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Vermilion offers a range of merchant banking and corporate advisory services to leading multinationals, Chinese companies and investors.

We offer advisory services to companies seeking to establish, acquire or develop their business in China. Vermilion also advises Chinese firms on overseas expansion and considers investments in middle-market Chinese enterprises.

The partners have extensive management, investment and advisory experience in China. To date, the team has completed approximately 250 assignments for over 100 clients, which consist of leading multinational companies and substantial middle market enterprises. We have advised more than 25 Fortune 500 and FTSE 100 companies, as well as leading Australasian, European and Indian businesses.

**Private Equity:**

Vermilion is an active private equity investor in middle-market Chinese businesses with growth potential.

We seek investments in established Chinese businesses through the funding of buy-outs and the provision of later stage development capital. In certain circumstances we will consider investing alongside our advisory clients.

The investment remit includes the acquisition of state-owned assets, as well as the purchase of meaningful stakes in established private sector firms. Vermilion does not invest in start-ups or business models that are substantially predicated upon the development of new technologies.

Our investment strategy requires the establishment of provisions for the protection of investors' interests; these always include board representation.

**Advisory Services:****For International Clients**

We provide inbound advisory services to companies wishing to establish, develop or create distinctive improvements to their presence in China.

- We are effective at transacting and getting businesses going
- We use our experience of business, the culture, the market and the regulatory framework to anticipate and capitalise on opportunities
- Extensive board level experience informs all of our advice
- Our goal is to advise “as Principal”

Our objective is to provide practical, long-term and value-driven guidance and to improve your strategies and operations so that you may succeed in one of the largest and most dynamic markets in the world.

Our core client base comprises leading multinational corporations, as well as servicing significant middle-market companies.

Given the complexities and unique nature of the Chinese market, our range of merchant banking and corporate advisory services usually involves ancillary services such as strategy development, operational assistance and government relations. We also offer these services on a stand-alone basis.

We have experience in many industries, including highly regulated sectors such as financial services, media and telecommunications.

Please click on the links to the left for more information on the inbound advisory services offered by Vermilion.

### **Strategy Development**

The West's attitude to China has been one of extremes. Whilst the prevailing opinion is positive, all too often companies rush in with seemingly opportunistic China strategies which often ends in failure, thus tainting the West's view of China as a market.

China is a market that repays homework. Establishing a well researched strategy is critical to long-term success.

Vermilion is able to help companies assess whether there is an interesting opportunity and, if so, how best to approach it.

We provide practical assistance and management support to implement China strategies. We have helped introduce products and services that are new to the market, and have established precedents for government approvals in a number of highly regulated sectors.

### **Transaction Management**

In the early years of China's 'opening up', foreign investors were restricted to entering joint

ventures with Chinese companies. Later, in certain sectors, they were able to establish their own wholly foreign-owned enterprises, and more recently, acquire Chinese companies.

Today, with the emergence of local companies and brands, it is increasingly common for international companies to invest in China by way of acquisition.

We conduct financial advisory assignments to identify, select and negotiate mergers, acquisitions and joint ventures. We also conduct divestitures, debt and equity financings and restructurings. Our experience includes the investment in, or acquisition of, both state-owned and private enterprises by industrial as well as financial investors.

As part of this service we screen potential acquisition targets or joint venture partners, conducting commercial due diligence, background research, financial modelling and providing structuring and documentation advice. Throughout these assignments, we focus on providing you with an overall commercial view, to help you weigh the likely risks and rewards of proceeding.

### **Greenfield Assistance**

Starting out in China can be a daunting prospect. With this in mind, we offer practical assistance in establishing and getting wholly foreign-owned enterprises and joint ventures going. This includes due diligence and helping clients make key decisions on partner selection and choice of location. Our services usually include an initial assessment and planning phase, followed by an implementation phase:

#### *Assessment/planning:*

This phase typically moves a strategic study into detailed assessment and planning. It usually includes a comparative analysis of alternative locations, encompassing a review of the availability, likely costs and security of key inputs, regional incentive programmes and the availability of tax and duty savings schemes.

We are able to build and test the financial model/ business plan, during which particular emphasis is placed on ensuring that the plan captures and fairly reflects all costs that can be reasonably anticipated. At this stage we also advise on the most appropriate legal structure and, where appropriate, advise on the availability of local debt facilities or other sources of capital.

#### *Implementation:*

Vermilion usually provides an overall project management service coordinating, where appropriate, other professional advisors such as engineering contractors, property consultants and HR advisors. We assist in important negotiations, including the provision of local debt facilities and normally take responsibility for obtaining the necessary government approvals. We also provide an after-care service, where clients draw on our advice and

experience in the early stages of operating a new business.

We provide a commercial view of the overall proposition, including a realistic view of the timing.

### **Regulatory/Gov't Affairs**

It is no secret that negotiating China's red tape and bureaucracy can be onerous. Our detailed knowledge of the regulatory environment can allow you to identify opportunities for, and hurdles to, market entry and business development in China.

We have long-established relationships with the state commissions, ministries and other bodies in charge of foreign investment and industry regulation both at central and key provincial and city levels. Through these, we can help you to secure timely and broad project approvals and resolve issues relating to your business in China.

### **Operational Assistance**

Many businesses are likely to face difficult situations at one time or another, situations which can be further complicated by the demands of the Chinese business, regulatory and cultural environment. Vermilion can provide management support to facilitate the resolution of critical issues. We are able to draw on a pool of experienced managers with proven operational experience and with whom the partners have previously worked.

### **Value Recovery**

Not every venture in China is successful. Where a business under-performs or becomes non-core, Vermilion can advise on the strategy and timing for improving operations and / or recovering value through restructuring, the introduction of new partners or grooming and subsequent sale of the business.

We have advised clients in the disposal of Chinese interests and the restructuring of activities to improve performance or recover value directly. This has included the provision of interim operational management support.

### **For Chinese Clients**

Vermilion offers advice to Chinese companies seeking to establish partnerships with Western businesses or to acquire brands, expand their distribution networks and improve product development through overseas acquisitions, mergers or joint-ventures. This includes the provision of advice on raising capital from international financial markets and the disposal of Chinese businesses.

### **Management:**

### **Who We Are**

Vermilion is an independent business, founded and owned by its partners, who have complementary expertise in corporate advisory services, corporate finance and investment.

The majority of the senior management of Vermilion were previously senior members of the investment and commercial advisory practice of Batey Burn, a company specialising in financial advisory work and government relations in China since 1989.

For more information about our management team and board of advisers, please visit The Management and Advisers pages.

### **Our Management:**

#### **Peter Batey OBE – Chairman**

Prior to founding Vermilion, Peter Batey was Chairman of Batey Burn, a leading advisory firm specialising in assisting foreign companies in investing in China and in the acquisition of local companies since its establishment in 1989. He became Chairman of APCO Asia upon its acquisition of Batey Burn in 1999.

Over the past 20 years, Peter has helped foreign companies, across a variety of sectors, enter and develop their business in the Chinese market. He has advised on the establishment of dozens of wholly foreign-owned enterprises and joint ventures. He has also managed the acquisition of Chinese companies by foreign clients.

Peter is Chairman of the China Index Fund and a director of the LIM China Opportunities Fund, and has been a director of a number of Sino-foreign joint venture companies and wholly foreign-owned enterprises. He is also Chairman of the Great Britain China Centre, a member of both the Executive Committee and Council of the China Britain Business Council, and the Beijing Representative of the City of London. Peter served as Chairman of the British Chamber of Commerce in China 1994-96 and co-founded the European Union Chamber of Commerce in China in 1999, serving initially as Vice President and later as President in 2001-02.

Peter has lived and worked in China since 1986, in the first instance assisting in the establishment of the Arthur Andersen & Co.'s Chinese presence, and serving as its Chief Representative in China. He graduated from Oxford University and joined Citibank in 1981. In 1982, he became political private secretary to former Prime Minister Sir Edward Heath. He was awarded the OBE in the Queen's Birthday Honours List in 1997 for services to Sino-British trade. Peter speaks fluent Mandarin and is based in Beijing.

#### **Ge Su – Partner**

Ge Su has been advising international companies on establishing or developing their activities in China since 1992. Prior to joining Vermilion he served as a Director of Batey Burn where he managed projects in the light industrial, financial services and agrochemicals sectors. Ge Su's experience spans formulating strategies, identifying investment opportunities, evaluating potential partners, conducting feasibility studies and due diligence

investigations, negotiating joint ventures and acquisitions, recruiting key managers and advising on government relations issues. His projects have ranged from direct investments by multinational companies to purely financial investments by overseas funds. He continues to play an advisory role in joint ventures he has helped establish and sits on the boards of a number of foreign-invested joint ventures.

Before joining Batey Burn, Ge Su completed an internship with ICI, which sponsored his MBA and employed him upon graduation. At ICI he negotiated ICI-Swire Paint Co. Ltd., ICI's first joint venture in China. From 1983 to 1988, Ge Su worked at Beijing Agricultural University, serving initially as international project manager and later as deputy director of the National Training and Application Centre for Agricultural Remote Sensing. He also undertook teaching and national research projects and attended a graduate programme in soil science and physiography.

Ge Su obtained a Bachelor of Arts in English Literature from the Beijing Language and Culture University. He also holds an MBA from the China-Europ Management Institute (now the China-Europe International Business School) and speaks fluent English. Ge Su is based in Beijing.

#### **George Kang (Kang Jun) – Partner**

George Kang manages Vermilion's office in Shenzhen and has been advising international companies on China since 1992. Prior to joining Vermilion he was a Director at Batey Burn where he led the firm's South China team and managed investment projects in the region. George has managed numerous strategy, market entry and investment projects for multinational companies and small and medium sized enterprises in various industries. He has established wholly foreign-owned enterprises and led negotiating teams on several joint venture projects in South China as well as other regions.

George has a valuable network of relationships with the Chinese business community, and provincial and municipal officials in many of the government authorities responsible for foreign investment. Before joining Batey Burn in 1992, he was an analyst at Shenzhen Securities and a project leader for Philips' joint venture in Shenzhen.

George was educated at Xi'an Jiaotong University, where he obtained a bachelor's degree in industrial management engineering and an MBA from the Canada-China Joint MBA Program between University of Alberta and Xi'an Jiaotong University. He speaks fluent English.

#### **Edward Radcliffe – Partner**

Edward has helped formulate and implement China strategies for numerous leading international firms. He has worked in the consumer goods, telecommunications and energy sectors. Prior to founding Vermilion, Edward served as General Manager of Whitefox

Technologies Limited, which specialises in the development and commercialisation of environmental technology. He remains an adviser to the firm.

Before joining Whitefox, Edward was Head of Online Retail at BT Retail, a division of BT Group plc. From 1994 to 2000, Edward served as Director and Chief Representative of Batey Burn in Beijing, before returning to London as the UK managing director.

Edward served as Treasurer of the British Chamber of Commerce in China, 1997-98, and as a Council member of the China-Britain Business Council from 1999 to 2000. He holds a BA (Hons.) in Chinese Studies from the University of Durham, UK, and an MBA from INSEAD, France, and speaks fluent Mandarin. Edward is based in Shanghai.

### **Marcus Shadbolt – Partner**

Marcus Shadbolt is a Chartered Accountant with over 10 years of banking and private equity experience. Prior to joining Vermilion, he was a director at Botts & Company, a European investment banking firm.

He spent eight years at Botts, primarily focused on UK and European middle-market private equity investments in industrial products and services, leisure and media. His responsibilities included sourcing, transacting, monitoring and exiting investments. He represented Botts & Company's interests on many investee company boards. At Botts, Marcus also completed many cross-border strategic advisory and merger and acquisition mandates. Most recently based in London; from 2000 to 2002, he lived in Munich where he managed Botts' German office.

Prior to joining Botts, Marcus was employed in the Financial Services Division of Coopers & Lybrand in London where he performed various audit, due diligence and forensic accounting assignments in the banking, insurance and private equity markets.

Marcus has an MSc. in International Banking and Financial Studies from Herriot-Watt University in Edinburgh and a BSc in Mathematics from the University of Durham. He is based in Beijing.

### **Lisa Tian – Director**

Lisa Tian is a Director based in Vermilion's Beijing office and is a specialist in financial services and some sectors of light industry. Prior to joining Vermilion, Lisa was an Associate Director at APCO Batey Burn where she advised on acquisitions and the establishment of wholly foreign owned companies and joint ventures in China.

She has extensive experience in all aspects of the financial services industry, including banking, insurance, fund management and securities, where she has advised on many high profile projects requiring, amongst other things, careful negotiation and liaison with the

regulatory authorities at both the central and local level. She also specialises in advising on financial aspects of investment projects, including structure, tax and financial projections.

Before joining APCO Batey Burn, Lisa was an analyst at CICC, Morgan Stanley's investment banking joint venture in China, and a project manager in the Strategic Development Department of Ping An, one of China's leading insurance groups. Lisa holds a BSc. in Asset Management from Shanghai University of Finance and Economics and an MSc. in Money & Banking from Zhongnan University of Finance and Economics. She speaks fluent English and is based in Beijing.

### **Jason Wang – Partner**

Jason has over twelve years' experience of helping international companies to create and implement their China strategies, and has a strong network of government and business contacts, particularly in the Yangtze River delta region.

Before joining Vermilion, he served as China Business Development Director of Porsche Holding GmbH, one of the world's largest prestige marque car distribution and service companies. Jason's principal responsibility was to formulate and manage Porsche's market entry strategy. The first phase of Porsche's investment in China will total US\$ 100 million.

From 1996 to 2004, Jason was a Director and Shanghai Chief Representative of Batey Burn, where he led investment advisory assignments in the Yangtze River delta. He has managed over 20 assignments in telecommunications, electronics, retail, distribution and logistics, as well as business and consumer services. The foreign investment in these projects has ranged in value up to US\$ 66 million. He has also negotiated and obtained approval for joint ventures incorporating structures that set legal precedents.

Jason started his career as a project co-ordinator for the Shanghai Municipal Government Foreign Affairs Office, after which he was an Information Officer of the Cultural and Education Section of the British Consulate-General, Shanghai. Prior to joining Batey Burn, Jason was Project Development Manager of Bell South China Inc., where he developed strategies for investment projects ranging in value up to US\$ 200 million. He holds a BA (Hons) in English Language and Literature from the Shanghai International Studies University and speaks fluent English. He is based in Shanghai.

### **Our Advisers:**

#### **Ernst Behrens – Adviser**

Ernst Behrens is President and CEO of EADS China, and Chairman of the Executive Committee of Foreign Investment Companies in China. He is based in Beijing.

From 1997 to 2004, he served as President and CEO of Siemens China, a EUR 5 billion revenue business operating through 45 companies and employing 38,000 people. Previously,

he was President and CEO of Siemens Philippines between 1992 and 1997, and before this appointment, had held a number of management roles within Siemens Asia. He first came to work in China between 1981 and 1984.

Ernst served as the President of the European Union Chamber of Commerce in China between 2002-04, President of the German Chamber of Commerce in China between 1999-01, as well as President of the European Chamber of Commerce in the Philippines from 1995 to 1997.

Ernst served as an Electronics Engineer in the German Naval Air Force, and was awarded the Cross of Order of Merit by the German government.

**John C. Botts CBE – Adviser**

John Botts is Chairman of Botts & Company and LongAcre Partners and non-executive director of United Business Media plc, Euromoney Institutional Investor PLC and Glyndebourne Arts Trust. He is a Trustee of the Tate Gallery Foundation and the Carnegie Institution, a Governor of the University of the Arts, London, and a Member of the US Council on Foreign Relations.

Prior to founding Botts & Company, John Botts was chief executive officer and subsequently chairman of Citicorp's investment banking activities in Europe, Middle East and Africa, including CVC. Before moving to London in 1973 he had previously worked for Citibank in New York, Johannesburg, Montreal, Brussels and Casablanca. In 2003 he was awarded an Honorary CBE in recognition of his contribution to the arts in the UK. He has a BA from Williams College.

**Sir Stephen Brown KCVO – Adviser**

Stephen Brown served as Chief Executive for UK Trade and Investment between 2002 and 2005, in a position that ranked as a Permanent Secretary in the civil service hierarchy. He spearheaded the UK government's overseas trade and investment promotion efforts, with operations around the globe. This involved him in dealing with the heads of many of the UK's largest companies as well as small and medium-sized enterprises.

Previously, as a career diplomat, he served as HM Ambassador to the Republic of South Korea between 1997 and 2000, and High Commissioner to Singapore between 2001 and 2002.

Stephen is active in several organisations promoting business and wider links with China, Korea and Australia.

Between 1965 and 1976 he served in the British Army, and was commissioned into the Royal Regiment of Artillery, completing periods of service in Europe and Oman.

**Sir Anthony Galsworthy KCMG – Adviser**

Sir Anthony served as British Ambassador to the People's Republic of China 1997-2002.

For much of his diplomatic career, he focused on China and the Asia Pacific Region. His postings included three periods in Peking and one in Hong Kong (1989-93), during which he served as the Senior British Representative (Ambassador) to the Sino British Joint Liaison Group, the body which oversaw the transfer of Hong Kong from British to Chinese sovereignty.

Prior to serving as Ambassador in Peking, Sir Anthony was Deputy Under Secretary of State at the Foreign and Commonwealth Office (1995-7). His other senior appointments included a secondment to the Cabinet Office as Chief of the Assessments Staff (1993-5) and a period (1984-6) as Principal Private Secretary to the Secretary of State for Foreign and Commonwealth Affairs.

He retired from the Foreign Office in 2002, since when he has been an adviser to Standard Chartered Bank, and since January 2005 to Vermilion Partners.

He is also a Senior Associate of the National History Museum and a Member of the Council of the British Trust for Ornithology. He became a Director of Earthwatch (Europe) in 2002.

In addition, Sir Anthony was made an Honorary Professor, Kunming Institute of Botany, Chinese Academy of Science and an Honorary Fellow of the Royal Botanic Gardens, Edinburgh in 2001.

**Brigadier Christopher Hammerbeck CB – Adviser**

Christopher Hammerbeck is the Executive Director of the British Chamber of Commerce in Hong Kong, a post he has held for the past 12 years. In this high profile position, he has become a frequent commentator on a wide range of subjects in all forms of media, both local and international, and has a high public profile in Hong Kong, China and Asia Pacific. He is a frequent public speaker both in Hong Kong, China and the United Kingdom.

He is connected in executive and non-executive capacities with companies ranging from hi-tech solutions for energy conservation to political risk, both on a regional and global level. He is the President of the Institute of Export (HK Branch) and a member of the Career Development Board of the Chinese University of Hong Kong.

Previously, Christopher held senior positions in the British Army. He commanded an armoured brigade in the first Gulf War and was the Deputy Commander and Chief of Staff of British Forces in Hong Kong, planning the closure and withdrawal of the garrison on the change of sovereignty.

**Professor Xu Shiwei – Adviser**

Professor Xu is a former senior Chinese businessman, diplomat and academic. For 13 years Professor Xu worked for China International Trust and Investment Corporation (CITIC), one of China's largest financial institutions which reports directly to the State Council. His positions included Group Director, President of CITIC Trading Co Ltd. (1990-95) and President of China International Economic Consultants, Inc. He has also served as Vice-Chairman of the China International Trade Association.

He has been an Executive Director of the China International Finance Association and the China National Association of Economic Cooperation with Foreign Countries. In 2001 he was the Executive Director of the Asia-Pacific Economic Co-operation (APEC) Business Advisory Council and played a leading role in the business summit, which met alongside the meeting of heads of state and government in Shanghai. He continues to act as an arbitrator for the China International Economic and Trade Arbitration Committee.

For much of his life Professor Xu worked in China's diplomatic services. During the 1980s he served as Commercial Counsellor at the Chinese mission to the European Economic Community. From 1972 to 1974 he was an attachè at China's permanent mission to the United Nations and other international organisations in Geneva.

Professor Xu began his career as a lecturer at the University of International Business and Economics, in Beijing and later became Vice President of the University. He completed post-graduate study in the United Kingdom and speaks fluent English.

**Malcolm Williams – Adviser**

Malcolm Williams spent 38 years in investment banking at Kleinwort Benson Limited (subsequently Dresdner Kleinwort Wasserstein) based in Europe and Asia.

From 2000 to 2004 he was Chief Operating Officer of Global Private Equity, prior to which he served as Chief Operating Officer for Global Finance (1998-2000). As COO for Global Private Equity, he oversaw the integration of the private equity businesses of Allianz AG and the Dresdner Bank group into Allianz Private Equity Holdings.

Between 1985 and 1998 Malcolm was Chief Executive of Kleinwort Benson (Hong Kong) Limited, responsible for the bank's business in Hong Kong, China and South East Asia, and subsequently, following its acquisition by Dresdner, as COO Asia.

The earlier part of Malcolm's career was spent in London and in Germany. From 1983 to 1985, he was a member of the Board of Management of Kleinwort Benson (Deutschland) GmbH, based in Bremen, prior to which he was a member of the International Banking Division in London, focusing on business in Germany, Austria and Eastern Europe.

Malcolm retired from the Dresdner Kleinwort Group in 2004 but remains on a number of boards and investment committees. He is a former member of the General Committee of the British Chamber of Commerce in Hong Kong and maintains a keen interest in the Far East. He speaks fluent German.

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