



FORMAT
WEBINAR

DATES AND TIMES

HONG KONG & CHINA:

Thursday, November 16, 2017

10:00 am – 11:00 am HKT

UNITED STATES:

Wednesday, November 15, 2017

6:00 pm – 7:00 pm PT

7:00 pm – 8:00 pm MT

8:00 pm – 9:00 pm CT

9:00 pm – 10:00 pm ET

M&A in Asia: Beyond the Trends

What a difference a year can make in the world of China outbound investments. The past 12 months have produced dramatic changes that transcend simple trends, including China's regulatory restrictions on outflow of capital and the arrival of the Trump Administration in the U.S.

Our panel of Dorsey partners will discuss trends and unique forces that influence the current deal landscape for China cross-border transactions. Our practitioners are at the forefront of China outbound M&A developments and bring the perspective of the practice both from China (represented by our Beijing, Hong Kong and Shanghai offices) and from the U.S. (including CFIUS issues).



The Moderator



Simon Chan
Partner, Hong Kong
Office Head
Dorsey & Whitney

Simon adopts a multi-disciplinary and multi-jurisdictional one team approach to advise General Counsels, CEOs, CFOs and their boards to resolve VUCA (volatile, uncertain, complex, ambiguous) issues that our clients face in a fast moving global market place.

Simon is a core member of the firm's Mergers and Acquisition and Capital Markets Groups and serves as head of the firm's Hong Kong office. His practice focuses on cross-border mergers and acquisitions, international corporate finance transactions and sophisticated multi-jurisdictional legal work. A major portion of his practice is devoted to advising strategic and financial buyers and sellers in M&A deals and representing issuers and underwriters in global offerings.

The Speakers



Peter Corne
Partner,
Dorsey & Whitney
Shanghai

Peter Corne uses his quarter century of experience of living and practicing in China to provide you with creative and practical solutions to your China challenges.



Frank Hong
Partner,
Dorsey & Whitney
Beijing

Frank helps multinational companies navigate the increasingly complex business and regulatory environment in China and transact business with their Chinese counterparties.



Larry Ward
Partner,
Dorsey & Whitney
Seattle, Washington

ITAR, EAR, OFAC, CFIUS, NISPOM, FCPA... As an international business attorney, Larry helps clients navigate the complex alphabet soup of U.S. national security law and international trade compliance.



James Liu
Of Counsel,
Dorsey & Whitney

James advises Chinese companies on outbound M&A and investments in Europe, North America and the rest of Asia.



Introduction

- The Focus in Asia and around the world has been China Outbound M&A. In the last three years, the word VUCA has become an industry term for China outbound M&A. Is the environment volatile, uncertain, complex and ambiguous?



Background

- What Targets are Chinese Buyers looking at?
- What is keeping them up at night?
- 2015, 2016 and 2017 M&A statistics and trends

PRC Regulatory Regime of Outbound Investment: Substantive Issues

- Enterprises vs. Individuals
- Destinations
- Sectors
- Amount of Investment
- Approval vs. Filing for Record

PRC Regulatory Regime of Outbound Investment: Procedural Issues

- National System vs. Local Practice
- Multi-agency: NDRC; MOFCOM and SAFE
- Computerized Network of Compliance System
- Full Life Cycle of Enforcement
- SAFE behind Banks
- “Window Guidance”
- Timeline

CFIUS



- Let's fly over to the US about our recent CFIUS experience and tips.
- What can Chinese buyers expect?
- Why are some deals being rejected?
- What changes to the process might occur in the near future?

Steep Learning Curve and the Growing Pain

Chinese investors are getting special treatment:

- China's \$1.5 billion bid for U.S. gene testing company Affymetrix last month
 - five days to put full purchase price and breakup fee to escrow account
- Anbang Insurance Group Co's \$14 billion bid for Starwood Hotels & Resorts Worldwide Inc.
 - CFIUS scrutinizes the deal for national security threat
- HNA Group to buy U.S. electronics distributor Ingram Micro Inc. (IM.N) for about \$6 billion
 - \$400 million is deposited in an escrow account, 6.6 percent of the deal's value, as reverse termination fee

Steep Learning Curve and the Growing Pain

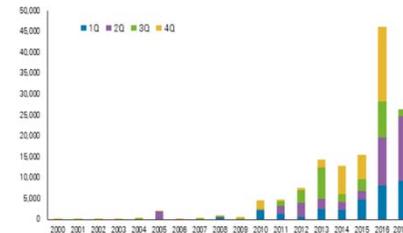
Why special treatment?

- Government approval from the target countries seems to present a particular challenge to the Chinese investors
 - ✓ Chinese deals represent nearly 19% of all cases reviewed by CFIUS
 - ✓ Ralls Case and due process protection
 - ✓ Strategic suggestion for CFIUS review
- Mistrust and hostility from local politics and businesses
- Post merger integration

Open up the roundtable

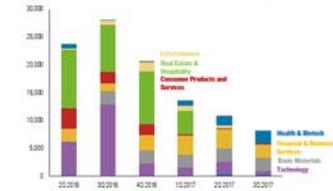


Value of completed Chinese FDI transactions in the United States, USD million



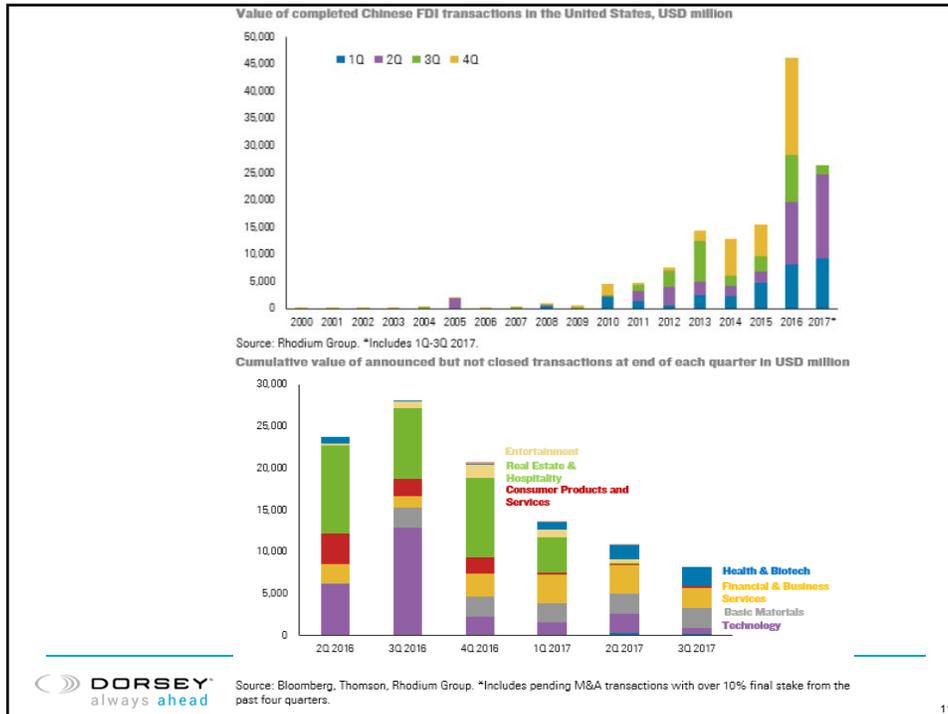
Source: Rhodium Group. *Includes 1Q-3Q 2017.

Consulative value of assessed but not closed transactions at end of each quarter in USD million



Source: Bloomberg, Thomson, Rhodium Group. *Includes pending M&A transactions with over 10% final value from the past four quarters.

What are the tips that we can share?



What are we seeing? Tips / Takeaway

- No trophy assets deals?
Targets will have to suit China's five years plan.
- Tightened scrutiny on price, valuation and viability of Target's business.
- Tightened scrutiny on financing.
Deals that are in the following sectors will get approved on the PRC side:
 - Technology, biotech
- CFIUS 2018 and beyond

Thank you. Contact us for Questions?



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