

 JUNHE | 君合律师事务所


CHINA EXPERTISE, GLOBAL REACH

Doing Business With and In China

Legal, Compliance, and Risk Management Considerations for U.S. Companies

Qiang (Josh) Wang

1

 **Introduction**

1

My background and practice scope, deal exposure

2


Typical US client profiles

- Exporters / Importers
- Strategic investors

3

Uniqueness of Chinese legal system

- Civil law system
- “Window advice”
- “public order and good customs”

 JUNHE | 君合律师事务所

2

► Pre-Transaction: Due Diligence on Chinese Counterparties



1 Corporate Existence and Ownership

- Business license
- Ownership registration

2 Financial & Creditworthiness

- Financial statements
- Bank references
- Litigation and enforcement records

3 Investigative Firms

4 Public Information Search

3

► Trading with Chinese Counterparties: Compliance and Risks



1 U.S. Export Controls, Sanctions Compliance

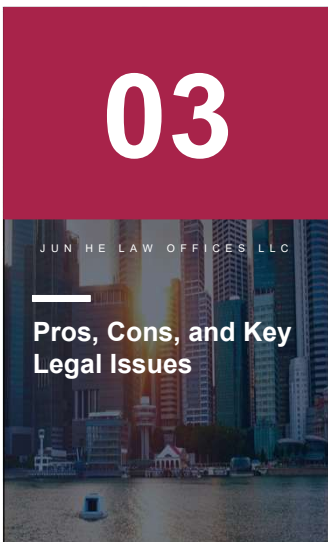
2 Chinese Customs Classifications

3 SAFE

4 Industrial Specific Compliance Requirements

4

▶ **Joint Ventures in China: Pros, Cons, and Key Legal Issues**



1 When to use JVs

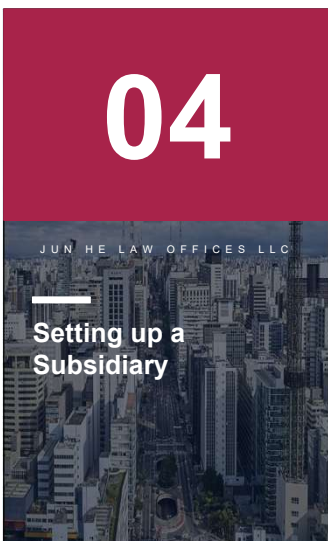
- ▶ Regulatory necessity (restricted sectors)
- ▶ Local partner advantages
 - ▶ Government relationships
 - ▶ Supply chain integration

2 Structural Risk

- ▶ Control, or the lack thereof
- ▶ Deadlock scenarios
- ▶ IP protection
 - *ownership of improvements*
 - *risk of "forced" or informal tech leakage*
- ▶ FCPA and local compliance risks
- ▶ Difficulties in exiting

5

▶ **DIY — Setting up a Subsidiary**



1 When a local presence is required

2 Director and senior officer risks

3 Operational compliance issues

- ▶ Employment compliance issue

6

► Enforcement against Chinese Companies

05



Enforcement against Chinese Companies

<p>1 Litigation</p> <ul style="list-style-type: none"> ▶ Filing fee ▶ Lack of discovery ▶ Local protectionism? 	<p>2 Arbitration</p> <ul style="list-style-type: none"> ▶ HK, SG, NY?
<p>3 Strategy in designing dispute resolution provisions</p> <ul style="list-style-type: none"> ▶ Litigation vs Arbitration ▶ Governing law ▶ Forum ▶ Contract language 	<p>4 Significance of corporate seal</p>

JUNHE | 君合律师事务所

7

THANK YOU!

JUN HE LAW OFFICES LLC

WANG, Qiang

Email: wangqiang@junhe.com

Tel: +1-201-388-8056

JUNHE | 君合律师事务所

8