LEAVING CHINA

DON’T LET THE DOOR HIT YOU ON THE WAY OUT

DAN HARRIS
Partner | Harris Bricken
WE’RE LEAVING—WHAT ME WORRY?

• NEWS OF YOUR DEPARTURE WILL SET OFF A SCRAMBLE FOR YOUR IP
• NO NEED TO BE NICE TO YOU ANY LONGER
• ONGOING RISKS OF COUNTERFEITING
• WORSENING U.S. - CHINA RELATIONS
YOUR CHINA RISKS

• HOSTAGE SITUATIONS. DON’T GO THERE.

• OPPORTUNISTIC/RETIARIATORY ACTIONS BY SUPPLIERS/STAFF
WHAT TO DO

• HAVE YOUR CONTRACTS AND REGISTRATIONS IN PLACE BEFORE YOU ANNOUNCE YOUR DEPARTURE

• SET UP NECESSARY INFRASTRUCTURE TO PROTECT YOUR IP FROM AFAR

• LICENSING/DISTRIBUTION AGREEMENTS WITH RELIABLE PARTNERS
MEXICO

- ENSURE YOU HAVE THE RIGHT IP AND OTHER PROTECTIONS
- GUARD AGAINST “CHINA FATIGUE”
SHELTER BUSINESS MODEL

FOREIGN MANUFACTURING COMPANY

- Raw materials & components (direct & indirect)
- Production
- Quality assurance
- Delivery compliance
- Selection of key positions
- Engineering
- Technical support

SHELTER PROVIDER

- Accounting, reporting & taxes
- Human resources, labor unions, recruitment & hiring
- Legal and general administration
- Import/export & customs compliance
- Environmental, health and safety compliance
- Expats Support and relocation
SHELTER BUSINESS MODEL

ADVANTAGES:

• Start Operations in **9 weeks**

• Reduce cost and optimize operations performance

• Focus on your core business: productivity, manufacturing process, quality, custom service, etc.

• 100% legal compliance with Mexican laws and regulations

• Soft-landing experience

• Avoidance of cultural shock and learning curve

• **Protection** from penalties due to learning mistakes
<table>
<thead>
<tr>
<th></th>
<th>Shelter</th>
<th>Stand Alone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team</td>
<td>No need to hire personnel for administrative functions</td>
<td>Hire full administrative team</td>
</tr>
<tr>
<td>IT Administrative Platform</td>
<td>Administrative IT platform</td>
<td>Administrative systems licenses and equipment must be purchased and adapted to operation</td>
</tr>
<tr>
<td>Advising</td>
<td>All Administrative advisory</td>
<td>Hiring of outside advisors of different specialties.</td>
</tr>
<tr>
<td>Supervision</td>
<td>Less training &amp; supervision from HQ</td>
<td>Will significantly increase need for supervision from HQ</td>
</tr>
<tr>
<td>Risk &amp; Liability</td>
<td>Years of experience</td>
<td>Mistakes, time and money loss</td>
</tr>
<tr>
<td>Focus</td>
<td>Solution of administrative issues</td>
<td>Manager will be distracted with daily administrative issues</td>
</tr>
<tr>
<td>Timing</td>
<td>Established team to speed start-up process</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>Shelter Fee lower than Stand Alone</td>
<td>Higher than Shelter Fee</td>
</tr>
</tbody>
</table>
ALEJANDRA MALDONADO

PROJECT ADMINISTRATOR

amaldonado@intermex.com

Call Toll Free USA: 1 800 707 3515
Mobile: 1 614 2 56 76 96

THINK MEXICO, THINK INTERMEX.
ENTERING MEXICO

KNOCK FIRST

ADRIAN CISNEROS
Attorney | Harris Bricken
HELLO I’M HERE!

- NEED A BUSINESS ENTITY?
- WHAT ENTITY?
  - REPRESENTATIVE OFFICE
  - BRANCH
  - SUBSIDIARY
  - STOCK CORPORATION (S.A.)
  - LIMITED LIABILITY COMPANY (S. DE R.L.)
PROTECTING YOUR IP

• IMPI?
• TRADEMARKS
• COPYRIGHTS
• PATENTS
• TRADE SECRETS
  • CONTRACTS BETTER
  • NNN/MANUFACTURING-SUPPLY
WE’RE HIRING!

- NO LEGAL DIFFERENCE BETWEEN EMPLOYEES
CONTRACT OR SHELTER MANUFACTURING?

- WHAT DO YOU NEED IN THE FIRST PLACE?
- DIFFERENCES
- PROS and CONS
- A WFOE, PERHAPS?