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THE 2018 DEALMAKERS OF THE YEAR

The deals that mattered and the attorneys who made them happen.

BONNIE CHAN

DAVIS POLK & WARDWELL

BONNIE CHAN KNEW MUCH WAS AT STAKE for client Tencent, a Chinese technology giant, when she started work on a first-of-its-kind initial public offering and spinoff of subsidiary China Literature.

Tencent has about 600 subsidiaries, so it was important that this first IPO be done right, she says.

"It's accepted that following this particular IPO, there will be a lot more," Chan says.

Chan, who has represented Tencent since 2012, was well-suited for the project. Before joining Davis Polk in 2010, she was a senior vice president and head of the IPO transaction department of the listing division of the Hong Kong Stock Exchange.

She used that experience to solve two major challenges facing the IPO, which raised about \$1.1 billion in November 2017. She obtained precedent-setting waivers from regulators that gave China Literature flexibility in accounting for "connected transactions" with Tencent, which owns WeChat, a messaging app that refers users to China Literature, a Kindle-like business.

"That sets up a very useful example because, frankly, Tencent is so popular, the user base is so huge, that I'm sure the same arrangement could be cloned for future IPOs," Chan says.

She also convinced regulators that there is little risk that China Literature would violate a proposed Chinese law that governs the amount of foreign investment for companies operating in certain restricted industries, and that risk would be adequately dealt with through disclosures.

Chan says the IPO was a success for investors because the stock price jumped from \$55 in Hong Kong to nearly \$120 on the first day of trading.

"Everyone made a lot of money," she says. "Everyone's happy."

—BRENDA SAPINO JEFFREYS



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