shiyan Urban Pipe Gallery Construction Operation Management Co., Ltd** on devising the ABS Special Scheme for the China Construction Third Engineering Division Group-Shiyan Pipe Gallery PPP (public-private partnership). This is the first PPP ABS transaction following the promulgation of a new policy by the Ministry of Finance and the first domestic pipe gallery PPP ABS transaction.



Advised **Lion Bridge Financing Leasing (China) Co.** on its first issuance of Asset-backed Notes (ABN) in 2019. The transaction was notable for having an international investor acting as the exclusive initial owner of the notes, which were fully subscribed via Bond Connect. This deal was also the first domestic overseas-invested ABN.



Advised **China International Capital Co., Ltd (CICC)** on the establishment of 2019 CICC-Jinmao Kaichen ABS Special Scheme. This was the first commercial mortgage-backed security (CMBS) reissued at maturity in China.

# DISPUTE RESOLUTION

## Resolving Dispute in a Changing Climate

### Regulatory and Market Trends

Fangda's 39 partners and 170 associates across our network of offices have always worked seamlessly on high-profile cases before Chinese and Hong Kong courts, administrative tribunals and national and international arbitral panels. The imperative to do so has grown even more acute with the promulgation of the "Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of Hong Kong SAR" and the "The Arrangement Concerning Mutual Assistance in Court-ordered Interim Measures in Aid of Arbitral Proceedings by the Courts of the Mainland and of the Hong Kong Special Administrative Region" last year. Clients have turned to us to help them navigate these uncharted waters. We successfully assisted one of our Chinese clients involved in a HKIAC arbitration proceedings to obtain what we believe was one of the first asset preservation orders from a Shanghai court in support of overseas arbitration proceedings.

Similarly, the newly minted rule for the extraterritorial application of the PRC Securities Law might be invoked for the first time in the groundbreaking Luckin Coffee fraud case. In this case, we are acting as the PRC counsel for a consortium of large institutional investors that purchased bonds issued by Luckin Coffee Inc. in their globally coordinated legal actions against the issuer. The dispute arose from the fallout from Luckin's estimated US\$300

million financial reporting fraud and touches upon complex legal issues under the laws of every major jurisdiction typically involved in a PRC company's fundraising activities in the US financial markets, including the laws of the US, the Cayman Islands, the British Virgin Islands, Hong Kong, and the PRC. Our reputation as an "international firm in China" with the ability and expertise to handle such complex and high-profile international cases continues to attract the most sophisticated clients.

Our dispute resolution team handles between 40 and 50 cases on average every year in which the disputed amount in each case is over RMB100 million. In the past year, we have handled around 10 cases with an average amount in dispute exceeding RMB1 billion.

Apart from handling traditional commercial disputes between private parties, we also have unique experience in dealing with more complex disputes that involve government agencies. For example, one matter we handled is one of the first few cases that has been settled with the relevant Chinese regulator through "administrative settlement", an innovative mechanism to solve potential administrative penalty cases.





## Recognition

Dispute Resolution: PRC firms - Tier 1  
*The Legal 500 Asia Pacific 2020*

Dispute Resolution  
(PRC Firms) - Band 1  
*Chambers Global 2020*

Dispute Resolution  
(PRC Firms) - Band 1  
*Chambers Asia-Pacific 2020*

International Arbitration  
(PRC Firms) - Highly recommended  
*Benchmark Litigation Asia-Pacific 2020*

Dispute resolution (Hong Kong) -  
Highly recommended  
*Asia Law Profiles 2020*

# INTELLECTUAL PROPERTY

## In the Vanguard of Change

### Regulatory and Market Trends

The regulatory environment covering China's intellectual property (IP) laws is going through substantial change, driven by domestic legislative initiatives and international cooperation, and more developments are in prospect. Here are some notable changes in the past year:

- The Intellectual Property Court of the Supreme People's Court of China was officially established, aiming to unify the standards for adjudicating IP cases and further strengthen the protection of intellectual property rights in China.
- The Trademark Law of PRC and Anti-unfair Competition Law of PRC were amended. An important aspect of the amendments is the raising of the caps on infringement compensation.
- The China's first Civil Code of PRC, newly promulgated in 2020, further expands the application scope of punitive damages.
- At the beginning of 2020, China and the United States signed the China-US Economic and Trade Agreement in Washington, D.C., in order to strengthen their cooperation in protecting intellectual property.

### Team

We are the firm to whom businesses turn to help them protect their IP in China. We have represented IP owners in some of the most significant IP trials. Distinctively, we assist clients on both IP litigation and transactional work. The team comprises 15 partners and 70 associates, as well as former judges and patent examiners, covering nine specific IP areas: patent litigation, trademark litigation, copyright litigation, trade secrets litigation, Fair Reasonable and Non-Discriminatory (FRAND) litigation and IP-related antitrust investigations, Anti-unfair competition litigation, Supreme Court practice, licensing and advisory work, and anti-counterfeiting.





## Deal Highlights



Represented **Apple** in disputes against Qualcomm arising from a SEP licensing scheme. There are many causes of civil action, and more than 30 patent infringement cases. The damages claimed by the parties exceeded RMB1.6 billion. This is widely regarded as China's trial of the century.



Represented **Valeo** in a patent infringement case, which was the first case publically heard by the Intellectual Property Court of the Supreme People's Court since it was established on January 1, 2019. In the first-instance of the case, the Shanghai Intellectual Property Court issued the first-ever interim judgment ordering the defendants to cease the infringement (i.e. permanent injunction). The case was finally elected by the Supreme People's Court as one of the "10 Best IP Cases of China Courts for 2019", ranked No. 1 therein.



Represented **Astellas** in seven patent infringement cases against 10 Chinese generic drug companies before six major IP courts and High Courts in China, seeking damages in total of RMB180 million.



Represented **Bridgestone** Corporation in a trademark infringement dispute before the Suzhou Intermediate People's Court. This case was selected as one of top 10 cases relating to intellectual property right protection handled by Courts in Jiangsu Province in 2019.



Represented **InterDigital** in high-profile FRAND rate-setting and antitrust disputes with leading telecommunication equipment manufacturers in relation to the license of SEPs of 3G, 4G and 5G standards. The disputes involve FRAND and antitrust civil lawsuits and about 50 patent invalidation proceedings before various levels of courts and the CNIPA. Through the lawsuits, we successfully assisted the client to reach into satisfactory worldwide license agreements.

# FINANCIAL INSTITUTION GROUP, INVESTMENT FUND AND INVESTMENT MANAGEMENT

**The Financial Sector Opening Continues Apace**





## Regulatory and Market Trends

There have been significant reforms and increasing liberalization in the Chinese financial sector over the last two years. The regulatory authorities extended their ways of regulating financial institutions from the traditional institutions-based approach to the functions-based approach and conduct-based approach. The newly issued asset management regulation, the newly revised Securities Law and the emerging regime governing financial holding companies are all meant to better define the scope of supervision of the different financial regulators. The PBOC, the CSRC and the CBIRC are all putting more effort into coordinated enforcement. The pace of opening up the market has been ever faster and the “negative list” approach has been implemented in regulating foreign investments. Restrictions on foreign investment in many financial services sectors have been lifted, while foreign investors have been allowed to hold licenses in the securities, funds, futures, and insurance businesses and in other types of financial institutions.

The uncertainties in China-US relations and the impact of the COVID-19 pandemic have not seriously affected these trends, either from the viewpoint of the Chinese government or from the perspective of investors’ investment intentions. Multinational financial institutions still face a number of challenges as they develop their business in China, particularly those to do with product offering and marketing, internal controls, data protection, anti-money laundering and compliance.

### Financial Institution Group Team

Fangda was one of the first Chinese law firms to set up a team/practice dedicated to servicing financial institutions (including emerging fintech companies) and supporting other clients on their activities in the financial service sector. Our Financial Institutions Group (FIG) combines the team’s extensive experience in corporate/M&A transactions in the financial services sector, expertise on financial regulatory work and in-depth knowledge of the Chinese financial sector and market, offering integrated and seamless services to our clients. The team is known in the market for many “firsts” in the Chinese financial market and as the “go-to” Chinese lawyers for leading international and domestic institutions.

### Investment Funds Team

We are a pioneer in structuring, negotiating and documenting RMB-denominated private equity funds, known as “RMB Funds”. We are best known for our world-class client roster, which continues to be one of the strongest in the market. We are proud to have been a trusted advisor to the investment fund sector in Greater China for 15 years, during which time there has been the emergence of the RMB fund market, the dot-com boom in 2000, the global financial crisis in 2008, the go-go years of “PE for the Entire Public”, and, most recently, the COVID-19 pandemic.

### Investment Management Team

Since the latest round of the opening up of China’s financial sector, the Investment Management Group (IMG) has assisted several offshore financial/asset management companies to set up the first batch of foreign-controlled financial institutions and to obtain onshore business permits. During the process, the IMG team worked with regulators and clients to explore how to implement the regulatory provisions to comply with the supervisory and internal control requirements in ways that are practical and reasonable. The IMG team comprises members having extensive in-house legal and compliance experience in multinational and local banks, securities firms, mutual funds, PE managers/ other financial institutions and is able to assist clients with first-hand “insider” experience in business/products compliance.

# Deal Highlights

**NOMURA**

**J.P.Morgan**

Advised **Nomura** and **J.P. Morgan**, the first foreign controlled securities firms, on their establishment, following a change in the law in 2018 which allowed foreign financial institutions to hold majority interests in securities companies in China.



Represented **Central Huijin Investment Ltd.** on the RMB100 billion restructuring of Hengfeng Bank, one of the largest restructuring of distressed financial institutions in 2019.



Advised **Ant Financial** on its launch of the Supply Chain Collaboration Network. This deal won the IDC Financial Insights FinTech Rankings.



Represented **Carlyle**, one of the largest private equity and alternative investment firms, in structuring and forming its second RMB flagship fund.

**BRIDGEWATER**

Advised **Bridgewater**, one of the largest hedge fund managers, on establishing a WFOE manager, securing a PFM license from the AMAC, and launching its first RMB-denominated hedge fund featuring its "all weather" strategy.

**Blackstone**

Advised **Blackstone** on its acquisition of a passive minority stake in PAG, a leading Asia-focused alternative investment firm, via its GP stake fund (Strategic Capital Holdings Fund).





**OAKTREE**

Advised on the PRC legal and regulatory matters in connection with the merger of **Brookfield Asset Management Inc.** and **Oaktree Capital Group, LLC**, creating the largest publicly traded alternative investment manager.

**J.P.Morgan**  
Asset Management

Represented **JP Morgan Asset Management**, the first case of the acquisition of a majority stake in a mutual fund company by its foreign shareholder through a public listing.

**INTESA**  **SANPAOLO**

Represented **Intesa San Paolo**, the first subsidiary of a foreign bank to obtain a license of a fund distribution business for private wealth management business.



**Vanguard**



Represented **Vanguard/Ant Financial**, the first company to obtain a funds advisory license.



Represented **American Express**, the first foreign-invested company approved by the People's Bank of China to establish an onshore bank cards RMB clearing network.

# ANTITRUST

## Staying the Course during Times of Uncertainty

Since its inception 12 years ago, China's antitrust regime has quickly evolved to become one of the world's most influential and active systems alongside that of Europe and the United States. Our team continues to be the market leader in defending clients before China's competition authority across all competition law matters.



Competition/Antitrust (PRC Firms) - Band 1  
*Chambers Asia-Pacific 2020*



Elite (Chinese Firms)  
*Global Competition Review 2020*



Antitrust and Competition: PRC firms - Tier 1  
*Legal 500 Asia Pacific 2020*



Competition Firm of the Year - China  
*China Law and Practice 2019*

Team of  
Excellence

4

Partners

15

Associates

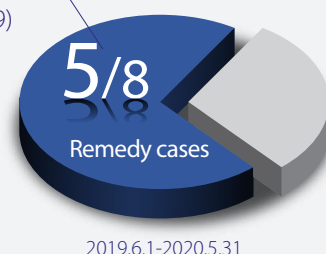


# Merger Control

China's merger control regime has become known to be a disruptive force in the M&A world, if not properly navigated. Timelines can be uncertain, industrial policy concerns feature in legal standards, and remedies for complex global deals can be unique to China. In the last year alone, China's competition authority, reviewed more than 450 deals, of which eight were subject to remedies. This represents an average uptick of 49 cases over the last three years.

We remain the market leader in acting on complex and large-scale deals and have advised on many high-profile transactions. In the last 12 months, we acted on five of the eight remedy decisions by China's competition authority.

- ★ CargotecOyj / TTS Group ASA (2019)
- ★ Aleris/Novelis (2019)
- ★ GE / Danaher (2020)
- ★ Cypress / Infineon (2020)
- ★ ZF / WABCO (2020)



## Merger Representative Cases

**The deal.** We acted as lead counsel for **Cargotec** on its acquisition of TTS Group ASA's marine and offshore business. Cargotec and TTS are the top marine equipment suppliers in the industry.



**The challenges.** The deal resulted in the merger of the two largest companies in the marine equipment supply industry. Customers and competitors raised strong objections and claimed that the transaction would eliminate the only competitor in the market.

**The outcome.** We formulated a novel remedy calling for a hold-separate commitment limited to China. After intense negotiations, China's competition authority accepted our proposal.

**The deal.** We represented **Novelis Inc.** of its acquisition of Aleris Corporation, involving a transaction price of USD 2.6 billion.

Novelis

**The challenges.** The transaction raised strong objections from competitors who claimed that it would eliminate and restrict the competition in the aluminium automotive body sheets (ABS) inner and outer market. The strong opposition from competitors, industry associations and industry regulators pose great challenge on the timing of the clearance as well as the remedies imposed. In addition, the unprecedented US arbitration to decide the legality of the transaction also made the relevant third parties panic and fought against the transaction.

**The outcome.** We worked with the international counsel, the Novelis's internal counsel as well as business leadership to advocate the transaction, strike a balance between the obligations imposed on the parties and the secure of a timely clearance. SAMR eventually cleared the transaction with conditions after intense remedy negotiations on December 20, 2019.





**The deal.** We represented **DanaHER Corporation** in respect of its US\$21.4 billion acquisition of GE Life Sciences biopharma business.

**The challenges.** The transaction involved 26 overlapping product markets and had a challenging closing timeline. China's competition authority raised extensive questions on the products of both parties and raised additional China-specific concerns during the review.

**The outcome.** The Chinese competition authority conditionally cleared the transaction after we successfully proposed remedies to address their competition concerns, which included China-specific concerns. Following the conditional clearance, we also managed to obtain their approval for the divestiture transaction and buyer within two months, three weeks ahead of the closing timeline of the divestiture transaction required in the United States.



**The deal.** We represented **Infineon Technologies AG** of its acquisition of Cypress Semiconductor Corporation, involving a transaction price of EUR 9 billion.

**The challenges.** The transaction raised strong objects from customers and competitors who lodged complaints about potential bundling and other anti-competitive conduct arising from Infineon and Cypress's high market shares in certain niche markets and the fact that Infineon is expected to become the largest supplier of automotive chips post the transaction.

**The outcome.** SAMR eventually cleared the transaction with conditions after intense remedy negotiations. The transaction was fast tracked for approval. The transaction took 238 days from filing to clearance; the SAMR cleared the deal within the 180-day statutory timeframe from accepting the companies' filing – without a pull and refile, which was one of the two cases that were conditionally approved by SAMR without a pull and refile since 2018.



**The deal.** We represented **WABCO Holdings, Inc.** in the Chinese merger control process in ZF Friedrichshafen AG's USD 7,243 million acquisition of WABCO's businesses.

**The challenges.** The transaction resulted in the merger of two major multi-national suppliers of advanced automotive technology products, which gave rise to concerns in the US and India and led to structural remedies. In China, the transaction concerned 13 relevant product markets; it raised input foreclosure concerns owing to WABCO's high market shares.

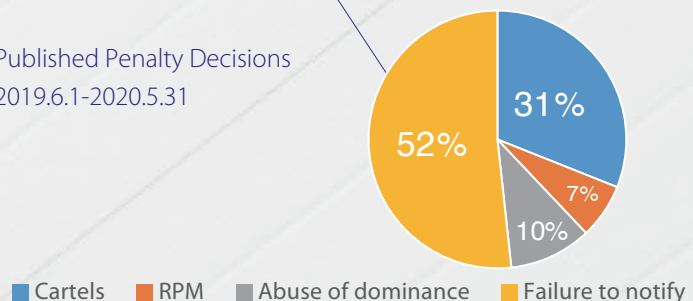
**The outcome.** We provided practical advice on the proposed remedies in China that promptly addressed the authority's concerns, while also ensuring that the merged entity will only have to commit to certain behavioural remedies that will not be onerous. We have also facilitated the prompt clearance of the transaction without a need to "pull and refile". The transaction was cleared within nine months from submission – a very fast timeframe for remedy cases.

## Antitrust Enforcement

Enforcement against anticompetitive conduct has remained robust. In the last year, China's competition authority has taken action across the spectrum of anticompetitive conduct, including cartels and resale price maintenance, as well as more complex cases involving abuse of dominance.

Our team continues to defend clients in high-profile investigations. We acted on two of the three behavioral investigations against global corporations concluded in 2019. We also secured a number of suspensions of investigations, many of which related to novel forms of conduct in the high-tech and digital markets.

Published Penalty Decisions  
2019.6.1-2020.5.31



### Investigation Representative Cases

#### EASTMAN

**The case.** We defended Eastman Chemical Company ("Eastman") against allegations of abuse of dominance in exclusivity arrangements.

**The challenges.** The case opened with a dawn raid and ultimately led to the review of contractual measures including most-favored nation clauses, minimum purchase obligations and loyalty rebate schemes.

**The outcome.** Our team worked closely with economists to prepare a robust defense that ultimately resulted in reduced fines.



**The case.** We represented Chang'an Ford Automobile ("Chang'an Ford") in an antitrust investigation by SAMR for resale price maintenance.

**The challenges.** This case went through the merger of the three antitrust authorities. The long term and wide scope investigation impose challenges in handling intensive document preparation and formulating strategies on both substantive and procedure issues in response to the change of the circumstances.

**The outcome.** We successfully assisted Chang'an Ford achieves significantly reduced administrative penalties.



## Recognition

Corporate  
Investigations/Anti-Corruption  
(PRC Firm): Band 1  
*Chambers Asia-Pacific 2020*

Regulatory/Compliance  
(PRC Firm): Tier 1  
*Legal 500 Asia Pacific 2020*

Regulatory: Highly  
Recommended Firm  
*Asialaw Profiles 2020*

Government & Regulatory  
Firm of the Year  
*Benchmark Litigation  
Asia-Pacific Awards 2019*

Regulatory & Compliance  
Firm of the Year  
*China Law and Practice 2019*

# COMPLIANCE & GOVERNMENT ENFORCEMENT

## Stricter Regime, Stronger Enforcement

### Regulatory and Market Trends

The integration of the National Supervision Commission and the Administration for Market Regulation, which had happened by the end of 2018, brought together the main criminal and administrative law enforcement agencies. This has resulted in the stepping up of enforcement against corruption and bribery and other market offenses. There is a renewed focus on data compliance, with expected new legislation and regulations in the coming year, including potential promulgation of the Personal Information Protection Law and the Data Security Law.

### Team

Fangda's compliance team offers local roots with international experience, professionalism and insight, and in-depth knowledge of many industries and sectors.

13

Partners

26

Associates



# Deal Highlights

## Anti-bribery and Corruption

We represented a leading US technology multinational corporation (MNC) in a criminal investigation by the Chinese Procuratorate and internal investigations relating to potential violations of the Foreign Corrupt Practices Act (FCPA), PRC anti-bribery laws and accounting fraud involving third parties. Both the Procuratorate and the US Department of Justice (DOJ) declined prosecution.

We also represented a wide range of companies in the pharmaceutical, technology, automotive, finance, energy, entertainment, consumer product, and other sectors in their internal investigations and assisted them in formulating compliance policies for their business in China, and establishing compliance management systems.

## Data Privacy, Cyber Security and State Secrecy

We represented a US-listed MNC in criminal investigation and criminal proceedings by the PSB and the Procuratorate involving several employees suspected of infringing citizens' personal information. The Procuratorate decided not to prosecute.

We assisted a number of well-known MNCs and Chinese companies in the AI, big data, automotive and transportation, entertainment, life sciences, e-commerce, consumer product and manufacturing sectors in data mapping, gap analysis, and establishing data compliance programs.

## Export Controls and Sanctions

Recently, we have worked closely with leading global law firms on export controls and sanctions-related issues for a number of Chinese companies listed on the Entity List, and assisted them in establishing export controls and sanctions compliance programs.

We have advised a number of Chinese chip manufacturers on US export control issues, including providing analysis of whether their products, technology or parts were subject to US export control laws.

## Environment Protection

We defended a well-known MNC against the charge of smuggling solid waste, where we successfully persuaded the prosecutors to drop all the charges against the client and its employees.

## White-collar Crime and Corporate Crime

We represented a leading venture capital fund in responding to criminal charges by the PSB for alleged anti-money laundering violations.

## Global Compliance

We have assisted many state-owned companies and private companies to develop their global compliance systems, and cooperated with international lawyers to respond to governments' enforcement for our Chinese clients.



## Recognition

Restructuring / Insolvency  
(PRC Firms) – Band 1  
*Chambers Asia-Pacific,*  
2011-2020

Restructuring & Insolvency –  
Outstanding  
*Asialaw Profiles, 2018-2020*

# INSOLVENCY & RESTRUCTURING

## Insolvency Innovation Leads to Market Boost

### Regulatory and Market Trends

As we enter an era of uncertainty globally, with unprecedented pressure on businesses, China is now one of the most attractive markets for distressed M&A for global investors. Local innovations that are more common elsewhere, including pre-packaged reorganizations, personal bankruptcy, and court-government collaboration, are paving the way for a dynamic restructuring market. Cases such as Yurun, Sanpower, Shanghai CEFC and Peking Founder have demonstrated a steady rise in the number of high-volume bankruptcies, each with debts of dozens or even hundreds of billions of RMB. All eyes are on financial institutions, which could become the next market for restructuring opportunities. Elsewhere, Mainland China and Hong Kong continue to explore mutual cooperation in cross-border restructuring. Hong Kong recognized Mainland bankruptcy proceedings for the first time, and a breakthrough by Mainland courts is on the horizon.

### Team

Fangda's insolvency and restructuring capability dates from the Asian financial crisis of the late 1990s. We are highly regarded for our expertise and involvement in many market-defining transactions. We represent debtors, secured and unsecured creditors, creditors' committees, trustees, noteholders, receivers and investors in insolvency and restructuring cases. We also have considerable experience in cross-border insolvencies and restructurings and are often retained as PRC counsel by offshore creditors, liquidators and administrators.

The team comprises five dedicated insolvency and restructuring partners and 25 associates, supported by 28 partners from nine areas: dispute resolution, corporate, capital markets, financial institutions, antitrust, intellectual property, employment, real estate, and banking & finance.

## Case Highlights

We were appointed joint administrator in the bankruptcy liquidation of CEFC Shanghai, with total debts of RMB200 billion. This the first Mainland bankruptcy proceedings recognized in Hong Kong.

We were appointed administrator of Bestway Marine & Energy Technology. This was the first reorganization of a listed company before Shanghai Bankruptcy Court.

We were appointed administrator in the restructuring of ZK Engineering, the first prepackaged reorganization in Shanghai.

## Investor Representation

We represented investors in a number of financial institution restructuring, including those of Jinzhou bank, Hengfeng Bank, and an insurance company.



 **LONE STAR FUNDS**

We represented a number of special opportunities funds, including **Four Rivers Fund**, **Lonestar**, and **SSG**.





## Recognition

Real Estate and Construction,  
PRC Firms – Tier 1  
*The Legal 500 Asia Pacific, 2020*

Real Estate (PRC Firms) – Band 1  
*Chambers Asia-Pacific, 2018*

Construction & Real Estate –  
Outstanding  
*Asialaw Profiles, 2019*

# REAL ESTATE, CONSTRUCTION & HOSPITALITY

## Investor Interest Sparked by Positive and Negative Trends

### Regulatory and Market Trends

The real estate market in China continues to be active, driven by a number of trends. Low interest rates, a government policy in response to the Covid-19 pandemic and to encourage financial de-risking, is encouraging greater investment both by individuals and institutional investors. The increase of non-performing loans (NPLs) related to the real estate market has generated special interest from those investors which can access NPL-related finance, as well as enabling vulnerable companies to restructure their debts, in arrangements that suit all parties. Meanwhile, the real estate sector is benefiting from the government's focus on "new infrastructure" and from city renovation schemes. The retail leasing market is poised to resume, with a strong emphasis on Chinese homegrown brands. Finally, many Chinese developers have been selling existing office and retail properties to raise funds for future development, offering significant opportunities for foreign investors.

### Team

Fangda's Real Estate team excels at providing one-stop and full-scale services to leading real estate market businesses in complex domestic and cross-border transactions. Our areas of focus include:

- Property investment, acquisitions and disposals
- Property development, construction and asset management
- Commercial leasing and build-to-suit projects
- Project finance
- Hospitality
- Infrastructure/Public-Private-Partnership (PPP) projects
- Dispute resolution

7

Partners

27

Associates

## Deal Highlights

### Brookfield

Acted for **Brookfield** in its US\$1.5 billion acquisition of three office buildings and a retail mall in a large mixed-use project in Shanghai via an offshore deal with Greenland Hong Kong.



Acted for **Haitong Securities** in its US\$850 million acquisition from Greenland of three grade-A office buildings and several hundred underground parking spaces in Greenland Bund Centre with a total gross floor area of around 67,000 square meters.

### WARBURG PINCUS

Acted for **Warburg Pincus** in its investment in, and joint venture with, Creator (a Shanghai-based urban renewal operator). The deal involved Warburg Pincus investing in Creator's asset-light platform, as well as the establishment of an asset-heavy platform jointly with Creator, which aims to reach a portfolio of US\$2 billion over the next three years.



**CITY DEVELOPMENTS LIMITED**

Acted for **CDL** in its US\$250 million acquisition of a commercial and office mixed-use project in the Hongqiao Business Area, Shanghai.



Acted for **China Enterprise** in its over US\$660 million acquisition from China OCT of 50% interests in 2 land parcels and residential and commercial buildings in a core block of Su He Creek, Shanghai together with the co-investor, Shun Tak Group.

# BANKING

## Chinese Banks Step Up for LBO Deals

### Regulatory and Market Trends

Domestic banks are becoming more active in sponsor-backed LBO financing transactions as they look for deals which have stronger, less risky sponsor support in the wake of the general economic slowdown and impact of COVID-19. Similarly, the adverse impact on the economy is likely to lead to more NPL financing and debt restructuring deals. That should present opportunities for offshore investors, who may, however, be cautious as they wait for more clarity on regulatory policy. The ongoing geopolitical tensions are likely to result in more companies with a China nexus delisting from offshore markets and relisting in China (whether Hong Kong or on Mainland markets).

### Team

Our banking & finance teams across Greater China have substantial multi-jurisdictional expertise in cross-border banking and financing transactions, representing many major international and domestic financial institutions and borrowers/sponsors on a wide range of complex banking and finance products, including: acquisition finance and leveraged buyout finance, project finance, structured finance, asset management finance, non-performing loan (NPL) finance, trade finance, corporate lending, general banking, regulatory and compliance.



Banking & Finance (PRC Firms) - Tier 1  
*IFLR 1000 Financial Law Firm Rankings 2020*



Banking and Finance: (PRC firms) - Band 2  
*Chambers Asia-Pacific 2020*



Outstanding (Chinese firms)  
*Asialaw Profiles 2018*



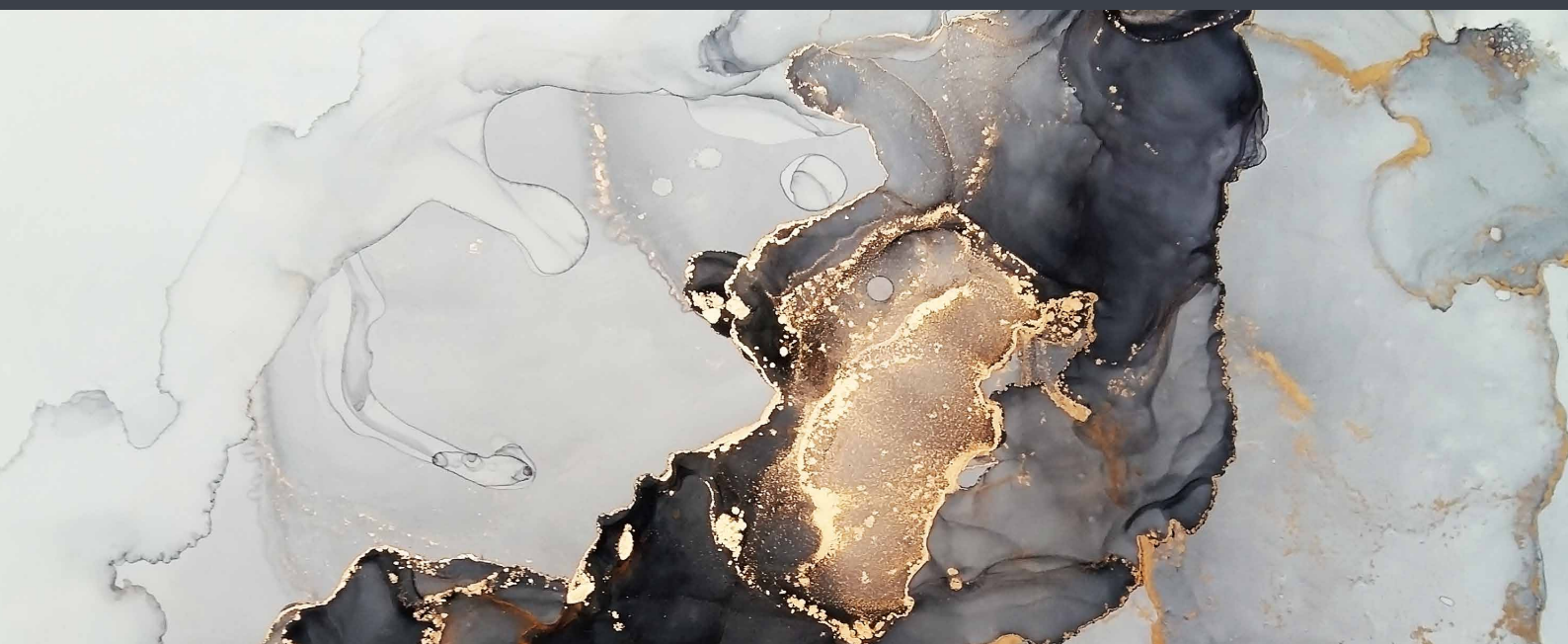
Banking and Finance - Tier 1  
*The Legal 500 2020*

7

Partners

20

Associates





## Deal Highlights



Acted for syndicate lenders led by **China Merchant Bank** in an acquisition financing granted to Hillhouse Capital Group to acquire around 15% of the listed shares of Gree Electric Appliances.



Acted for **KKR** as the borrower of loan facilities provided by Bank of China Macau Branch, China Minsheng Bank and ICBC International for financing the acquisition of certain business/subsidiaries of NVC Group.



Acted for **Alibaba** and **Primavera** as borrowers of term loan from Ping An Bank to bid for acquisition of METRO's PRC business.

## Brookfield

Acted for **Brookfield** in an onshore and offshore acquisition financing arranged by Bank of China to fund acquisition of a commercial property in Shanghai from Greenland.



# GREATER BAY AREA, GREATER AMBITIONS

The Greater Bay Area (GBA) is home to 70 million people, encompassing the most vibrant cities in the Greater China Region, including Shenzhen, Guangzhou and Hong Kong. With offices in all three cities, Fangda has taken a lead among law firms in providing a cross-border, full spectrum of legal services to enable businesses to capitalize on the huge opportunities presented by the GBA. Our 130-strong team of lawyers and professionals is diverse, bilingual, multicultural, motivated, and dedicated to excellence with a track record of advising on some of the GBA's most complex transactions and disputes. Our GBA operation is an integral component of Fangda's overall offering as the preeminent China-based international law firm.

Fangda is highly regarded for our outstanding full-service capabilities, with deep insight into market practice in China and beyond and operating to the highest international legal standards. GBA is well covered by our capabilities in M&A and corporate, dispute resolution, regulatory compliance, capital markets, antitrust, investment funds, banking and finance, global infrastructure and intellectual property.

In our Hong Kong office, we have many lawyers who are fully familiar with the common law legal system and who are renowned for their dispute resolution, equity capital markets and global infrastructure capability. Closely aligned with the firm's mainland offices, the Hong Kong office has particular strengths in complex multiple-jurisdiction dispute resolution, in the most challenging cross-border energy and infrastructure projects, and in assisting our clients complete marketing-leading capital markets deals.

48

Partners

82

Associates





## Dispute Resolution

Our China Dispute Resolution team advises on some of the GBA's most complex lawsuits before all levels of the PRC court system. As one of the largest and most diverse teams in the local legal market, the Hong Kong Dispute Resolution team consists predominantly of Hong Kong-qualified solicitors, with others registered as foreign lawyers in Hong Kong but qualified in England and Wales, Russia, New York, and the PRC. Across its various members, the team operates in Chinese (Mandarin and Cantonese), English, German, Spanish, Russian, and French. The team takes on litigation matters in the Hong Kong courts, international arbitration matters, compliance and regulatory investigations, as well as contentious and non-contentious investment protection matters.

## Equity Capital Markets

The team specializes in Hong Kong IPO, privatization, compliance, follow-on offerings and regulatory investigations. Consisting of a group of well-recognized practitioners, the Hong Kong ECM team is able to offer a premium capability that is required of the most demanding and intricate transactions. They also work seamlessly with the firm's China ECM team on take-private and relisting opportunities.

## Global Infrastructure

The Projects team specializes in the planning, development, construction and financing of large-scale energy and infrastructure developments inside and outside China. Our current projects cover a broad spectrum of high-value infrastructure assets in China, Africa, Southeast Asia, Latin America and Oceania.



# CSR EFFORTS

We have raised up to RMB

**4.1** million since we launched the campaign for supporting Wuhan during COVID-19 on 28 January, 2020.

The medical supplies procured include:

**8,384** medical PPE kit

**27,100** N95 masks

**127,700** surgical masks and other medical masks

**15,265** protective medical goggles

**388** containers of Isopropyl Alcohol

**202** boxes of disinfectant lotion and isolation gowns, face shields, non-sterile gloves, pulse oximetryies etc.



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