

## European company sets up a joint venture for solar cell production in China

Our support: To assist a European company in negotiating with a Chinese state-owned company to set up a joint venture in China for the mass production of solar cells and solar modules for the Chinese and worldwide markets.

### The Partners

A *European renewable energy company* which has undertaken research and development on solar energy over the years. The technology has been developed to its maturity through substantial investments.

The *Chinese party* is a major state-owned company desirous of obtaining technology and know-how from the client for mass production in China to serve the national market.

### The Process

The client started joint venture discussions with the Chinese company in 2009. Assisted by the consultants in the first instance, the parties signed a memorandum of understanding in Beijing for the mass production of solar cells and solar modules.

The consultants then assisted the parties in the whole process of detailed negotiation leading to the drafting and the signing of the joint venture documentation. For the joint venture, the Chinese company provided important input for Asia and the client provided the product profiles, IP, equipment list, human resource planning, technical requirements of plant and plant environment protection solutions. All this and the financial data calculated by both parties were the basis for the business plan and the IP valuation of the client.

The investment amount for the start-up stage was EUR 80 million of which three-fourths were invested by the Chinese company in cash and real objects (plant), and the balance was IP value contributed by the client. The composition of the board of directors and the management team were agreed on the basis of a 3:1 proportion.

### Consultants' Role

The consultants' role in this process was to objectify selection criteria and to function as a safeguard by monitoring risk/return parameters once the choice had been made. If K K Yeung management consultants had not been involved, the deal would not have been implemented swiftly and in the long-term interest of the client as well as the Chinese party.



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