

Entrepreneurialism, Risk Assessment & Private Investment in China

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The Institute of Asian-Pacific Business Law (IAPBL) at the William S. Richardson School of Law, University of Hawai'i at Mānoa, and the Asian Institute of International Financial Law (AIIFL), Faculty of Law, University of Hong Kong, co-hosted a Symposium on private investment in China on October 18, 2007 at the University of Hong Kong. The symposium was entitled "Entrepreneurialism, Risk Assessment, and Private Investment in China."

The symposium involved discussions among academics, investment bankers, venture capitalists, lawyers, and accountants from Hawai'i, Hong Kong, and China. Topics of discussion included perspectives of venture capitalists, accountants, and lawyers, psychological perspectives on risk and value, and situation investment in undervalued assets.

Session 1 provided perspectives from venture capitalists involved in China-related projects. The session was chaired by Bill Richardson, managing partner of DragonBridge Capital, a merchant bank and early stage venture capital company with offices in China, Hawai'i and California. Panelists included Michael Hosokawa, with General Electric Commercial Finance (Equity) in Hong Kong and Jonathan Morgan, Chief Executive Officer of PingDa Travel in Beijing. The speakers provided an overview of their respective companies' investment strategies in China.

Session 2, chaired by Paul Lejot, a Visiting Fellow in Financial Law at AIIFL, Faculty of Law, University of Hong Kong, focused on perspectives from lawyers and accountants, all of whom reiterated the need for extremely thorough research and comprehensive due

diligence when preparing to invest in mainland Chinese companies. Dane Chamorro from Control Risks in Shanghai described the options available for companies looking for greater transparency in their dealings with Chinese companies. Martin Cheung, Associate Director of Grant Thornton Corporate Finance in Hong Kong discussed financial due diligence in China, noting the need for investors to be prepared for irregularities in financial records of Chinese companies. Finally, Lawrence Foster, Professor of Law at the William S. Richardson School of Law, University of Hawaii at Manoa and Senior Counsel, Zhong Lun Law Firm in Shanghai, spoke on the necessity of performing legal due diligence in China.

Session 3 addressed psychological perspectives on risk and value. Chaired by Robert Paterson, Professor at the University of British Columbia, this session discussed the effect of culture on investment and dispute resolution. Panelists included John Barkai, Professor of Law at the William S. Richardson School of Law, University of Hawai'i at Manoa, Dr. Kwok Leung, Head, Department of Management at the City University of Hong Kong, and Justin Levinson, IAPBL Deputy Director and Assistant Professor at the William S. Richardson School of Law, University of Hawai'i at Manoa.

The final session, Session 4, discussed situation investing in undervalued assets. Chaired by Charles Booth, IAPBL Director & Professor at the William S. Richardson School of Law, University of Hawai'i at Manoa, the panel also included Steven Kargman, President of Kargman Associates in New York City, and Jonathan Katz, Partner, Special Situations Investing, JP Morgan, New York City. This session considered the investment possibilities that arise when initial investment aspirations do not turn out as planned, resulting in the sale of assets and distressed debts. The session also considered the impact of the recently enacted new Chinese Bankruptcy Law.

The symposium activities concluded with a cocktail reception at the University of Hong Kong and an outdoor seafood dinner on the island of Lamma.

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For further information on symposium materials and future IAPBL events, please email iapbl@hawaii.edu or visit the IAPBL website at www.hawaii.edu/law/iapbl.