

中国企业携手私募股权基金对外投资指南

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L.E.K.



China Funding the World

An International Private Equity Investment Guide
for Chinese Companies

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Introduction to the International Private Equity Investment Guide

This reference book is a work by strategy advisor L.E.K. Consulting with the help from its law firm partner, DeHeng. It is intended to provide Chinese business leaders with instructive information on the issues and opportunities regarding outbound investment and partnerships in the private equity sector.

L.E.K. Consulting is a global strategy consulting firm that has over 20 offices across Europe, the Americas and Asia-Pacific. L.E.K. helps global industry leaders consistently make better decisions, deliver improved business performance and create greater shareholder returns. Its clients include the largest private and public sector organizations, private equity firms and emerging entrepreneurial businesses.

This book is based on the firm's extensive experience from diversified projects in which L.E.K. brings creative thinking to critical business challenges through a unique combination of objective research, rigorous analysis and deep industry expertise, leading to practical insights that have real impact for clients. Furthermore, this book also leverages the firm's extensive expert network that helps clients succeed in today's ever-changing global marketplace.

In order to capture the latest trends and perspectives on Chinese outbound investment, besides intensive desktop research, we also reached out to leaders and managers in the private equity industry and in L.E.K. network around the world. Those leaders include CEOs, private equity investors, law firm partners, PE association presidents and company strategy managers. L.E.K. has conducted more than 20 in-depth interviews, which include interviews with experts from corporate direct investment departments, private equity funds, leaders in the academia and associations. For example, L.E.K. has interviewed with foreign investment director from Fosun Group, CEO from Hony, etc. Besides, L.E.K. has leveraged its global network to get insights and catch dynamics from different overseas offices across Asia, Europe and Americas. Those conversations highlight the knowledge gained from their outbound investment experience and show their different perspectives on the sector. L.E.K. reviewed and compiled all related materials to give readers the most practical, in-breath and in-depth information and knowledge, providing readers with deep and localized market insights and effective strategic planning tools.

The book is divided into eight chapters. Based on the current status of China, the private equity discussed in this book includes two forms, one is the classical private equity; the other is venture capital focusing on start-up companies. The first chapter introduces the fundamental structure of private equity investment, including different types of private equity investment sources, strategic planning guidelines in different phases, and key successful factors in the sector. The second chapter provides insights into private equity investment trends in China, particularly in Shanghai, including market trends, opportunities and challenges, types of outbound investment and future trends, Shanghai Free Trade Zone experience and government policy reviews and future assessments. Chapter Three to Five introduce and discuss key success factors in each step of private

equity outbound investment with in-depth case studies as well as expert perspectives. Intensive market information and study on nine major markets in five continents are included in these three chapters. With a broad range of data analyses, case studies, regulations and policy overview and practical guide summaries, it is intended to showcase the best practice of collaborating with private equity funds. Finally, Chapter Six to Eight focus on providing practical advice for Chinese companies that take action to cooperate with private equity funds. These suggestions include strategic planning in pre-investment phase, risk assessment, selection of private equity investment, dual diligence, deal management and exit strategy.

Through the book, Chinese corporates can evaluate their status quo and form strategies based on their business goals, thus enhancing their competitiveness and core competencies through overseas investment. With the comprehensive and in-depth business cases, integrated information and market insights, Chinese businesses can move a huge step forward to the world.

We sincerely hope that this book will be a useful resource and help readers propel their businesses forward. As always, feedback is welcome. Please contact us if you have any suggestions or comments.

The content regarding local legal environment and system of selected countries in Chapter 3, 4 and 5 are reprinted from *From China to the World: An International Investment and Market Access Guide for Chinese Biopharmaceutical Companies* by L.E.K. Consulting and Clifford Chance LLP. The material has not been considered in the context of PE investments specifically, and may therefore not provide comprehensive coverage of the legal/tax issues PE investors face. The content was originally published in May 2015 and the legal issues outlined in the reprinted content should be expected to be applicable only as of May 2015.



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