



5 TIPS FOR INVESTING IN CHINA

1. Have clear understanding of China

It is essential to understand the culture of any country before making a significant investment in it. Considering China's vastly diversified culture, this is especially true when a company is looking to invest in Hong Kong, Shanghai, Beijing or any other financial center in China. It is therefore important for any entity to understand the culture and the society's values before establishing operations in China. Only through understanding the local culture and values can strong foundations can be built and a successful business plan be achieved.

2. Understand local business practices

Given China's distinct culture differences from the rest of the world, understanding China's business culture is extremely crucial. What works in one's country will not be applicable at all in China. Understanding how the local people think and their business practices can allow one to engage better and faster with them. Original organizational culture and practices may have to change in order to accustom to China's practices. Thus flexibility and adaptability is the key for any organization to be successful in China.

3. Acquire local knowledge and establish local presence

Establishing a representative office in conjunction with a strong domestic private sector partner that has access to all necessary information and contacts in their field is the widely practiced formula followed by foreign firms who already enjoyed success in China. Another way will be through setting up a joint venture. Most importantly it has to be the selection of the correct partner. Finding the right partner may require more time, patience and experience but it is never a hassle to spend more efforts in choosing the partner because a wrong partner will definitely guarantees failure. Chinese expertise and local talent must also be incorporated into management or consulted during decision-making since local

knowledge is essential as a source of information, access to networks and social and cultural learning, especially in China.

4. Need for establishing business relationships

Guanxi (relationship) is an important element in achieving successful business in China. Top management must learn to nurture close relationships with their local counterparts. This not only helps them to understand the Chinese domestic market, but also creates avenues for help in times of trouble or in need of assistance. Building strong relationships with business partners can also aid in mitigating strategic and operational risks.

5. Establish close relations with government officials

Because the China government plays an important role in influencing market movement and administering foreign investments, a strong government relationship remains an important factor to doing business successfully in China. Fewer delays may be met during paperwork applications or achieving local authorization if a strong relationship with government officials is in place.

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