



LEGALINK
INTERNATIONAL BUT PERSONAL

THE INTERVIEWS
SERIES

#10

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Julia
Charlton

— CHARLTONS

CHARLTONS
易周律师行



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– CHARLTONS

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What is new in your firm? Is there any recent news you would like to mention?

We have two new partners in the firm. Both are internal promotions, which is great. One is Calvin Ho, who has been with the firm for about ten years. He was originally a paralegal, then a trainee, a solicitor and now he has become a partner. That is our system in Hong Kong – a bit like the English system. The firm predominantly focuses on corporate finance and that is what Calvin does. Calvin is a graduate of the University of Melbourne and he is partly trained in Australia but he also grew up in Hong Kong.

The other partner is Clinton Morrow, who was born in Hong Kong but grew up in Australia, where he practised law for about five years. Five years ago he came back to Hong Kong and has been with our firm since. He requalified in Hong Kong and he also works on corporate finance and M&A.

Both are dynamic, young partners and they are both doing very well. Clinton has been nominated for Young Lawyer of the Year by Asian Legal Business in Hong Kong. Clinton was also named as a Leading Lawyer and Rising Star by Asia Law in 2016 in the areas of corporate finance and M&A.

Is there any in particular interesting case you are or you were working on that you would like to share?

Our firm has been involved in dozens of cross border M&A transactions in the mineral sector in recent years. We recently advised on the complex two-step acquisition of a gold and copper Project in Papua New Guinea. Charltons was the Hong Kong legal adviser to the shareholders of a company which acquired the Project by way of the purchase of shares of the subsidiary of a major gold producer the holder of mineral rights and interests in PNG, as well as a full mining processing plant, camp, infrastructure and tailings facilities and a partial mobile fleet.

We are also working on an AIM listing, namely the Myanmar part of it, of a business which is invested in a power plant project in Myanmar, so that is very innovative and interesting.

We are also involved in a number of Hong Kong IPOs. The Hong Kong regulatory framework is becoming increasingly onerous in part due to a fear in Hong Kong that a lot of Chinese companies are looking to buy existing listed companies in Hong Kong, take them over and inject assets into them. This phenomenon of creating shell companies is something that Hong Kong regulators are really worried about because some businesses are actually listed in Hong Kong purely with the long term objective of selling the listed company to a mainland company to inject new assets into it instead of that company listing through the normal process, which is called a back door listing. Because the regulators in Hong Kong are trying to stop this as they see it as an abuse, it has become more and more difficult to list small companies. Reforms of the market are now in the pipeline.

We were also acting for quite a large financing of a series of data centres in China that were financed by Standard Chartered Bank. We acted for the data project developer. There is a big demand in China for at least partly foreign owned and foreign operated data centres, so that foreign companies who are setting up businesses in China can have a higher level of comfort that some of their data is being kept in data centers which have a degree of foreign management.

There has been a bit of a slowdown of some of the very large deals but there are small to medium size deals that continue in Hong Kong at the moment.

Which practice areas are the most in demand in your firm?

We are not a full service firm, so we already have a very focused area of practice. So what we do at the moment is M&A, IPO/-capital markets work and some investment funds, and also financing from Myanmar. Fintech is an area of increasing interest.

Can you share an example of cross-border work with another Legalink member?

We have been working with Weightmans in the UK on the collaborative venture between the London education institute, and a Hong Kong professional organization. We have also been working with Mishcon de Reya providing Hong Kong legal advice for one of their clients. So that is probably the most of what we have been doing with Legalink members in recent months.

Of course, it is always satisfying to be able to help clients with their legal needs around the world and to be confident about the lawyers that you are working with. You can

be confident carrying out cross border work with lawyers that you have a personal relationship with, which is one of the great things about the Legalink network.

From your perspective of former Chair, where do you think Legalink should be heading? What do you like about Legalink and what do you think we, as a network, should change?

I am proud to be part of Legalink and I love the relationships that I and my colleagues have formed with many people whom we have met from firms within Legalink, with many of them we have become extremely good friends. It is wonderful to be able to get input quite quickly from people all around the world whenever we need it, which we always do; we find Legalink firms extremely responsive. I am also keen for the younger lawyers at Charltons to become part of the network, develop contacts and share knowledge with colleagues from other regions and jurisdictions.

I love the new app that you have done, that is a great step forward and I think it is great that you are creating the new website. I think going more and more online, reaching out to internet and social media offerings is probably the way to go in terms of developments because I think we already have a good balance on a personal level and that is really important to keep up. It is also important to increase as much as we possibly can our social media and internet offering, so that we have a great presence online. I think that is going to be a very major way to reach clients and new members, through our virtual presence online, through our virtual network.

As Chair of Legalink I was very keen to keep the network and its personal bonds strong. I feel that we should continue to grow and expand into new markets and countries. As a modern organisation which stretches across the globe, I also believe that we need to ensure our transparency and corporate governance practices. Andrew, our current Chair, and the committee are doing an excellent job leading Legalink towards a strong future.

How is your firm affected by recent economical/political developments?

I think everybody knows there has been a slowdown in China since last summer. I think the slowdown in the general economy started probably from the beginning of last year or even a bit earlier. In China that had some effect on general activity. But I think that the slowdown in the capital markets really happened last summer. What happened is that Chinese markets reached a high level, then started dropping very fast, a contributory factor to this was a number of reforms the authorities were working on to make the market much more similar to western markets. For example, there is a quota system in China so a company cannot just automatically list, it has to actually go through the government approval process. The authorities were planning to make the process much simpler, so when a company wants to raise capital it can directly go to the market. The potential opening of the floodgates of companies listing may have been a cause of the market disruption. In Hong Kong the property market is a bit dampened, it has not dropped enormously but it is certainly not keeping up like it was before. So everything is a bit tentative, it is a bit wait

and see, it is not too bad but it is not great. We are all concerned about the shocks to the world economies, such as Brexit, and of course it is so recent that nobody knows what is going to happen. Some Chinese people I talk to are actually very positive about Brexit and the pound dropping and they are talking about investing in the UK now. But nobody really knows if this will materialise or what might happen with the UK economy, which is not that big but it is a piece of the worlds' economy which is going to affect everybody if it slows down considerably.

Personally I am very pleased with the Brexit result as I think it is the right thing for Britain, but I also think it can have a positive impact here in Hong Kong and elsewhere around the world. As a corporate finance lawyer, I know that markets don't like uncertainty so any uncertainty about the future will undoubtedly affect Hong Kong markets to some extent, but it is containable and I believe will be short-term.

Once Britain leaves the European Union then sovereignty will be returned to the British parliamentary process and to the British people. Britain will become empowered to take a more global role in its own trade. Since joining the EU Britain's global trade has shrunk. I hope Britain will turn more outwards in its trade now. This will bring opportunities to Hong Kong as one of the great trading centres of the world. Therefore this is, in the long run, a positive change.

What do you think are the main opportunities that you or your firm are seizing in current national scenery?

That is the exact opposite side of the coin

that I just have been describing. Because IPOs are really not going ahead so much in China, we have a lot of demand for IPOs here in Hong Kong. There may be scope for investment into the UK that we may become involved with but that is not our direct business. Such cross-border work is an opportunity for co-operation amongst Legalink members.

What is your favorite thing to do in your spare time?

I love hiking, so every single Sunday I go hiking with my dogs in the countryside. In Hong Kong we have beautiful rural areas. It

has been incredibly hot here and really humid and last weekend I went hiking with my dogs, up along hills, and I did not meet anybody for two hours because nobody else was crazy enough to be out in that heat!

Thank you very much!

