

CONNECTIONS MAKE US STRONGER: STANLEY XIE AND GAVIN GUO

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The Herbert Smith Freehills Kewei Joint Operation was set up one year ago and aims to align the firm's global capability with China's emerging legal sector. Stanley Xie and Gavin Guo argue the connection has been further strengthened during the pandemic.

Stanley Xie: IPO and bond issuance and finance

Travel restrictions have posed real challenges for people working on capital markets transactions. The sudden outbreak of the pandemic has changed the way people have been accustomed to working – multiple intermediaries, including us, have not been able to swarm into an office scrambling to meet deadlines, and clients have not been able to visit the trading floor of stock exchanges to feel the excitement on debut trading days.

Everything has moved online. Team members worked at different places. Each one of us worked at the end of a network just as the rest of the team were doing at their end. Issuers met intermediaries and investors through video conferences and all transactions were progressed virtually until completed. We could not meet each other, but we knew we were working together and staying connected. No one was alone.

As the pandemic took a breather in early summer, the resilient capital markets continued to provide companies with welcome opportunities to reinvigorate their capital base. Companies started to float on the market after several months of preparation, some of them our clients.

Now, we are back to having closer connections: we have face-to-face access to clients, and issuers have access to capital. We have reunited, which has made everyone's hard work during the pandemic rewarding.

Gavin Guo: cross-border M&As

What happens when people are not able to meet in person during a complex cross-border transaction? The most challenging part is to build trust and understanding as people cannot see each other and perhaps do not even know each other. In these challenging times, the Joint Operation goes beyond what normally happens - that is, delivering an end-to-end legal service integrating PRC and international law advice.

Here are a couple of examples of what we mean. Gavin's team has advised a global consumer brand on several China-related transactions during the pandemic. Since the client cannot visit China in lockdowns, the team has provided on-the-ground help in addition to the normal legal support. The team helped identify potential buyers, managed negotiations with deal counterparties and assisted liaison with local government to reach agreement on complex issues for the client. The team's hands-on experience proved invaluable.

Another cross-border M&A between a Chinese privately owned pharmaceutical manufacturer and an international giant counterpart appeared equally sophisticated. In rounds of seesawing talks, the team helped build mutual understanding between both parties and finally brought the buyer and seller together to strike the deal.

Gavin said: "As one of the so-called "Day One team" members of this Joint Operation, I feel really honoured to be part of this venture and also extremely delighted to see the great progress that our Joint Operation has made over this one-year period, which reflects significant commitment and efforts of both Herbert Smith Freehills and Kewei. Looking ahead, I am sure our Joint Operation will grow bigger, stronger, and consistently deliver first-class legal services to clients."