WORKSHOP 2

RAISING CAPITAL FROM EU INVESTORS LOOKING FOR CHINA EXPOSURE

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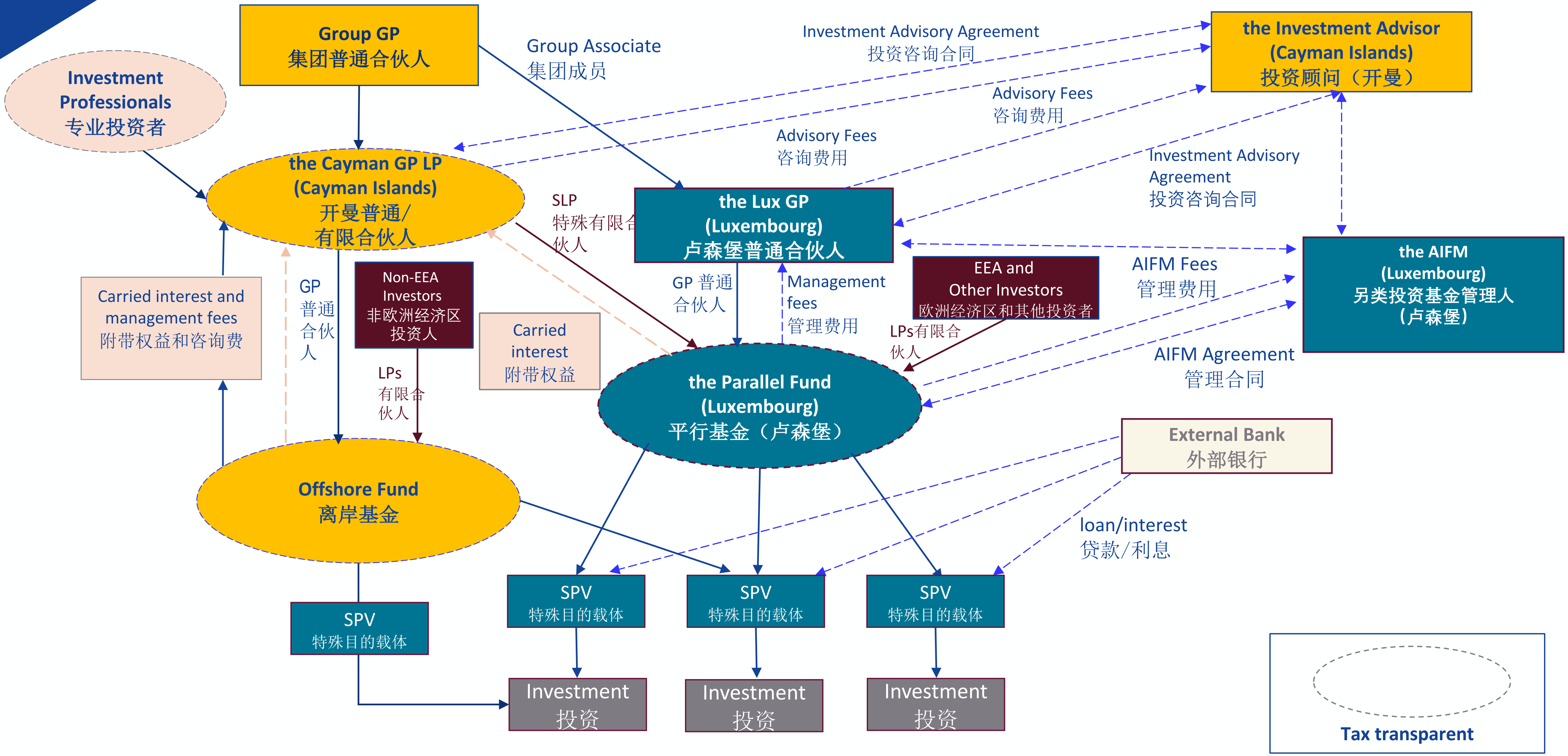
Case study: Cayman/ Luxembourg parallel fund structure chart
案例分析：开曼 / 卢森堡平行基金结构图



ANNEX

Overview of Luxembourg Fund Structures

More regulated / less flexible

Supervised structures

UCITS	Restricted asset classes and very high level of supervision, but passportable across Europe and public distribution to retail investors.
UCI Part II	Almost all asset classes available, but no more than 10% of any one asset class. High level of supervision. Public distribution possible but no retail passporting. Passportable for professional investors across Europe
SICAR	Designed for private equity, venture capital, and in some circumstances real estate investments. No diversification required. Lower level of supervision. Restricted to well-informed investors. Passportable for professional investors across Europe.
SIF	Open to all asset classes, but no more than 30% of any one asset class. Lower level of supervision. Restricted to well-informed investors. Passportable for professional investors across Europe.
RAIF	Open to all asset classes, but no more than 30% of any one asset class (unless investing in risk capital). Not directly supervised, but must appoint a supervised Alternative Investment Fund Manager. Restricted to well-informed investors. Passportable for professional investors across Europe, and possible to have sub funds)
SLP / Partnership	All asset classes available, no diversification required. No regulatory supervision – highly flexible structuring regime inspired by common law partnerships. Passportable for professional investors across Europe.
SOPARFI	All asset classes available, no diversification required. No supervision and very flexible for structuring.

More flexible / less regulated

LUXEMBOURG

Onshore models for Chinese private equity / real estate

Reserved Alternative Investment Fund (RAIF)

The RAIF combines the characteristics and structuring flexibilities of Luxembourg regulated specialised investment funds and investment companies in risk capital, except that RAIFs are **not subject to regulatory approval before they are launched**. This means that they benefit from a fast time-to-market for new fund launches.

- Supervised indirectly via an appointed Alternative Investment Fund Manager.
- Can be used to create ring-fenced sub funds
- Both closed and open ended fund structuring options available
- Can be distributed to well-informed investors across Europe via EU fund passporting

Special Limited Partnership (SLP)

The SLP is a limited partnership without legal personality. This legal form is comparable to the common English law limited partnership, and can be used as a basis for fund structures, including for RAIFs.

- Legal features inspired by Common Law partnerships and familiar to those used to Cayman structures - high degree of contractual freedom and flexibility.
- Simplified registration and annual returns filings
- No distribution restrictions, no maximum limits on numbers of partners

SOPARFI

The SOPARFI is a vehicle dedicated to holding and financing Activities in Luxembourg. It is a fully taxable unregulated company structure. Any undertaking or private person can be eligible as an investor.

- Ordinary commercial companies designed to hold investments – not subject to risk-spreading requirements and able to invest in any asset class.
- SOPARFIs can also undertake commercial activities which are directly or indirectly connected to the management of their holdings including the debt servicing of their acquisitions.

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WHAT THIS MEANS IN PRACTICE

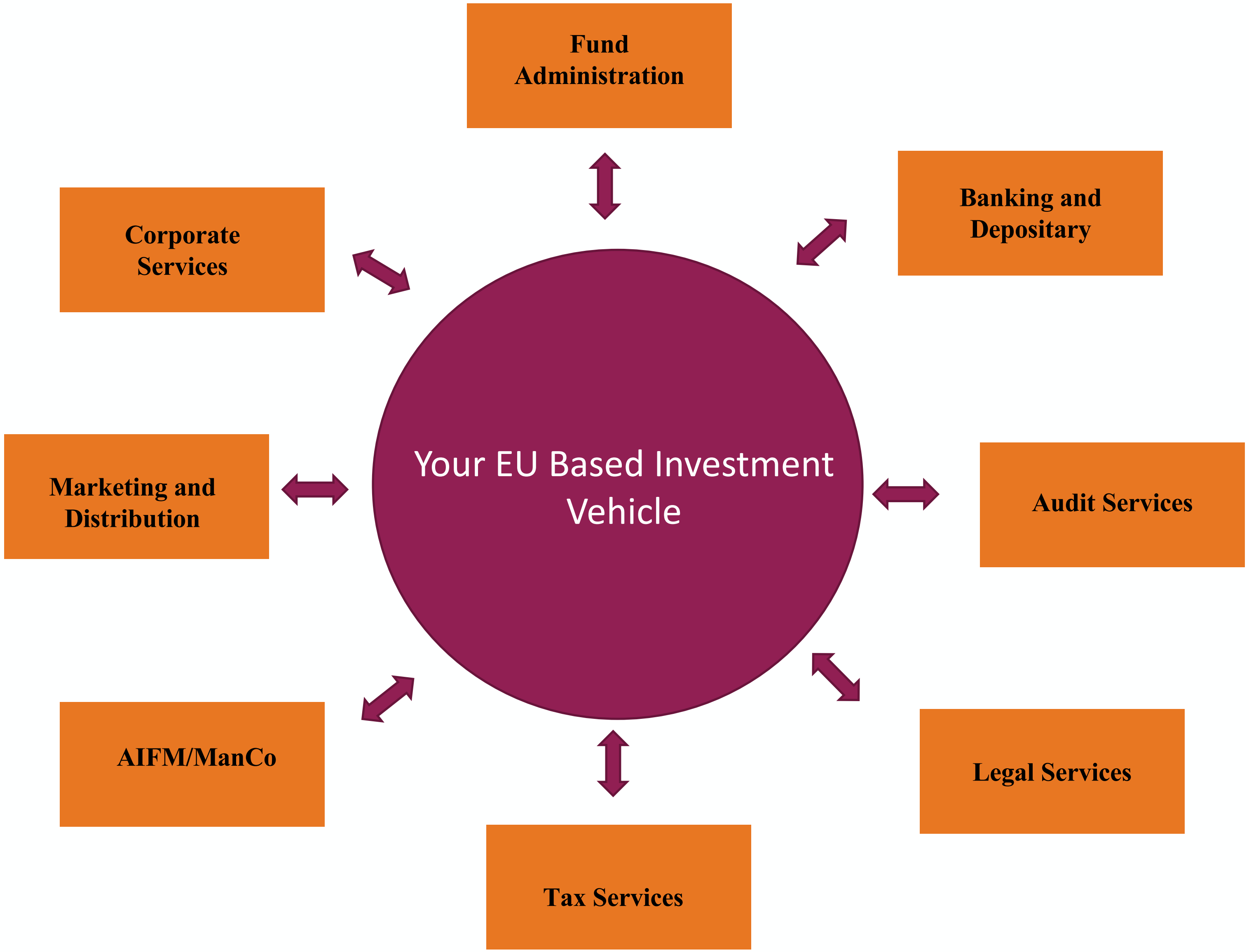
Why Luxembourg over an offshore Cayman / BVI fund

	Cayman / BVI	Luxembourg
Legal partnership structures available?	Yes	Yes
Unsupervised structures available?	Yes	Yes
Onshore jurisdiction?	No	Yes
European passporting	No	Yes
BEPS impact*	No longer tax efficient	Tax efficient with substance in Luxembourg

*The OECD's Base Erosion and Profit Shifting (BEPS) action plan is leading to increasing focus on tax transparency on the part of regulatory authorities globally, and greater local substance requirements for intermediary companies.

This in turn is resulting in companies moving to establish onshore companies with clear business rationale as a more efficient way to structure their investments and move away from previous offshore structuring vehicles established solely for tax optimization.

THE DIFFERENT PARTIES SERVICING AN EU FUND



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