



MORE
THAN 35
YEARS

FINTRADE MERCER GROUP

CHINA EXCELLENCE

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OVER 35 YEARS OF EXCELLENCE

Fintrade-Mercer Group is an international group rendering specialized China Services for Western firms with over 35 years of experience. The services include but are not limited to:

- market entries
- strategic alliances
- industrial manufacturing & outsourcing
- technology transfer
- corporate formation
- joint ventures
- corporate law
- taxation planning
- investment management

We are at the forefront of key corporate, industrial, marketing, branding and legal trends and global leader in the fields of integrated China Business Solutions with headquarters in Hong Kong and regional reach throughout China. Our close co-operation with Government entities, pioneering spirit, China professionalism and deep knowledge of industries set us apart from others. With more than 35 years of hands-on experience working with clients ranging from national governments and listed companies to smaller high-technology startups, we know what it takes to succeed in China and what risks you will be facing at the entry phase when operating in China and expanding from China to a global market.



OUR CORE INDUSTRIES



Energy & Environment



Healthcare & Biotech



Telecom & Mobile



Infrastructure, Security
& Safety Industries



Lifestyle, Consumer
Products & Technologies

- Energy & Environment - Renewable, wind and solar industries
- Healthcare & Biotech - Pharmaceuticals, medical equipment and medical consumables
- Telecom & Mobile
- Infrastructure, Security & Safety Industries
- Lifestyle, Consumer Products & Technologies

NEW ERA FOR BUSINESS IN CHINA - CURRENT MARKET DRIVERS AND INITIATIVES IN CHINA

BELT & ROAD INITIATIVE

The Chinese plan to enhance global development aims to connect Asia, Europe and Africa through ambitious infrastructure spending in maritime networks and roads, for instance, to stimulate regional integration, increase trade and achieve economic growth.

MADE IN CHINA 2025

Strategic plan for China to shift away from "being the world's factory" and convert economic output from cheap & low-quality goods into more high-value goods & services. As a result of this, industries such as high-tech, pharmaceuticals, aeronautics, semiconductors and robotics are going to play a larger role in the Chinese economy going forward.

DOMESTIC DEMAND & RISING MIDDLE CLASS

As a result of rising wages and the immense economic growth China has experienced in the past decades, the population has started to shift from poverty to a middle class with disposable income and stronger purchasing power. This shift has opened up and will open up more opportunities for foreign firms to sell their goods & services to the domestic population in China and not just manufacture them there for export purposes.

GREEN ECONOMY

Contrary to some common beliefs, China is putting in significant efforts to achieve an environmentally friendly economy. Shifting away from coal, increasing environmental regulation and making significant green investments are just some of the samples of the efforts the Chinese are doing to fight climate change and pollution.

DOMESTIC MARKET OPENING FOR FOREIGNERS

Various measures are being taken in China to make it a more accessible, fair and equal business environment for foreign companies. This trend is expected to continue for years to come, and Western companies may find many new attractive opportunities in China that were simply not feasible until recently.

NEW ERA FOR BUSINESS IN CHINA - CURRENT MARKET DRIVERS AND INITIATIVES IN CHINA

- Market Entry, Partner Selection and China Business Development
- Strategic Business Architecture and Taxation Planning Services, Profit Repatriation
- IPR Protection of Technology and Remedies
- Legal Compliance Services
- Technology Transfer and Licencing
- Financial Advisory
- Hong Kong Holding and Trading Company
- Establishment, Management, Taxation and Hong Kong as a hub for China Operations and Offshore Business
- China Company Incorporation, Government Negotiations and Documentation Benefits
- Contract Structures, Contract Management, Drafting & Reviewing
- Human Resources Management and Coaching
- Supervisor as a Tool for Continuous Risk Management
- China Risk Management and Control
- Tendering & Public Procurement Processes
- China Turnaround Management
- Strategic Sourcing & Manufacturing Fintrade-Mercer Engagement in Certain Government-private, Industrial and Commercial Projects



THE GREATER BAY AREA - THE GATEWAY TO CHINA

The **Greater Bay Area** describes the megalopolis comprised of cities like Hong Kong, Macao, Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing, that were connected into an integrated economic and business hub.

Over the 2017 - 2019 period, the **Greater Bay Area** achieved **5.3% GDP growth** with Shenzhen, the fastest-growing GBA city, achieving **8.4% growth**. Shenzhen also achieved positive GDP growth in the first three quarters of 2020 despite the impacts of the global pandemic. By 2030, it is predicted that the economic output of the Greater Bay will surpass New York, the largest bay area in the world, as well as the Tokyo Bay area.

The size, economic potential and interconnectivity of the Greater Bay Area offer **significant opportunities** for a wide range of sectors, including infrastructure, construction, real estate, financial services, insurance, capital markets, technology and many others.

Playing an important role in the Greater Bay Area Development, Hong Kong is known for its status as an **international financial, transportation, trade centres and aviation hub**. It is also known to be one of the **world's smartest cities**. In December 2020, Hong Kong unveiled its 'Smart City Blueprint 2.0' containing 130 smart city initiatives covering mobility, healthcare, environmental protection, education, government services and other areas. The 'Blueprint 2.0' also discusses how I&T can be used to combat COVID-19.

THE GREATER BAY AREA HAS BEEN THE HOME GROUND FOR FINTRADE SINCE 1985.

During over 35 years of operating in the Greater Bay Area, Fintrade has established a strong network and presence in the region.



DEVELOPMENTS IN THE GREATER BAY AREA

The Development Plan issued earlier this year intends to foster cooperation in four key areas:

- **Innovation & Technology:** aiming to develop the “Guangzhou-Shenzhen-Hong Kong-Macao” innovation and technology corridor and major carriers for innovation such as the Hong Kong-Shenzhen Innovation and Technology Park.
- **Infrastructural Connectivity:** aiming to connect the Mainland with Hong Kong and Macao, as well as connecting the east and west coasts of the Pearl River Estuary, and build a rapid inter-city transport network mainly focused on high-speed rails, inter-city railway and highways.
- **Financial Integration:** aiming to promote cross-boundary transactions of insurance products within the Greater Bay Area, and establishing a mechanism for mutual access to capital and products and support Mainland China, Hong Kong and Macao insurance institutions in developing cross-boundary RMB reinsurance business.
- **Social Betterment:** aiming to support Hong Kong and Macao investors in setting up pension and other social services facilities through a sole proprietorship, joint-venture, cooperation, etc. in the nine PRD municipalities in accordance with regulations.

In October 2020, China’s Standing Committee of the National People’s Congress passed amendments to the Patent Law which will significantly change the current law once they come into effect in June 2021. The creation of a patent linkage and patent term extension system are particularly relevant to the pharmaceutical sector. Key changes include:

- protection of partial design
- extension of design protection period to 15 years
- increase of the ceiling of statutory damages
- introduction of punitive damages.

Amid the Covid-19 pandemic, as consumers have shifted to e-commerce, knowledge of “smart manufacturing” practices that harness data analytics, robotics and the Internet of Things to rapidly produce customised, complex goods is becoming a more urgent requirement for Original Equipment Manufacturers. The Greater Bay Area has strong potential to both export its “smart manufacturing” know-how to emerging markets such as ASEAN and work with foreign companies to import such know-how.

CHINA COMPANY INCORPORATION

The enacted commercial sector investment measures now permit foreign companies to freely engage in business in China; however, the law states that such a foreign trade and domestic business operators must complete industry and commerce formalities and register as such an operator before engaging in the import and export of goods, domestic trade and services.

Foreign operators must explain the intended foreign trade activities in their company formation documents and in case such activities are not mentioned in the scope of business, the company must go through amendment procedures to change the documentation.

When it comes to company incorporation, we can help you with the following and more:

- Investment Vehicles, Funding Structures and Permissible Modes
- China Government Investment Funds and Project Financing
- Government Lobbying and Influence
- Incorporate Companies - Full Business/Sales Rights, Import & Export, Manufacturing with Licenses
- Required Licenses, Permits Ministries and Related Authorities
- Engage in Outsourcing Business and Trade of Such Products in China
- Issue VAT Invoices After General VAT Payer Status
- Provide Commercial Agency Services, After-Sales and Spare Parts



LEGAL COMPLIANCE & SUPERVISOR

China's continuously changing legislative environment makes it harder for the company management to keep up with the changes, and companies may be following outdated guidelines unknowingly, causing problems to the company. This is where the role of the supervisor becomes extremely important in China.

Our supervisory expertise consists of a vast repertoire of expertise in the following:

- Examine the company's financial affairs and reporting requirements
- Ensuring legal compliance in China operations, including 2020 new company law and foreign investment law
- Supervise the directors and senior officers in the performance of their legal duties for the company and handle legal proceedings in cases of violation
- Propose the holding of extraordinary shareholders' meetings and, in the event that the board of directors fails to perform its duty of convening and presiding over a shareholders' meeting, we convene and preside over such a meeting
- Submit motions to a shareholders' meeting if so required
- Institute legal proceedings in a people's court against a director or senior officer in accordance with Chinese law
- Handle functions and powers as specified in the company's articles of association
- Continuously following risk positions and propose actions for risk avoidance



CHINA IPR PROTECTION AND MANAGEMENT

While the China market offers great business opportunities, IPR is playing an increasingly more important role in doing business with Chinese companies. Without a proper IPR strategy prior to entering the China market, foreign companies may face various issues down the road related to freedom to operate, secrecy and non-competence and enforcement of IPR. In order to minimize risks and maximize profits, foreign companies should include a comprehensive IP strategy in their business development plan. Having your Intellectual Property registered in China and a well-written contract in Chinese is crucial when doing any technology-related business in China. If things go wrong, you will at least have some leverage and a chance to win.

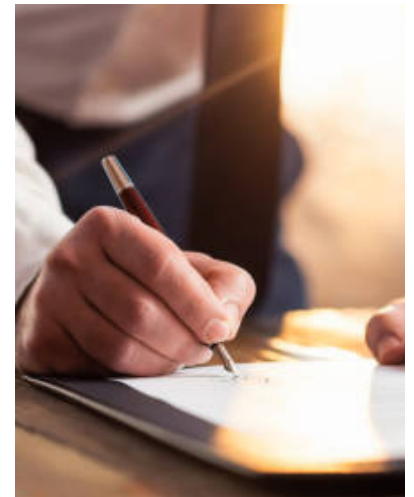
How we can help:

- Assess your current IPR Status and competitive position
- Present optimal options of IPR Protection and Registration Plans
- Optimize your IP Management System and Follow up
- Present options of IPR Enforcements in China and best practices
- Patentability and Trademark Registration Assessment
- Software Copyright Registration
- Infringement Analysis, Competitors Evaluation, Counterfeit Monitoring and Enforcement
- Customs Registration and Stoppage Service at customs
- Trade-Secrets Protection and Protection of Non-Patentable Rights
- Non-Competition Agreement, Non-Disclosure and Not-to-Use Agreements
- Suppliers and Contractors Surveillance and Monitoring – Internal process and watch development



CONTRACT MANAGEMENT

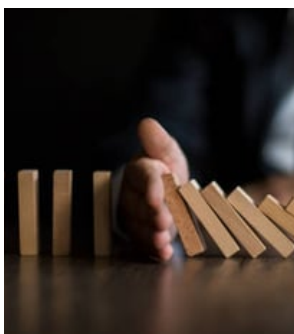
Some foreign companies continue to have the impression that signing contracts with Chinese companies is just a formality. It is true that, in the past, Chinese businesses often did not take contracts seriously and relied on their relationship with government officials to resolve disputes. It didn't make sense to spend much effort to have a well-written contract. Nowadays, Chinese courts and administrative authorities, generally, resolve commercial disputes in a fairer manner than in the past, and a well-written contract can definitely help win your case. Chinese businesspeople nowadays find that written contracts are necessary to make a business work in China.



In accordance with your business goals, we provide expertise in the following fields:

- Setting up contract management and review structures
- Contract drafting and revision services
- Contract checking and risk analysis

RISK MANAGEMENT



Risk management and knowing the risks of your operations in China are a crucial part of making your business in China effective, reducing risks and achieving higher returns. Risk management packages are always tailor-made to meet your company's needs. Risk management, assessment and analysis for your company are based on the following high-risk areas of your China operations:

- Deep understanding of your China Entity and business risks
- Preparation for a variety of Risk Management situations and options
- Remedy for current situation and any existing risk factors of your operation in China
- Correct actions and reducing risks step-by-step
- Help your company avoid risks related to the new Corporate Social Credit System
- Restructuring your China operation for optimal Risk Management opportunities, Business and Taxation Structure
- Make Your China Business effective and achieve higher returns with less risks

CAPITALIZING STRUCTURES, PROFIT REPATRIATION, TAX OPTIMISATION & TRANSFER PRICING

A China Foreign Investment Enterprise may be capitalized in cash or in equipment, technology, license rights, loans or any combination of these. The capital may be injected upfront or in instalments as per the Chinese company laws within 2 years. Within the set debt/equity rules an FIE may borrow from its foreign investors or it may also borrow from banks inside or outside China. These capital contributions may be made in cash, including plant, machinery, technology, land use rights and intangible assets.

China is known for presenting the greatest tax challenge in the Asia-Pacific region. Several written and unwritten rules of doing business need to be understood before making any irreversible commitments. Foreign companies in China pay far more taxes and contributions than their local counterparts, even though the government claims Chinese-invested businesses should be treated equally.

Transfer pricing audits are one of the top priorities for China's tax authorities for tax avoidance, and there are special anti-avoidance teams at the State Administration of Taxation as well as provincial and local tax bureau to enforce the transfer pricing rules.

How we can help:

- Recommend effective Capitalizing, Funding Structures and Exit
- Technology-to-Equity Transactions to minimize the China risks
- Advise on the Debt/equity Ratios and new Thin Capitalization Rules
- Capital Verification and Valuation
- Advise on the Forex Remittance and usage of Local RMB Loans
- Present Transfer Pricing Options and Benchmarking
- Assistance in Transfer Pricing Documenting and Policies Pricing Strategies
- Optimizing Taxation and VAT Issues for Tax Benefits on a Global Scale
- Build up Transfer Pricing Documentation at an Early Stage

HONGKONG INVESTMENT AND HOLDING STRUCTURES

Hong Kong investment and holding structures will provide numerous advantages for China business operations especially related to customs & logistics, financing, banking & payment structures, business control & expansion issues as well as a number of China tax implications and exit plans.

These holding companies may also be used to provide centralized services to China investment vehicles and worldwide subsidiaries such as business development functions, export market management, component and raw material sourcing, product distribution and management supervision and financial control.

How we can help:

- Optimize and recommend feasible Investment Strategies
- Advise on Double Taxation Issues, Withholding Tax Implications, Dividends under Tax Regulations and Relevant Tax Treaties
- Capital gains Tax Implications of Holding Structures
- Incorporate and manage Hong Kong Holding Companies
- Provide secretariat, registered office and banking services
- Negotiate Off-Shore and Tax-Free Status in Hong Kong



FINANCIAL ADVISORY

Venture capital investments in China have been booming in recent years as the economy becomes more mature and less reliant on industries such as agriculture and manufacturing. The FintradeMercer Financial Advisory team can help your firm find the right opportunities and connect you to business partners, investment banks and other investors.

How we can help:

- Identify advisory and investment firms operating in specific industries
- Leverage our extensive network of connections and associates
- Conducting a favourable strategy to acquire the financial, knowledge-based and relational resources you need
- Capital Markets and M&A Advisory + Fintrade as a shareholder and angel investor
- Equity financing advice and IPO guidance
- Helping with complex cross-border transactions and participating in negotiations



HONGKONG INVESTMENT AND HOLDING STRUCTURES

LEARNING MORE ABOUT MANAGING YOUR BUSINESS IN CHINA – FINTRADE ACADEMY

UNIQUE CHINA ONLINE MANAGEMENT TOOL & LEARNING ENVIRONMENT TO SECURE YOUR SUCCESS IN THE WORLD'S MOST EXCITING MARKET

Success in the market requires know-how and skills that cannot be achieved without long-term experience in China. Fintrade Academy has been built based on 35 years of investment, business management and legal experience in China to enable your company to build a successful business, control and the necessary skills to succeed in China.

The platform is a comprehensive online management ecosystem for anyone already investing, running factories, doing business in China, entering the market, or anyone considering doing business in China and wishing to learn more. It is designed to benefit large, medium and smaller companies, corporate leaders, investors, service providers, executives, professionals and employees at all levels.

Fintrade Academy consists of eight separate expertise areas, which are specially designed for companies operating in China or companies considering establishing their presence in China. Choosing all of the eight China Online Management expertise ecosystems or any specific area will allow you to build China business management skills for your organization's particular needs.

1. **Doing Business in China - Cross-Cultural Management Teams**
2. **The China Strategic Sourcing Management Tool – Global Sourcing**
3. **The China HR and Talent Management Tool - Labour Contracts, Dismissals and IPR**
4. **The China Intellectual Property Rights Management Tool – Legal Regime, Cases and Remedies**
5. **The China Business Taxation and Taxation Planning Tool - Business Architecture, Taxation Planning and Holding Companies**
6. **China Contract Management Tool – Purchasing Contracts to Joint Ventures**
7. **The China Risks Management Tool – Strategy how to Avoid Risks**
8. **The China Business Leadership Tool – China Leadership and Management**

Visit Fintrade Academy and Learn More at www.fintradeacademy.com

ABSTRACT OF FINTRADE PROJECTS OVER THE YEARS

MEDIX BIOCHEMICA

Medix Biochemica develops high-quality antibodies, antigens and antibody manufacturing services for the IVD industry and diagnostic point-of-care rapid tests for healthcare professionals. Fintrade has assisted Medix in establishing an FIE company in China, with expanding its' operations and later with incorporating a second WFOE company with manufacturing rights in China.



PESMEL

Pesmel has more than 40 years of experience in delivering solutions that improve material flows and logistics at different types of manufacturing facilities. We focus on serving customers around the world in the pulp and paper, metals and tire manufacturing industries



BIOLAN

Biolan from Kauttua, Finland, manufactures and sells products for ecological gardening as well as environmental products. Biolan's successful business entity in Suzhou, China is established and supervised by Fintrade.



MOBIE GROUP

Mobie Group is an international, Finnish-rooted group of companies building the world's leading digital learning and training solutions. Fintrade has been with Mobie Group since the early days of their China operations.



NORSEPOWER

Norsepower is one of the World's leading Wind Propulsion Technology companies from Finland with expanding operations to China. Fintrade has assisted Norsepower in preparing China business strategy and operational set-up in Hong Kong and mainland China. Norsepower enforced the China IPR by filing Software Copyright and Trademarks, executed by Fintrade.



LIFA AIR

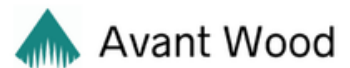
Fintrade assisted Lifa Air in establishing in Hong Kong and expand in the Asian market. We have introduced Government Departments to Lifa Air through our networks and we were also assisting in their structuring their company, taxation planning & employment matters.



ABSTRACT OF FINTRADE PROJECTS OVER THE YEARS

AVANT WOOD

AVANT WOOD is the global forerunner in the thermomechanical timber modification industry. Fintrade has assisted in FINESTWOOD expansion to Asian markets.



NANOCOMP

Fintrade assisted Nanocomp in establishing in Hong Kong and China to expand their growth. Fintrade also acts as Nanocomp's legal compliance officer and assist them with the company's structure, taxation planning, employment matters and accounting issues.



VNT MANAGEMENT

One of the first venture capital management companies in Europe that focuses on clean technologies, in particular renewables, electrical systems and energy savings. Fintrade together with VNTM has collaborated on multiple company projects in China.



THE SWITCH

The Switch, part of the Japanese Yaskawa Group, with world-leading electrical drive technology, established its business in China together with Fintrade. Fintrade also serves as Legal Compliance Officer of the Switch.



MANAGEMENT INSTITUTE OF FINLAND - MIF

MIF guarantees the future of knowledge and speeds up the process by having the most diverse training and development offerings. Mr. Jari Vepsäläinen, Chairman of Fintrade-Mercer has contributed MIF with China business blogs and as valued keynote speaker of MIF China Excellence seminars



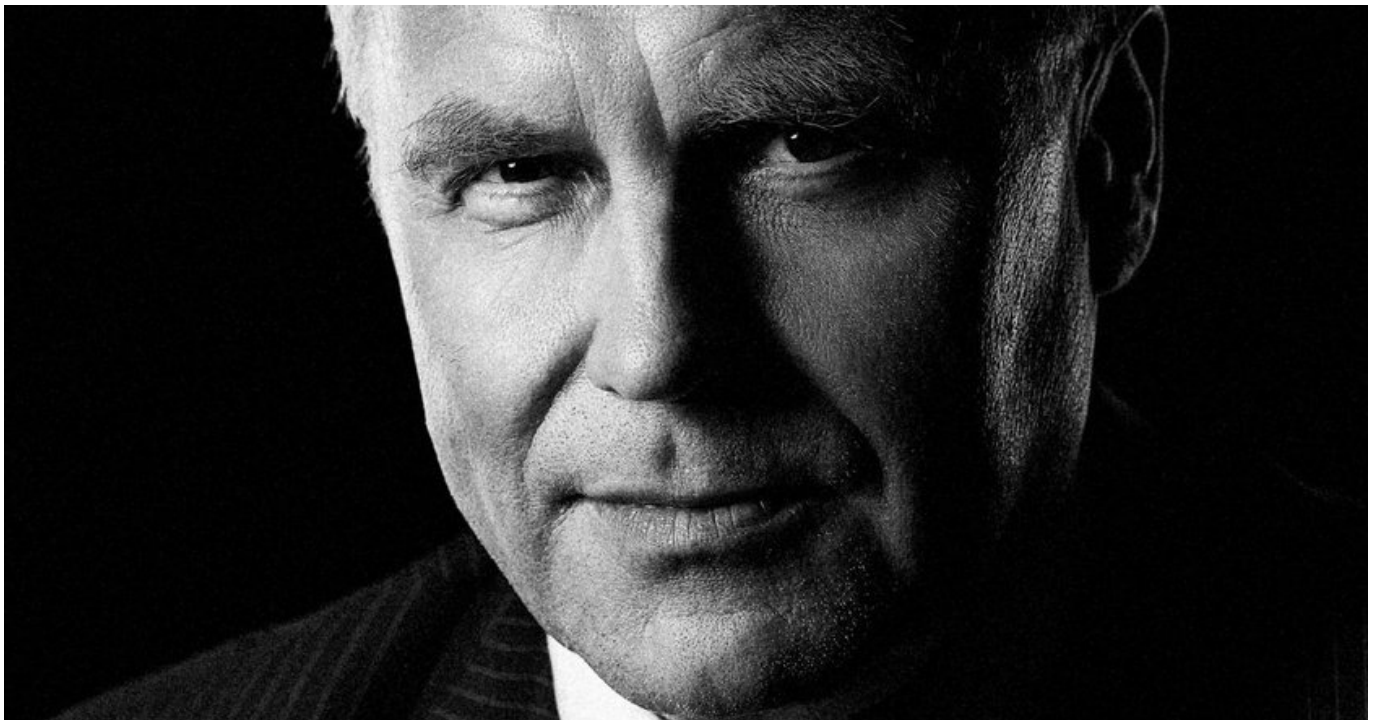
VTT - TECHNICAL RESEARCH CENTRE OF FINLAND

Technical Research Centre of Finland is the biggest multi technological applied research organisation in Northern Europe. VTT provides high-end technology solutions and innovation services and has collaborated on multiple joint projects with Fintrade.



FINTRADE & FOUNDERS

Fintrade-Mercer Group was founded in 1985 by Mr Jari Vepsäläinen and has since executed over 250 large and medium-scale investment projects in China. He has managed direct foreign investments into China in petrochemical, energy, shipbuilding, telecommunication, healthcare, real estate, environmental protection and various other industrial fields. Mr Vepsäläinen is specialized in structuring international corporate formats, the establishment of China entities and holding company formations for foreign investors targeting the China market. His major clients consist of a number of global investment funds, governments and corporations.



Mr Vepsäläinen was among the first Western lawyers who were given access to Chinese Universities, where he completed a government-funded research program on Chinese commercial legislation and investment in the People's University of China in Beijing and Sun Yat-Sen University in Guangzhou. In addition to business organisations, Mr Vepsäläinen serves various governmental organizations and international federations in the Asia Pacific such as the World UAV Federation and Independent Power Producers Forum for instance, and he is frequently invited speaker at professional China investment and technology conferences and seminars.



FINTRADE
MERCER
GROUP

"CHINA HAS A HISTORY OF IMAGINING HERSELF AT
THE CENTER OF THE WORLD WHILE REMAINING AN
INVIOABLE ENTITY"

CHINA EXCELLENCE

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