

# FINANCE

FINANCE PRACTICE



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Commitment  
Innovation  
Excellence



“Yulchon stands out as one of the most trusted law firms in Korea” - *Chambers Global*

“Yulchon - a market leader in the development and practice of law in Korea.” - *AsiaLaw*

Top 30 Rapidly Growing Law Firm in Asia

- *Asian Legal Business (2nd consecutive year)*

Yulchon is a full-service international law firm headquartered in Seoul, Korea. We employ over 250 professionals, including more than 50 licensed in jurisdictions outside of Korea. Our perspective is international and our reach is global. We represent clients from six continents, and we have helped Korean companies expand around the globe. We strive to provide the most innovative solutions to the myriad legal challenges confronting our clients.

Yulchon has become an acknowledged market leader in the development and practice of law. We are known for our high standards of excellence, our culture of collaborative problem solving, and our strong relationships with government agencies and other international law firms. We are frequently retained to negotiate multi-billion dollar transactions, to help draft new legislation and regulations, and to represent clients in high-stakes adversarial proceedings.

## FINANCE Practice



### International Capital Markets

Yulchon is highly regarded for its expertise and accomplishments in the area of capital markets and securities transactions. Having acted as legal advisors to various subscribers, issuers, arrangers and other parties in numerous capital markets and securities transactions, our lawyers are very familiar with the full range of legal issues affecting the various capital market instruments in Korea, as well as all other securities-related business activities in or relating to the Korean market. Our experience covers all aspects of international capital markets and we regularly advise in relation to debt and equity issues, both listed and unlisted. With a firm foundation based on years of valuable experience, Yulchon provides comprehensive expert legal advice, support and documentation to its clients for cases ranging from the most simple and routine to the most complex and innovative capital markets and securities transactions. Clients can rely upon us to provide up-to-date, thorough guidance regarding all Korean legal and regulatory issues relevant to any contemplated capital markets and securities transactions in or involving the Korean market.

Below is a sample of the major international capital markets transactions we have advised on in recent years:

- advised Hyundai Motor Company (HMC) in 2010 on the issuance of USD 500 million senior notes by HMC's Czech subsidiary, as guaranteed by HMC. This deal was significant in that it was the first offshore bond issuance by an offshore subsidiary of a Korean entity under Korea's newly-enacted Financial Investment Services and Capital Markets Act.
- advised Korea National Oil Corporation (KNOC) in 2010 in the establishment of a USD 4 billion global medium term note programme and the issuance of USD 700 million senior notes thereunder.
- advised Industrial Bank of Korea (IBK) in 2010 in the establishment of a AUD 2,000,000,000 Australian global medium term note programme. This marked the first time a Korean entity (including any Korean bank) entered into the Australian Kangaroo bond market in 2010.
- advised Hyundai Capital Services in 2010 in the establishment of a AUD \$2,000,000,000 Australian global medium term note programme.
- advised the Export-Import Bank of Korea (KEXIM) in 2010 on its debut in the Australian Kangaroo bond market in a deal valued at AUD 2,000,000,000.
- advised the Export-Import Bank of Korea (KEXIM) in 2010 in updating its existing USD 15 billion euro medium term note programme.
- advised Hana Bank in 2010 in connection with its issuance of USD 500 million senior notes due 2015 under its global medium term note program.
- advised Shinhan Bank in 2010 in connection with the issuance of USD 700 million senior notes due 2010 under its USD 6 billion global medium term note program.

- advised Hana Bank in its debut in the Malaysian ringgit (MYR) market in 2009. Hana Bank issued MYR 710 million (more than USD 200 million) of notes with a maturity date of 30 December 2011, and MYR 290 million (approximately USD 85 million) of notes with a maturity date of 29 June 2012. It was the first time a Korean bank issued ringgit-denominated bonds with the backing of the Korean government. By successfully offering ringgit-denominated bonds, Hana Bank has made inroads into the South-east Asian financial market.
- advised STX Pan Ocean in 2009 on its successful issuance of convertible bonds worth USD 200 million that are to be listed on Singapore Exchange (SGX).
- advised SK Telecom Co., Ltd. (SKT) in 2009 in the issue and sale of USD 332 million of convertible notes due 2014. The notes will trade on the Singapore Stock Exchange and the notes are convertible into SKT's common shares (listed on the Korea Exchange) or ADSs (listed on the New York Stock Exchange) at the purchaser's option. Yulchon reviewed all Korean regulatory issues relating to issue and sale and negotiated the commercial terms of the note documents on behalf of SKT.
- advised Suhyup Bank in 2009 in respect of its issuance of USD 300 million senior notes due 2014.
- advised Korea National Oil Corporation (KNOC) in 2009 in connection with its issuance of USD 1 billion notes due 2014. Yulchon reviewed all Korean regulatory issues relating to issue and sale and negotiated the commercial terms of the note documents on behalf of KNOC.
- advised National Agricultural Cooperative Federation in 2009 in the update of its global medium term note programme under which National Agricultural Cooperative Federation may issue up to a maximum aggregate amount of USD 8 billion.

- advised National Agricultural Cooperative Federation in 2009 on its successful issuance of senior notes under its global medium term note programme worth USD 180 million.
- advised Hyundai Capital Services in 2008 on the establishment of a medium term note programme, under which Hyundai Capital Services may issue ringgit-denominated bonds in Malaysia within the maximum aggregate amount of MYR 2 billion (approximately USD 568 million). Hyundai Capital Services was the first Korean issuer to establish a medium term note programme in Malaysia.
- advised Hyundai Capital Services in 2008 in relation to its issue of Japanese yen bonds in the aggregate principal amount of JPY 42 billion.
- advised National Agricultural Cooperative Federation in 2008 in connection with the establishment of a medium term note programme to issue ringgit-denominated bonds in Malaysia in the aggregate principal amount of MYR 3.3 billion (approximately USD 920 million).
- advised National Agricultural Cooperative Federation in 2008 in the establishment of a euro commercial paper programme under which National Agricultural Cooperative Federation may issue up to a maximum aggregate amount of USD 2 billion or its equivalent in alternative currencies.
- advised Hyundai Capital Services in 2008 in relation to its issue of Japanese yen bonds in the aggregate principal amount of JPY 42 billion.

In addition to the above transactions, we have represented Korean companies on numerous occasions with respect to their financings through fixed and floating rate notes, depositary receipts, convertible bonds, exchangeable bonds and bonds with warrants.

### Banking, Asset Finance and Project Finance

We have a strong reputation in the international banking sector driven by our expertise in handling complex banking and debt financing transactions. We regularly act for many of the banks and financial institutions as well as numerous borrowers on a wide range of banking work including syndicated loans, structured finance, real estate finance, acquisition finance, asset finance (including ship and aircraft finance), and project finance. Thus, our firm is able to draw on a high degree of expertise and sophistication in addressing all aspects of such finance and banking transactions under Korean law, and in assisting through negotiation and documentation to meet the standards demanded by the international financial markets. We also have the expertise required to advise on all compliance and structural issues necessary to manage all types of structured finance transactions. In particular, we have advised clients concerning the creation and perfection of various types of security interests in various capacities and are familiar with critical Korean legal issues concerning the creation of various types of security interests frequently demanded by foreign secured parties as well as with documentation creating such security interests.

Below is a sample of the major banking and debt financing transactions we have advised on in recent years:

- advised Korea Development Bank and Korea Finance Corporation in 2010 on a USD 180 million loan facility in connection with the acquisition of two bulk carriers to be chartered to a subsidiary of Korea Line Corporation and Daewoo Shipbuilding and Marine Engineering Co., Ltd.
- advised Korea Development Bank in 2010 on a USD 57 million loan facility in connection with the acquisition of two bulk carriers to be chartered to SK Shipping (Singapore).
- advised Glovis in 2010 on a USD 137 million loan facility in connection with the acquisition of multiple bulk carriers to be eventually chartered to Glovis.
- advised Keangnam Enterprises and Suwan Energy on the sale of Keangnam Enterprises' 50% equity in Suwan Energy to a private equity fund and Suwan Energy's borrowing of KRW 235.5 billion from the Korea Development Bank (as arranger) and several other financial institutions.
- advised Jeju Air in 2010 on its sale of 4 Q-400 propeller-driven aircraft to Aerovias de Integracion Regional Aires S.A.
- advised Shinhan Bank in 2010 on a USD 85 million loan facility in connection with the acquisition of two bulk carriers to be chartered to Hansung Line.
- advised POSCO in 2010 on a USD 135 million loan facility from a syndicate of lenders.
- advised the Export-Import Bank of Korea (KEXIM) in 2009 in a structured finance project syndicated by BNP Paribas S.A., whereby KEXIM provided a direct loan in the amount of USD 165 million, as well as a debt guarantee in the amount of USD 135 million, in connection with the acquisition of two deep-water drill ships by Brazilian oil drilling operator Odebrecht Oleo e Gas, to be chartered to Petrobras, Brazil's largest state-owned energy company. This structured finance project involved 12 commercial banks in various jurisdictions and two export credit agencies, including KEXIM, and legal counsel in the jurisdictions of England, New York, Brazil and Korea. In this transaction, Yulchon engaged in extensive negotiations on behalf of KEXIM, leading to the successful closing of the deal.
- advised Korea Development Bank (KDB) in 2009 on a USD 60 million loan facility in connection with the acquisition of two pure car truck carriers, to be chartered to Glovis.
- advised Korea Development Bank in 2009 on a term loan credit facility in the aggregate principal amount of JPY 15 billion from Japan Bank for International Cooperation, Mizuho Corporate Bank and The Bank of Tokyo-Mitsubishi UFJ.
- advised Shinhan Bank in 2009 on a USD 100 million revolving credit facility provided by Bank of America, N.A..
- advised DBS Bank Ltd. in the USD 200 million financing provided to Korea Hydro-Nuclear Powe Co., Ltd.
- advised Jeju Air in 2009 in its deal to lease Boeing 737 aircraft from LIFT Group, represented by GE Commercial Aviation Services.
- advised Shinhan Bank in 2009 in respect of the renewal and amendment to the exiting reciprocal funding line agreement by and among Shinhan Bank, Shinhan China and Industrial and Commercial Bank of China Limited for a KRW facility not exceeding KRW 130 million and an RMB facility not exceeding RMB 700 million.

- advised Hana Bank in 2009 on a term loan credit facility in the aggregate principal amount of EUR 140 million provided by a syndicate of lenders including Commerzbank Aktiengesellschaft, Bank of America, N.A., and ING Bank N.V.
- advised The Export-Import Bank of Korea (KEXIM) in the USD 512 million financing for 7 vessels to be eventually delivered and chartered to CMA CGM. The USD facilities were arranged and syndicated by BNP Paribas S.A. This transaction was a complex ship financing transaction which involved a French tax leasing structure and was named "Deal of the Year" in 2008 by Asian Counsel.
- advised National Agricultural Cooperative Federation in 2008 on a secured term loan facility in the aggregate principal amount of USD 200 million provided by Deutsche Bank AG, Singapore Branch.
- advised National Agricultural Cooperative Federation in 2008 on a transferable term loan facility in the aggregate principal amount of EUR 50 million provided by a syndicate of lenders arranged by Calyon, BNP Paribas and Standard Chartered Bank (Hong Kong) Limited.
- advised National Agricultural Cooperative Federation in 2008 on an offshore term loan facility in the aggregate principal amount of EUR 100 million provided by ING Bank N.V., Hong Kong Branch.
- advised Shinhan Bank in 2008 on a revolving credit facility in the aggregate principal amount of KRW 300 billion (approximately USD 223 million) provided by Shinhan to Sumitomo Mitsui Banking Corporation, Seoul Branch.
- advised Hyundai Capital Services in 2008 on a revolving credit facility in the aggregate principal amount of KRW 65 billion (approximately USD 48 million) from Mizuho Corporate Bank, Ltd.
- advised Hyundai Capital Service in 2008 on a term loan credit facility in the aggregate principal amount of USD 50 million from the Bank of Nova Scotia.
- advised Hyundai Capital Services in 2008 on a revolving credit facility in the aggregate principal amount of KRW50 billion (approximately USD 32 million) from Standard Chartered First Bank Korea Limited.

### Asset Backed Securitization (ABS)

One of the most significant reforms in the Korean financial regulatory scheme has been the introduction of the Act Concerning Asset Backed Securitization (ABS Act). Since its introduction, the benefits offered by the ABS Act and ABS schemes have attracted a number of our clients to apply the ABS Act to a myriad of different transactions, including the sale of non-performing loans by public and private financial institutions, the sale and purchase of commercial real estate, disposal of credit card receivables and securitization of many other types of monetary claims. We have been a pioneer in the application of the ABS Act to transactions involving various kinds of underlying assets and originators and have continued to accumulate substantial experience in ABS transactions, including cross border transactions using a two-tier SPC structure.

We were involved in the following major ABS transactions in recent years:

- advised Hyundai Capital Services in 2010 in the issuance of ABS bonds based on auto loan receivables totaling USD 300 million.
- advised Lotte Engineering & Construction Co., Ltd. and others in issuing ABS bonds based on an SPC's loan to the developer of an apartment complex in the Gimpo Han River New Town.
- advised Hyundai Capital Services in 2009 in the issuance of ABS bonds based on auto loan receivables totaling KRW 25 billion.
- advised Hanjin Shipping Co. Ltd in 2009 on the issuance of USD 200 million in overseas securities backed by assets including marine freight receivables. This deal marks the first time that marine freight receivables were used to back securities under Korea's Asset-Backed Securitization Act.
- advised Hyundai Credit Card in 2008 in the issuance of ABS bonds based on credit card receivables totaling EUR 200 million.

Generally, our services in ABS transactions include a full range of legal advisory work from planning and structuring during the initial stage of the transaction to the post-closing supervision of assets. In particular, our experience in structuring ABS transactions enable our clients, whether domestic or international, to best benefit from the various regulatory incentives currently available. In addition, we provide legal advice on various issues arising from the management of the assets acquired in the transactions which frequently test the boundaries of Korean law.

### Structured Financing and Swap Transactions

We have experience working on various structured finance transactions including international securitization and repackaging programs. We worked on the first cross-border CDO program in Korea using multi-series, multi-currency CP Conduit of Maewha K-Stars Ltd. We regularly advise numerous domestic and international investment banks, commercial banks and securities companies in their swap and other derivative transactions. We provide regulatory advice and are in frequent contact with regulatory authorities, including the Bank of Korea, the Ministry of Finance and Economy and the Financial Supervisory Service. In addition, we often represent companies purchasing all types of derivative products, including equity derivative products. For instance, we advised a Korean company on its purchase of equity derivatives involving the disposition of its treasury shares of a value exceeding USD 1 billion.

### Fund Management

We have vast experience in advising investment trust companies managing various types of funds. In this regard, we have been regularly providing legal advice to various Korean securities and securities investment trust companies such as Hyundai Securities, Daewoo Securities, Hyundai Investment Trust & Securities, and CJ Investment Trust & Securities.

In particular, we were involved in the following major transactions:

- successfully registered with the Financial Supervisory Service an offshore fund called Crown Alternative Investments SPC, established in the Cayman Islands and managed by LGT Bank in Liechtenstein (Cayman) Limited.
- advised KDB Capital Corp. and JKL Partners in 2009 on their KRW 40 billion acquisition of a 68% stake in Korea Rental Corporation, the largest rental company in Korea, through a private equity fund jointly established by KDB Capital Corp. and JKL Partners.
- advised various investment trust companies in their repurchase obligations of Daewoo corporate bonds.
- advised both Korean securities companies and international funds in the sale of international beneficiary certificates and the development of new fund-related products in Korea.
- advised in disputes surrounding investment in Russia's national bonds following Russia's declaration of moratorium.
- advised a major Korean investment trust company in its dispute over its investment in Argentinean funds arising from the financial crisis in Argentina.

- advised on a regular basis international funds in connection with their filing requirements under the Korean securities law with respect to their investment in Korean stocks.
- advised the Ministry of Strategy and Finance (formerly known as the Ministry of Finance and Economy ) and the Asset Management Association of Korea on the recent Indirect Investment Asset Management Business Act.

We also provide advice to clients on the establishment and operation of private equity funds, a much discussed issue in Korea recently.

### Mergers & Acquisitions in Financial Services Area

We have advised on a number of high-profile M&A deals involving Korean financial institutions. In particular, we were involved in the following major transactions:

- advised Standard Chartered Bank in 2005 in its acquisition of Korea First Bank. This was the largest bank acquisition deal in Korea in terms of international investment amount. This transaction was awarded the "Deal of the Year" in 2005 by Asian Counsel.
- advised Kookmin Bank in its merger with Housing & Commercial Bank, both banks having securities listed on major international stock exchanges, which made the merger a major milestone in Korea's financial industry.
- advised in a succession of mergers involving financial institutions, including the merger among Chohung Bank, Kangwon Bank and Hyundai Merchant Bank, the merger between Korea Long-Term Credit Bank and Kookmin Bank and the merger between Woori Merchant Bank and Woori Bank.
- advised various investors in their acquisition of several credit card companies.

### Others

We regularly advise various financial institutions including major banks, credit card companies, credit-specialized finance companies and securities companies on a broad range of corporate finance issues. We also provide advice to the Financial Supervisory Service of Korea, the Korean Security Depository, the Asset Management Association of Korea and other major regulatory and state-funded institutions.

# Professionals



## Hee Chul Kang



The head of the Finance Group, Hee-Chul Kang is a partner at Yulchon who specializes in corporate, securities and finance law. In addition to these fields, H.C. is also one of the foremost experts in the field of Korean labor law. Prior to his practice at Yulchon, H.C. was formerly a partner at Kim & Chang where he practiced for 12 years. He is licensed to practice in both Korea and New York State. H.C. obtained an LL.M. degree from Harvard Law School and is the author of many legal articles. He has been selected as a leading lawyer in banking and finance and corporate/M&A by Chambers Global and has been recognized as one of IFLR World's Leading Capital Markets Lawyers, Corporate Governance Lawyers for many years.

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## Hee Woong Yoon



A partner at Yulchon, Hee Woong Yoon is a graduate of Seoul National University, where he received an LL.B. degree and George Washington University where he obtained his LL.M. degree. Prior to joining Yulchon in 2001, H.W. practiced at Yoon & Partners for approximately ten years in their Corporate Finance Department and has extensive experience in M&A, finance and general corporate works. His experience in the finance sector includes assisting international securities companies with their legal compliance with respect to their portfolio investments in Korea, representing issuers of securities in international capital markets, including convertible bonds, bonds with warrant, ADRs and EBs, and representing both sellers and buyers in the sale of non-performing assets. Furthermore, he was selected as one of the World's Leading Capital Markets Lawyers by Legal Media Group, an eminent Law Magazine in England.

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### Christopher Cho



A senior foreign legal counsel at Yulchon, Christopher received his J.D. degree from Loyola Law School, Los Angeles and his B.A. degree from the University of California at Los Angeles. His areas of focus are banking and debt finance, including asset finance (ship and aircraft finance), project finance, acquisition finance, real estate finance, general commercial banking as well as debt capital markets. Prior to joining Yulchon, Christopher practiced at Lee & Ko (Seoul) as a foreign associate, where his main practice area was international ship finance and syndicated and structured debt finance. Christopher is admitted to practice in the State of California, USA.

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### Ji Woong Lim



A partner at Yulchon, J.W.'s primary areas of focus are mergers and acquisitions, securities, finance and derivatives. Since joining Yulchon in 2001, J.W. has served as member of various task force teams, including the Ministry of Strategy and Finance, the Asset Management Business Association for legislation of Indirect Investment Asset Management Business Act, and the Financial Services Commission for legislation of the Financial Investment Services and Capital Markets Act. J.W. obtained an LL.M. degree from Stanford Law School and has also spent time at Orrick, Herrington and Sutcliffe's Tokyo office as a secondee working on a number of cross-border transactions involving Korea.

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### Tae Jin Cha



A partner at Yulchon, T.J. practices primarily in the areas of capital markets transactions and real estate transactions. He joined Yulchon as an associate in 2002 and was made a partner in 2009. T.J. obtained an LL.M degree from the University of Virginia School of Law and also worked at the Cleary Gottlieb Steen & Hamilton LLP. Hong Kong office on secondment. He is admitted to practice in Korea and New York. His experience in the finance sector includes, among others, representing issuers of securities both in international and domestic capital markets, advising issuers in connection with IPOs, representing both sellers and buyers in the sale of non-performing assets, and advising on real estate transactions including related financing transactions.

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### Jae Hyun Park

A partner at Yulchon, J.H. practices primarily in the areas of corporate and financial transactions, particularly capital markets, private equity, and securitization. He joined Yulchon in April 2004 and was made a partner in 2010. He also worked on secondment at the Hong Kong office of Orrick, Herrington & Sutcliffe LLP. J.H. received bachelor's and master's degrees at Seoul National University in 1999 and 2003, respectively. He earned an LL.M. from Columbia University School of Law in 2008, where he was a Harlan Fiske Stone scholar. He is admitted to practice in Korea and New York. His expertise in the capital markets practice has been recognized numerous times, as evidenced by that he advised the Financial Services Commission (the "FSC") with their legislative reform initiative on the reporting standards for overseas issuance of securities in 2009. He has extensive experience in a wide range of finance-related practices, including, among others, representing clients in connection with cross border ABS, IPOs, NPL transactions and workouts.

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### Other Group Members

In addition to the above senior lawyers, our Finance Group is comprised of highly capable Korean-qualified associates and foreign legal counsel (FLC) associates, each with extensive experience in various banking and corporate finance related transactions.

Our professionals also include many former government officials, including Jung Jae Lee (a former Vice Minister of Strategy and Finance and Chairman of the Korean Financial Supervisory Service), Jae Kwang Lee (our senior tax counsel, who has over 25 years of experience with the government agencies dealing with finance and tax), Kwon Do Kang (a former official of the Korean Financial Supervisory Service who maintains close ties with the Korean Financial Supervisory Service). Yulchon's Finance Group also includes skilled paralegals.

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