

Takeover Deal of the Year 2016

ADVISOR INTERVIEW

Rossana Chu,
Partner of Corporate Practice

Please tell me about your involvement in the deal?

Troutman Sanders acted for the offeror – Fullshare Holdings Limited (Fullshare) – on Hong Kong law. Fullshare made a voluntary general offer to acquire shares of China High Speed Transmission Equipment Group Co., Ltd. (China High Speed) as a takeover attempt (Takeover) and pay the consideration by issuing new shares of Fullshare.

Why is this a good deal for all involved?

Fullshare is a company listed on the Main Board of the Hong Kong Stock Exchange with a market cap of US\$8.7 billion. China High Speed is another Hong Kong listed company with a market cap of US\$1.75 billion. Fullshare's offer to acquire shares of China High Speed met with acceptance of 73.9% shares. The value of the new shares issued by Fullshare to meet all acceptances was of US\$2.1 billion. This Offer is one of the largest deals among the recent takeovers in Hong Kong.

What challenges arose? How did you navigate them?

In light of the size, this transaction drew special attention from the two Hong Kong regulatory authorities, the Securities and Futures Commission (SFC) and the Stock Exchange, which brought complications for the regulatory approval procedures. In addition, after the announcement on the Takeover is published, any material corporate activities and important publications of both Fullshare and China High Speed required prior approval from the SFC. In order to make sure the composite document and the supplemental document could be published and dispatched in accordance with the scheduled timetable, the management and internal departments of Fullshare, with the cooperation of the professional parties and China High Speed, used their best endeavours to push forward this project to a successful end.

How was this deal initiated and how did it proceed since its inception?

The consideration of the general offer was settled purely by way of issue of new Fullshare shares. Therefore, the Offer did not require any

cash outlay, which provided the shareholders of China High Speed who accepted the offer with more Fullshare shares than a cash and securities combination offer.

What benefits are the shareholders are receiving with the outcome of this deal?

Upon Fullshare obtaining more than 50% shares of China High Speed, China High Speed will become a subsidiary of Fullshare. The successful Takeover provided a chance for the shareholders of China High Speed to enjoy the synergy effect to be brought from the enlarged group of Fullshare and China High Speed and participate in Fullshare Group with more diversified businesses in addition to the original businesses of China High Speed.

How did your legal team manage the finalised outcome of the deal? Was the outcome what you hoped?

Given that the Takeover was a voluntary general offer under the Takeovers Code, one of the conditions to a successful offer was to obtain more than 50% voting rights of China High Speed by Fullshare through the offer. However, as the amount of acceptances was beyond Fullshare's control, Fullshare obtained an irrevocable undertaking to accept the offer from the single largest shareholder of China High Speed (holding 28.01% shares) in accordance with the requirements of the Takeovers Code before the offer commenced. Eventually, Fullshare's offer met with acceptance of 73.9% China High Speed shares and the value of new shares issued by Fullshare was of US\$1.7 billion.

The general offer also constituted a very substantial acquisition of Fullshare and was therefore subject to the circular and shareholders' approval requirements under the Hong Kong Listing Rules. The offer was approved by the shareholders at the extraordinary general meeting of Fullshare, and Fullshare expresses its appreciation for the support and attention of the shareholders in relation to this transaction.

Transaction Report

Fullshare Holdings Limited Takeover of China High Speed Transmission Equipment Group Co., Ltd.

The largest takeover deal in Hong Kong in 2016 - Fullshare Holdings Limited (stock code: 607) (Fullshare) announced its offer to acquire all of the issued shares of China High Speed Transmission Equipment Group Co., Ltd. at HK\$ 16.3 billion, from Fortune Apex Ltd. and other shareholders in September. The shareholders of Fullshare approved the transaction on the 17th November 2016.

As at the Latest Practicable Date, there are 1,635,291,556 Offeree Shares in issue, and Fullshare, the Offeror and the parties acting in concert with any of them hold 148,562,000 Offeree Shares. On the basis of the ascribed value of HK\$11.00 per Offeree Share (based on the weighted average traded price of Fullshare Share of HK\$4.40 as quoted on the Stock Exchange on the Last Trading Day multiplied by 5 and divided by 2 for each Offeree Share) and assuming that there will be no change in the number of the Offeree Shares in issue prior to the Closing Date, the Offer is valued at HK\$16,354,025,116.

According to reports, the transaction terms require Fullshare to acquire 1.48 billion ordinary shares and pay five new Fullshare shares for every two shares of China High Speed Transmission Equipment Group Co., shares which Fullshare intends to keep publicly listed. Fullshare Holdings Limited has also mentioned it will not be terminating any employees, with exceptions for the Board of Directors.

Computershare Hong Kong Investor Services Limited provided registrar services to Fullshare Holdings, and BaoQiao Partners Capital Limited took the role of financial advisors, and Troutman Sanders of legal advisors, with a team led by Rossana Chu, Alice Song and Elaine Zhang.

China High Speed Transmission Equipment Group Co. were serviced by financial advisors Donvex Capital Limited, and legal advisors Zhong Lun Law Firm, while the independent Board committee of China High Speed Transmission Equipment Group Co. was advised by TC Capital Asia Limited.

About Troutman Sanders

Troutman Sanders is an international law firm with more than 650 lawyers in 16 offices located throughout the United States and China. Founded in 1897, the firm's heritage of extensive experience, exceptional responsiveness and an unwavering commitment to service has garnered strong, long-standing relationships with clients across the globe. These clients range from multinational corporations to individual entrepreneurs, federal and state agencies to foreign governments, and non-profit organizations to businesses representing virtually every sector and industry.

In Asia, we assist corporate and institutional clients as well as government bodies and high net-worth individuals in a wide range of legal matters domestically and internationally. Our clients cover a wide range of industries including property, industrial products, banking, investment banking, energy, construction, consumer products, healthcare, hospitality, biotechnology, information technology, education, e-commerce, manufacturing, distribution and services.

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Fullshare Holdings Limited to acquire all of the issued shares of China High Speed Transmission Equipment Group Co., Ltd.

Legal advisor to Fullshare Holdings Limited:



This announcement appears as a matter of record only

The Team

Rossana Chu (Partner) Rossana is experienced in mergers and acquisitions, securities as well as corporate finance. She is admitted as a solicitor in Hong Kong and in England & Wales. Rossana routinely advises clients on mergers and acquisitions involving Hong Kong-listed companies, initial public offerings, post-IPO fund raising and corporate restructurings. She also works on private equity/venture capital investments with PRC and Hong Kong elements, as well as on compliance matters in relation to Hong Kong-listed companies. Rossana is ranked as Leading Lawyer by IFLR 1000 in years 2015-2017; also named as a "Recommended Lawyer in Capital Markets (Equity) (Hong Kong)" by The Legal 500 Asia Pacific 2016.

Alice Song (Associate) Alice's practice focuses on securities, corporate finance and mergers and acquisitions. She advises clients on initial public offerings on the Hong Kong Stock Exchange, public and private mergers and acquisitions and compliance matters in relation to Hong Kong-listed companies.

Elaine Zhang (Associate) Elaine's practice encompasses equity and debt offerings. She has experience acting for both issuers and underwriters in corporate finance and capital markets transactions, including Hong Kong initial public offerings and debt offerings pursuant to Rule 144A and Regulation S.