

# In the News

## O'Melveny's Roberts Quoted in Dow Jones Venture Wire on Outlook for Chinese Company IPOs in the US



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O'Melveny & Myers LLP partner David Roberts was quoted in the May 2, 2012, *Dow Jones Venture Wire* article, "Private Equity-Backed Chinese Listings In US To Wane Near Term." The article reports that the pace of private equity-backed Chinese company public listings in the US could slow down significantly in the near term, as investors' remain wary of initial public offerings by Chinese businesses due to reports of accounting fraud and other issues.

Roberts, who is based in Beijing and practices in the Firm's Corporate Finance and Capital Markets group, noted that many investors who have lost money on Chinese IPOs in recent years continue to view them with skepticism. He told *Dow Jones Venture Wire* that overseas IPO attempts will likely be "from companies that are already in profitable sectors, like game companies."

The article also references a report prepared by Roberts and O'Melveny counsel Thomas Hall in which they suggest that the "variable interest entity" or VIE structure — when a mainland company sets up an offshore structure that permits foreign entities, namely private equity or venture capital firms, to invest — could be discouraged or prohibited in the future. Chinese regulatory authorities may determine the structure to be in violation of relevant Chinese foreign investment restrictions and merger-and-acquisition rules, the lawyers note in their report.