



King & Wood PRC Lawyers Insolvency & Restructuring

April 2009

Beijing | Shanghai | Shenzhen | Chengdu | Guangzhou | Xi'an | Chongqing | Hangzhou | Tianjin
Suzhou | Qingdao | Hong Kong | Tokyo | Silicon Valley | New York



1. Our Firm

King & Wood, founded in Beijing in 1993, was one of the first partnership law firms to be approved by the Chinese Ministry of Justice and the Beijing Municipal Bureau of Justice. It has since grown to become one of the largest comprehensive law firms in China, leading in every major field of corporate and commercial law.

Our Organization

King & Wood is headquartered in Beijing, with offices in Shanghai, Shenzhen, Guangzhou, Tianjin, Chengdu, Chongqing, Xi'an, Hangzhou, Qingdao, Suzhou, Silicon Valley, Hong Kong, Tokyo and New York. The firm currently employs over 1350 people, including over 800 fee earners (190 partners). King & Wood's lawyers have qualifications and legal training from some of the top educational establishments in China and the World with many having attained PhDs. Over two thirds of our partners and many of our lawyers have attained post-graduate degrees from or are licensed to practice in, the USA, the UK, Canada, Australia and Japan, Germany, New Zealand, the Netherlands and Hong Kong.

Our Practice Areas

In order to provide our clients with a comprehensive 'one-stop shop' for legal services, and with the aim of providing our clients with professional services of the highest quality, King & Wood has established practice groups built on highly cooperative mutually supporting work groups including: **Finance** (Banking, Securities and Insurance Groups); **Corporate** (Foreign Direct Investment, Venture Capital, Real Estate and Facilities, TMT, Labor Groups); **Litigation & Arbitration** (Domestic Litigation & Arbitration, International Litigation & Arbitration, Insolvency & Restructuring & Intellectual Property Litigation & Legal Affairs Groups); **Intellectual Property** (Patents, Trademark Groups); and, **International Trade & Governmental Relations** (International Trade Group, Olympics Work Group and the Japan Desk). Each of our Practice Groups is expert in its field of law and is staffed by Partners and lawyers with extensive experience.

Public Recognition

Over the years, King & Wood has received a broad array of awards from international and domestic organizations based on the efficiency and professionalism of our service levels. Our awards include:

- 2007 Asia Legal Business Annual Awards: PRC Insolvency & Restructuring Firm of the Year
- 2006 Asia Legal Business Annual Awards: PRC Firm of the Year, PRC Dispute Resolution Firm of the Year, PRC M&A Firm of the Year, PRC Deal of the Year
- 2005 China National Bar Association: "Outstanding National Firm"
- 2005 Asia Legal Business Annual Awards: Beijing Firm of the Year, PRC Insurance Practice of the Year, IP Firm of the Year, Project Finance Deal of the Year.
- 2005 International Financial Law Review Annual Project Finance Award: Guangdong LNG Project
- 2005 China Law and Practice Annual Awards: Nominated for Banking & Finance, Intellectual Property Firm of the Year
- PLC Which Lawyer (From PLC Global Counsel 3000) 2005 Edition: King & Wood won Banking & Finance, Corporate and Securities Firm of the Year awards.
- 2004 Asia Legal Business Annual Awards: PRC Firm of the Year, PRC JV Project of the Year, IPO of the Year, Insurance Deal of the Year.
- 2003 Asia Legal Business Annual Awards: PRC Firm of the Year
- 2002 US Corporate Counsel: Listed as Largest PRC Firm
- 2002 Asia Legal Business: PRC Firm of the Year
- 2002 King & Wood chosen as China's legal representative for the 29th Olympic Games.
- 2001 Awarded 1st Place by the Ministry of Justice in its list of Cultured Law Firms
- 2000 Asia Pacific Legal 500 recognized King & Wood as one of its PRC Firms of the Year
- King & Wood has been awarded the status of 'Cultured Law Firm' many times since 1996.



2. Insolvency & Restructuring

King & Wood's Insolvency & Restructuring Practice was among the first in China, and now has a large project team, with over 40 extensively experienced lawyers overseen by some of the most famous Insolvency & Restructuring practitioners in China. King & Wood regularly participates in the restructuring and reorganization, the closure and restructuring, cancellation of trusteeship, administrative liquidation & insolvency of domestic enterprises, particularly on behalf of financial institutions and listed companies. We have accumulated extensive experience in insolvency, reconciliation, restructuring, debt restructuring, administration of liquidations and other related business areas.

1. Insolvency and Settlement Operations

Our lawyers have acted in insolvency and settlement groups and as management team leaders, presiding over more than 100 full insolvencies covering all types of businesses. In 2005, King & Wood participated in the insolvency and settlement of the listed company Jilin Paper Industries and successfully restructured its debt through a insolvency and settlement program. In addition, King & Wood has acted for over a dozen foreign invested enterprises including Akzo Nobel Great Wall Coatings Co., Ltd. in their corporate settlements.

2. Insolvency & Restructuring Operations

King & Wood was one of the first firms to advise firms on the implementation of China's new Bankruptcy Law and participated in Hebei Baoshuo Co., Ltd., Lan Bao Technology Co., Ltd. information and Xingmei United Corp.'s insolvency reorganizations. The above companies' restructuring plans have already received judicial approval.

3. Restructuring Operations for Financial Institutions

King & Wood has provided professional legal services pertaining to the restructuring and reorganization, debt restructuring, and the introduction of strategic foreign investments to many large financial institutions including; Industrial and Commercial Bank of China, Bank of China, Bank of Communications, China Everbright Bank, CITIC Industrial Bank, Guangdong Development Bank, Fujian Industrial Bank, Yantai Housing Savings Bank of China, PICC, China Life, Ping An Pacific Insurance, China Leasing, SDG, China Travel International Trust, Hubei International Trust, Hainan International Trust and Galaxy Securities.

4. Risk Disposal for Financial Institutions

King & Wood has been commissioned by the China Banking Regulatory Commission, the China Securities Regulatory Commission or been commissioned by customers, or in accordance with a court-appointments to oversee the disposal of risks for many institutions, including; the Jinxin Trust, Xinjiang Financial Leasing, New Century Financial Leasing, the Guangdong National Trust, DeHeng Securities, Hanson Securities, Nakatomi Securities, Xinhua Securities, Dapeng Securities, CAS Securities, Hantang Securities, Kin Kiu Securities, as well as the Bank of Credit and Commerce, Mirs Securities, Nanfang Securities, and Hebei Securities.

5. Custodianship and Debt Restructuring for Listed Companies

King & Wood has participated in many major projects including: assisting Huarong with the custodianship of 5 companies owned by 'Delongxi' in 2004; assisting 'KelinGeerxi' with debt restructuring and the disposal of its 'Kelong Electronics' brand in 2005; assisting the creditors association of the '39 Group' with the debt restructuring of its '39 Drugs' and other listed companies.

6. Research Activities

In addition to our practice, King & Wood values research. We continue to explore the legal mechanisms and practice of Insolvency & Restructuring legal theory. We have edited and published *Insolvency Practice with the Law Society* (Monograph), *Guidelines for Lawyers on Handling Insolvency Cases* (Co-author), *Insolvency Proceedings Cases* (Co-author), *Xinhua Securities Liquidation Legal Practice* (Internal Publication), and *Restructuring Distressed Companies* (Monograph). Not only have we systematically summarised and researched the legal issues in this field, we have also provided reference texts for the application of these laws.

Apart from this, King & Wood also participated in drafts and revisions of China's new 'Bankruptcy Law' and the 'Risk Disposal Ordinance for Securities Companies'. Currently, our Beijing, Shanghai, Guangzhou, Shenzhen and Chongqing Offices are on their respective local People's Courts' Insolvency Management rosters.

3. Our Legal Services

Insolvency & Restructuring is one of our core practice areas. Our group handles, insolvency (reorganization) applications, the insolvency (reorganization) consultations, insolvency, reconciliation, restructuring and foreign-related insolvencies, including related independent, self-contained business areas, are among the services we provide to listed companies, financial institutions and other enterprises.


We provide the following main Insolvency & Restructuring services:

1. Insolvency Settlements & Reconciliation

- **Insolvency consultations:** on acceptance of the party's commission for insolvency-related legal issues and policy issues, we provide comprehensive answers and issue legal opinions.
- **Insolvency petitions:** on acceptance of the creditors' or the debtors' commission, we prepare insolvency petition materials, draft insolvency petition documents, and submit them to the court on behalf of petitioners
- **Claims:** we file claims on behalf of creditors; attend creditors meetings to exercise related rights, as well as accept court appointments as Chairman of creditors meetings
- **Recall rights:** we accept the commissions of property owners, representing them to exercise recall rights
- **Challenge applications:** upon acceptance of the party's commission, we serve a "reimbursement of property notice" at the People's Court or on the administrator to challenge and participate in litigation proceedings; on acceptance of debtors' commissions, we challenge a creditor's insolvency application at the People's Court
- **Applications for leave to appeal:** upon acceptance of the party's commission, we file suit at the People's Court to have insolvency petitions dismissed
- **Applications for reconsideration:** upon our acceptance of a party's commission, we raise reconsideration requests based on our appraisal of the People's Court's debtor property management program, our own price evaluation, and distribution plans etc.
- **Insolvency settlements:** Upon acceptance of commissions from the People's Courts, we act as insolvency agents conducting comprehensive liquidations of insolvent companies
- **Non-insolvent liquidations:** on acceptance of the administrator's commission, we act to liquidate non-insolvent subsidiaries of insolvent companies
- **Reconciliation applications:** on acceptance of the debtor's commission, we request reconciliation at the People's Court, we draw up draft settlement agreements and other documents
- **Insolvency planning:** on acceptance of the party's commission, we carry out feasibility studies and planning on the major issues pertaining to the debtor's insolvency

2. Insolvency & Restructuring

- **Reorganization advice:** upon acceptance of the party's commission, we provide comprehensive answers on relevant legal issues and policy issues pertaining to the reorganization, we issue legal opinions or memoranda
- **Reorganization applications:** upon acceptance of the party's commission, we draft the relevant application documents, or make applications to the People's Courts on behalf of our clients
- **Formulation of action plans:** we act as the coordinators of reorganizations, making the overall arrangements for the formulation of work programs or work plans, coordinating financial consultants, auditors, assessment and other intermediary bodies, making requests and comments on the intermediary organizations' work

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- **Due diligence:** we act as a manager, or on acceptance of debtors' or investors' commissions, we conduct legal due diligence on the reorganization program, we conduct due diligence on debtors' parent companies, subsidiaries, associated companies and equity firms and related companies, and produce due diligence reports in accordance with their needs.
 - **Claims audits:** acting as an administrator, we audit organizations and are responsible for reporting, auditing, and confirmation work
 - **Receipt of assets:** we act as the administrator or on the acceptance of debtors' commissions, we assist debtors in making inventories of assets, audits and assessments, we participate in and guide debtors in their settlement of foreign investments, issuing legal advice and opinions on the legal issues involved; we act in exercising the powers of administrator
 - **Authority:** on acceptance of debtors' commissions we assist debtors' management of property and business affairs, and represent debtors in exercising powers of administrator
 - **Formulation of reorganization plans:** we act as administrators responsible for drafting reorganization plans, upon accepting debtors' commissions we assist in the preparation of the debtors' reorganization plans;
 - **Claims categories:** we carry out reasonable packaging (classification) of creditor rights
 - **Organizing creditors meetings:** we assist in the organization of creditors meetings, the organization of group claims, drafting investor group plans for votes on the reorganization
 - **Employee placement:** we develop employee placement programs, assisting and guiding in the debtors' employee placements
 - **Claim disposal:** we participate in and guide the disposal of sensitive claims
 - **Information disclosure:** we guide debtors' public information disclosure
 - **Acquisitions of listed companies:** we advise on the acquisition of listed companies involved in restructurings, offering a comprehensive application for exemption, issuing legal opinions and providing advice on major reorganizations of assets
 - **Participation in litigation:** we represent debtors in bringing litigation against external parties, or participate in litigation brought against debtors
 - **Participation in negotiations:** assisting or representing debtors in their consultations and negotiations with their main creditors and investors over their insolvency and restructuring plans
 - **Involvement in reorganizations:** we assist debtors in attracting strategic investors, participating in negotiations with strategic investors, drafting the relevant legal documents, or representing strategic investors in negotiations with the debtors and their shareholders
 - **Coordination of communications:** we assist or represent debtors to explain, communicate and coordinate debtors restructuring (reorganization) plans with the China Securities Regulatory Commission, the Supreme People's Court, the Stock Exchange, the China Securities Depository and Clearing Corporation, obtaining the support and understanding of relevant departments and agencies for the reorganization (reorganization) work plans
 - **Legal advice:** we respond to debtors or relevant parties engaged in the process of reorganization with legal advice, issuing debtors with legal opinions on the relevant legal issues, drawing up resolution plans, and issuing memoranda and legal opinions according to clients' needs.

3. Risk Disposal for Financial Institutions

- **Claims audits:** we organize creditors' claims declarations, audits and confirmations
- **Inventories:** we verify the assets of financial institutions and register assets in accordance with their separate classes
- **Asset settlements and disposals:** we take measures to realize or recover assets according to their type, nature and the reality of the situation
- **Representation of litigants:** we represent financial organizations in filing litigation, or represent parties named in litigation
- **Clear ups:** we clear up irregularities in financial organizations' trusts, investment banking and securities businesses.
- **Debt settlement and distribution:** we formulate and implement debt settlement and distribution programs
- **Participation in reorganizations:** we develop reconciliation, debt restructuring or asset restructuring programs to assist with negotiations between strategic investors or restructuring parties, and we draft the relevant legal documents
- **Insolvency and settlement:** we act as insolvency and insolvency administrators, responsible for or assisting insolvency programs

4. Special Clean-ups for Securities Organizations

- **Drawing-up work programs:** we draw up work programs for the clean-up of securities companies; we coordinate and collaborate with intermediaries to carry out the work
- **Accounts clean-ups:** we draw up account clean-up programs; we carry out investigations into complex accounts and issue legal opinions, assisting audit organizations in carrying out comprehensive verifications when securities organizations have misappropriated clients' deposits
- **Declarations of personal debt and acquisitions:** we organize and assist in the registration of declarations of personal debt, and the screening and confirmation of acquisition funds
- **Applications for the acquisition of funds:** we prepare and draft submission materials for the Securities Investor Protection Fund Company, assisting with applications to make up for HKEC customer funding gaps and the acquisition of personal debt funds
- **Irregular operations clean-ups:** we verify, clear-up and issue legal opinions on violations by securities companies of national debt repurchase operations, finance operations and trust management operations
- **Dealing with business disputes:** we provide legal opinions on disputes arising in the course of securities companies engagement in brokerage operations, trust management operations, tripartite regulatory operations, debt repurchase operations, and securities underwriters engaged in selling operations, lending and other business operations
- **Assets clean-ups:** we carry out comprehensive checks on security companies' assets and we take measures to realize or recover assets according to their type, nature and the reality of the situation
- **Clean-ups of associated transactions:** we identify securities companies' associates, clean-up related transactions, we review and issue legal opinions on the collection of creditor rights or investor rights
- **Employee placement:** we develop employee placement programs, assisting and guiding in the debtors' employee placements
- **Day-to-day operations:** we draft and review all legal documents and contracts pertaining to the day-to-day operations of securities companies' clean-up periods and issue legal advice and opinions on the relevant issues
- **Insolvency applications:** According to the facts of the case, we assist securities companies in the preparation of insolvency application materials and file such applications

4. Relevant Experience

King & Wood's Insolvency & Restructuring project experience includes (but is not limited to):

1. Insolvency Settlements & Restructuring for Listed Companies

ST Jilin Paper	Reconciliation	Insolvency Counsel
ST Baoshuo	Reorganization	Administrator Member
ST Lan Bao Information	Insolvency & Restructuring	Administrator Member
ST Xingmei	Insolvency & Restructuring	Administrator Member

2. Other Corporate Insolvency & Restructuring

We have successfully completed over 80 transactions to date in Shanghai, Guangzhou, Shenzhen and Chongqing.

3. Restructuring, Reorganization and Debt Restructuring for Financial Organizations

Pacific Insurance Company	Restructuring & IPO	Legal Counsel
Chinese People's Insurance Company	Reorganization & Restructuring	Legal Counsel
China Life Insurance Company	Reorganization & Restructuring	Legal Counsel
CITIC Industrial Bank	Reorganization & Restructuring	Legal Counsel
Tian An Insurance Company	Reorganization & Restructuring	Legal Counsel
Bank of China	Reorganization & Restructuring	Legal Counsel to Financial Advisor
Industrial and Commercial Bank	Reorganization & Restructuring	Legal Counsel
Bank of Communications Co., Ltd.	Reorganization & Restructuring	Legal Counsel
CITIC Industrial Bank	Reorganization & Restructuring	Legal Counsel
Yantai Housing Saving Bank	Reorganization & Restructuring	Legal Counsel
China Everbright Bank	Restructuring	Legal Counsel
China Leasing Co., Ltd.	Restructuring	Legal Counsel
China Tourism International Trust and Investment Corporation	Restructuring	Legal Counsel
SDG	Reorganization	Legal Counsel to Acquiring Party
Hainan International Trust and Investment Corporation	Debt Restructuring	Legal Counsel
China Galaxy Securities Co., Ltd.	Restructuring	Legal Counsel
Hubei International Trust and Investment Corporation	Restructuring	Legal Counsel

4. Closure of Operations, Rectification & Insolvency for Financial Organizations

Bank of Credit and Commerce International (BCCI)	Insolvency	Legal counsel to creditor banks
Guangdong National Trust and Investment Co., Ltd.	Closure and Reorganization	Legal Counsel
New Century Financial Leasing Co., Ltd.	Reorganization	Legal Counsel
Xinjiang Financial Leasing Co., Ltd.	Closure and Reorganization	Legal Counsel

5. Rectification, Cleanup, Revocation of Closure & Liquidation for Securities Companies

Xinhua Securities Company Ltd.	Liquidation	Legal Team
CR Securities Company Ltd.	Liquidation	Legal Advisor to Trustee
Hanson Securities Company Ltd.	Liquidation	Legal Advisor to Trustee
DeHeng Securities Company Ltd.	Liquidation	Legal Advisor to Trustee
Dapeng Securities Company Ltd.	Insolvency	Deputy Leader of Insolvency Team
Nanfang Securities Co., Ltd.	Insolvency	Deputy Leader of Insolvency Team
CAS Securities Clearing Co., Ltd.	Insolvency	Lead Legal Team
Kin Bridge Securities Company Ltd.	Clean-up	Lead Legal Team
Hantang Securities Company Ltd.	Liquidation	Legal Team
Xinjiang Securities Co., Ltd.	Insolvency	Deputy Leader of Insolvency Team
Hebei Securities Company Ltd.	Insolvency	Administrator
CAS Securities Company Ltd.	Insolvency	Administrator



6. Custodianship & Restructuring for Listed Companies

Xinjiang Tunhe Investment Co., Ltd.	Mandate	Legal Counsel to trustees
Torch Automobile Group Co., Ltd.	Mandate	Legal Counsel to trustees
Shenyang Alloy Investment Co., Ltd.	Mandate	Legal Counsel to trustees
Xinjiang Tianshan Cement Co. Ltd.	Mandate	Legal Counsel to trustees
Guangdong Kelon Electric Appliance Company Limited	Restructuring	Legal Counsel
Zhong Yan Textile Co., Ltd.	Mandate	Legal Counsel to trustees
39 Pharmaceutical Company Limited	Debt Restructuring	Legal Counsel to Creditors Committee

5. Our Resources

King & Wood's specialized work groups, characterized by their teamwork, contribute to our reputation as a top-tier law firm. Each practice group has accumulated extensive experience in its area of law and has a wide range of social resources. This experience and these social resources are shared between each practice area, increasing our efficiency and ensuring the highest level of professional standards.

Our Insolvency & Restructuring Practice works closely with our Securities Practice. King & Wood, as one of the first law firms to be permitted to engage in securities work in China, has accumulated a wealth of practical experience in this area and has provided legal advice to over 400 companies and listed companies in mergers and acquisitions, assets securitizations and other projects. Some of our most notable deals include, the listing of China National Petroleum Company Limited in Hong Kong and New York, the Industrial and Commercial Bank of China Co., Ltd.'s restructuring and listing, China Minsheng Bank's H share offering, China Life Insurance Co., Ltd.'s listing in Hong Kong and New York, China Mobile (Hong Kong) Limited's listing in Hong Kong and New York, CITIC Bank Co., Ltd's A-share listing, Datang Mobile Communications Equipment Co., Ltd.'s offshore private placement, the introduction of strategic investors to Beijing Commercial Bank, Huaneng International's acquisition of Shandong Huaneng, China Petroleum's tender offer for three listed companies – Jilin Chemical, Jinzhou Petrochemical, and Liaohe Oilfield, and Kailei Fund's acquisition of Xugong Group and its holdings.

King & Wood actively participates in the restructuring, closure and restructuring, liquidation and administration, reconciliation and reorganization of listed companies and financial institutions. We have established good working relationships and regularly communicate with the National Development and Reform Commission, the SASAC, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China, the China Securities Regulatory Commission, the China Banking Regulatory Commission, the State Administration for Industry and Commerce, the China Investor Protection Fund Corporation, as well as numerous domestic and foreign securities companies, investment banks, accounting firms, assets evaluation agencies and lawyers enabling us to provide timely advice to our clients.

King & Wood has a one-firm ethos. For major, complex insolvency and reorganization matters, we work according to client requirements and the actual needs of the project by establishing cross-practice working groups of experienced lawyers with experience in all the areas required by the project terms of reference whether it involves financial, labor-related, intellectual property, real estate, tax or litigation aspects. Each sub-group is led by a partner with overall responsibility for resolving any legal issues encountered over the course of the project. In addition, the seamless integration of our headquarters and offices allows us to draw on a broad depth of local expertise, providing our clients with legal services of the highest quality and efficiency.