

Workshop on The Development of The China Domestic Private Equity Industry:

From Policy to Practice

中国国内私募股权业发展研讨会:

从政策到实践

Sponsored by:

主办方



**Berkeley Center for Law,
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北京大学



復旦大學

Beijing - April 1st, 2008
37th Floor, Yin Tai Centre, Office Tower

北京 - 2008年4月1日
银泰中心C座37层

Shanghai - April 3rd, 2008
37th Floor, Plaza 66, Tower 1

上海 - 2008年4月3日
恒隆广场1号楼37层

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This by invitation Workshop, to be held as separate one-day sessions in Beijing and Shanghai, will bring together local policy makers with local and foreign academics, attorneys, and investment professionals, to share their experiences, knowledge and ideas about the private equity industry in China and how to accelerate its healthy development. As discussion-based, participatory workshops, the goal will be for all participants to exchange and discuss their expert insights and gain a fuller understanding of the current climate and trends within the industry. Discussion topics will range from theory and policy to how to structure private equity funds and deals in China and avoid pitfalls. The language of the workshop will be both Mandarin and English, with simultaneous translation. Proceedings of the workshop will be memorialized in writing and distributed to participants.

AGENDA

The workshop will be organized into 6 panels, described below, each with discussion leaders.

Time	Activity
8:15 am - 8:45 am	Registration and Breakfast Opening Remarks <i>Beijing: Mr. Howard Chao (O'Melveny)</i> <i>Shanghai: Prof. Guangjie Zhang (Fudan University School of Law), Mr. Howard Chao (O'Melveny)</i>
8:50 am - 9:50 am	Panel I: What is the government's policy toward the domestic PE industry? Why is its development important to China? <i>BJ Discussion Leaders: Ms. Mary Ma (TPG), Prof. Xiaofeng He (Beijing University School of Economics), Warren Lazarow (O'Melveny);</i> <i>SH Discussion Leaders: - Mr. Gary Rieschel (Qiming Ventures), Mr. Stewart Winspear (Alvarez & Marsal Consulting), Prof. Honggao Hu (Fudan University Law School)</i>

How does a private equity industry supplement funding from commercial banks and capital markets in China?

How does a professional private equity industry improve the quality of Chinese enterprises?

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Time	Activity
	<p><i>How does a private equity industry accelerate the growth of China's domestic capital markets?</i></p> <p><i>What has been the experience of other countries with private equity?</i></p> <p><i>Are there any downsides or negative aspects to developing a private equity industry in China?</i></p> <p><i>What is the relationship between private equity and the public capital markets?</i></p> <p><i>What is the current state of foreign private equity investment in China?</i></p> <p><i>Is the market overheated?</i></p> <p><i>What is the growth pattern of Chinese domestic private equity funds?</i></p> <p><i>What roles are they playing in China's private equity industry?</i></p>
<p>9:55 am - 10:55 am</p>	<p>Panel 2: What are the sources of PE funding in China? <i>Beijing Discussion Leaders: Mr. Fred Hu (Goldman Sachs), Mr. Larry Sussman (O'Melveny); Shanghai Discussion Leaders: Dr. Zack Ren (Ping An), Mr. Xudong Zhu (Pudong Science & Technology Commission), Mr. Henry Zhang (Citigroup)</i></p>
	<p><i>How do startups get domestic funding in China?</i></p> <p><i>What are the existing sources of funding of growth capital in China?</i></p> <p><i>What is the role of commercial banks?</i></p> <p><i>What is the role of government funded investment funds and investment companies?</i></p> <p><i>What are the existing legal limitations on private equity investing for Chinese pension funds, insurance companies, and other large sources of institutional funds?</i></p> <p><i>How active are high net worth individuals and Chinese corporations in making private equity investment?</i></p> <p><i>Do the constraints on funding inhibit the growth of private companies in China?</i></p>

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10:55 am - 11:10 am	Break
11:10 am - 12:10 pm	<p>Panel 3: How should investment funds be structured in China, both for domestic investors and foreign investors?</p> <p><i>Beijing Discussion Leaders: Mr. Au Ngai (Bohai Fund), Mr. Richard Guo (Fangda), Mr. Jianping Ding (Hangzhou Industrial and Commerce Trust Co., Ltd.);</i></p> <p><i>Shanghai Discussion Leaders: Mr. Walker Wallace (O'Melveny), Mr. Michael Qi (Fangda)</i></p>
12:15 pm - 1:00 pm	<p><i>What are the possible legal vehicles to establish private equity investment funds in China? (companies, partnerships, trusts, foreign - invested VC enterprises, other FIVCEs?)</i></p> <p><i>What are the legal issues raised by each of these potential vehicles?</i></p> <p><i>What are the issues arising under the new limited partnership law?</i></p> <p><i>What changes may be required in China's filing and registration system for companies?</i></p> <p><i>Is it possible to obtain tax pass through treatment for these legal vehicles?</i></p> <p><i>What are the Chinese regulatory and securities law issues associated with establishing such vehicles?</i></p> <p><i>Which vehicles permit foreign participation and investment?</i></p>

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1:00 pm - 3:00 pm	<p>Panel 4: Private equity and venture capital structuring <i>Beijing Discussion Leaders: Mr. Ning Zhang (O'Melveny), Mr. Jonathan Zhou (Fangda); Shanghai Discussion Leaders: Mr. Howard Chao (O'Melveny), Mr. Todd Bissett (O'Melveny), Mr. Kiachen Xu (O'Melveny), Ms. Doris Tang (Fangda), Mr. Chuanjie Zhou (Fangda)</i></p>
3:00 pm - 3:15 pm	<p><i>The focus of this panel will compare domestic and international practices. Term sheets for both structures will be discussed.</i></p> <p><i>How are offshore/onshore PE/VC investments typically structured?</i></p> <p><i>What are the key provisions in a typical term sheet?</i></p> <p><i>What documentation is involved in executing an offshore/onshore transaction?</i></p> <p><i>Currently the structure of offshore and onshore deals is significantly different. Will there be a convergence of the two approaches? Will one prevail? Will international investors be willing to accept the structures currently used by domestic investors in China?</i></p> <p><i>Which might be the preferred dispute resolution mechanism for PE investors?</i></p> <p>Break</p>
3:15 pm - 4:15 pm	<p>Panel 5: What are the exit scenarios for PE investors in China? <i>Beijing Discussion Leaders: Mr. Kai Yang (Morgan Stanley), Mr. Yuxiang Yang (CITIC), Mr. Xiaodong Liu (SSE); Shanghai Discussion Leaders: Mr. Daniel Phillips (Macquarie), Mr. Roger Liu (PWC), Mr. Qiang Li (O'Melveny)</i></p>
	<p><i>What are the necessary steps to convert a limited liability company to a share company?</i></p> <p><i>What are the procedures to list a share company domestically in China?</i></p>

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	<p><i>What government approvals are required?</i></p> <p><i>How do those steps change if there is foreign investment in the Chinese company?</i></p> <p><i>What about companies invested by FIVCEs?</i></p> <p><i>Analysis of M&A exit transactions for Chinese domestic companies and FIEs.</i></p>
<p>4:20 pm - 5:20 pm</p>	<p>Panel 6: What are the roles of various Chinese government agencies in supporting and promoting the PE industry in China?</p> <p><i>Beijing Discussion Leaders: Prof. Anthony Zaloom (Berkeley), Mr. Zhi Bao (MOFCOM), Prof. Li Guo (Beijing University School of Law), Mr. Larry Sussman (O'Melveny); Shanghai Discussion Leaders: Prof. Anthony Zaloom (Berkeley), Mr. Feng Huang (Shanghai Forien Investment Working Committee), Mr. Michael Qi/Ms. Doris Tang (Fangda)</i></p>
	<p><i>What has been done in connection with the NDRC pilot program to create Chinese private equity funds?</i></p> <p><i>Discussion of FIVCE regulations and any potential amendments in the future.</i></p> <p><i>Discussion of tax treatment of private equity investment vehicles.</i></p> <p><i>What changes may be required to China's tax system?</i></p> <p><i>What changes may be required to China's foreign investment regime?</i></p> <p><i>The role of local government.</i></p>
<p>5:20 pm - 5:30 pm</p>	<p>Closing Remarks (Mr. Howard Chao, O'Melveny)</p>