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Dr David Li Kwok-po, Chairman & CEO, Bank of East Asia Ltd



Fluent in law

From the time the French Republic recognised the People's Republic of China in 1964, thousands of companies from France have been beating a path to Beijing. In recent years, with more than a thousand French companies doing business in China, the pace of trade and investment has gathered steam. By **Kapila Bandara**

French investments in various sectors of China's economy are now being counted in the billions of dollars, and over the past 10 years, Thomas, Mayer & Associés (TMA), a prominent law firm in Hong Kong, has been assisting many of these entrepreneurs find their way through the legal and cultural maze in Hong Kong, China, and the region.

A member of the Paris Bar and duly registered with the Law Society of Hong Kong, Eric Mayer, who is also a founder of TMA, says most of the business people seeking the firm's legal advice and representation in various situations, are well established small and medium-sized enterprises experiencing rapid growth and needing to structure their business in an international environment.

The law firm just celebrated a decade in Hong Kong and its practice areas include international business law, mergers & acquisitions, international private law, immigration law, corporate and commercial law, international tax law, and foreign investment in China. In addition, the firm offers international arbitration and litigation, Mayer says.

As TMA has an association with the distinguished Hong Kong law firm of Fred Kan & Co. under which both firms share employees and premises, their combined expertise means TMA can assist

clients in situations governed by the French legal system and the Hong Kong common law based legal system – a particular strength of this legal firm. This ability serves many clients very well considering their origins and their destination.

Diverse skills

This legal strength combined with the linguistic abilities makes up for a versatile practice. Apart from French and English, the firm's lawyers can offer advice in Spanish, Italian, Portuguese, and the Scandinavian languages. With Fred Kan & Co, the linguistic abilities also include Cantonese, Mandarin, and Japanese.

"A majority of our clients are

SMEs and we assist them to structure their investments in China. To do that, we offer the services of two legal cultures – one French, the other Hong Kong," Mayer says.

"We are the Hong Kong-based French connection for businesses wanting to move into China, and SMEs (based in France or elsewhere in continental Europe going into this large market need the most help. They are unaware of what to expect every step of the way. So, in that context, we have a niche serving the SMEs, and this we have done very successfully for 10 years now."

In other words, the firm's founders Eric-Jean Thomas and Eric Mayer build bridges to China

for French and other business people from many other countries. The firm's clients are also those that are broadening their business and investment footprints in Europe, Hong Kong, rest of Asia in addition to China.

TMA can tap into the well connected and structured "China practice" of their associate Fred Kan & Co, which can help see things clearly through the mainland's legal code. This China practice includes the former President of the Mainland Legal Affairs Committee of the Law Society of Hong Kong as well as three China-Appointed Attesting Officers who are the equivalent of notaries in China, but based in Hong Kong. These officers who can legalise documents in China related matters.

Mayer says "a smaller part" of the firm's services offered is litigation and arbitration, mainly for companies involved in legal disputes with French firms.

The SMEs that he and his lawyer serve are spread out in various sectors ranging from electronics to military uniforms and from fashion brand names to civil engineering. In other words, there is not a single market segment which is not dealt with by the law firm.

Experience counts

TMA believes that it is the only foreign law firm with its head office in Hong Kong, while most other firms are branches of global practices with head offices in

This legal strength combined with the linguistic abilities makes up for a versatile practice



Eric-Jean Thomas (left) and Eric Mayer (right), partners at Thomas, Mayer & Associés celebrating their 10th anniversary in Hong Kong

foreign capitals. Being on the doorstep of China, helps the practice to offer representation and advice quickly and efficiently compared with other law firms which may have consult their offices overseas to offer their opinions to pressing matters involving business.

The experience of doing business in Asia that both founders accumulated through their long association with Hong Kong and its giant neighbour, is itself a great advantage. Over the years, they also developed a close



Gérard Millet (CALYON) and Eric Mayer and Michel Jospé (Methong Plastics Hong Kong LTD)



Eric-Jean Thomas and Patrick Moss (Secretary General of the Law Society of Hong Kong)



Carole Crespin and Nathalie Tortellier, lawyers at Thomas, Mayer & Associés



Paul Clerc-Renaud (Fargo Group) and Eric Mayer

understanding of the cultural nuances of doing business in this part of the world. Mayer grew up in Hong Kong and Thomas had been living and working in the city for almost 15 years.

Mayer identifies there separate groups of people who seek out

their advice and representation in various matters – those already quite familiar with doing business in Asia, people who, already doing business in an international scale are exploring new business opportunities in China, and those who, pushed by the worldwide wave of supply and distribution chains moving to China, have no choice but to follow this shift, and are extremely uneasy and uncomfortable with having to jump into a totally unknown international and Chinese stage.

Apart from lending a legal hand to businesses to manufacture their products in China, TMA helps to open the door to those planning to sell their products and services to the world's fourth largest economy. This is also one area in which the practice assists in

advising companies about tax and related issues.

Not long ago, the firm assisted French textiles supplier to fashion houses in Paris by structuring their business in Hong Kong and China to cope with their rapid expansion in France and overseas.

TMA set up a holding company in Hong Kong (owned by the Paris based company of the client who also has a design and creation bureau in the French capital) which opened a 100 per cent controlled wholly foreign owned enterprise ("WFOE") in a special zone near Shanghai, which itself opened a branch in downtown Shanghai.

This structure allows the client to benefit from the following situation : (i) concerning the Hong Kong holding company: its

scope of business includes selling the French group's made-in-China collections in overseas markets (other than France and western Europe) ; (ii) concerning the WFOE, as it has been set up in a special zone, its scope of business allows it to engage in wholesale business, i.e. purchasing and reselling items in the Chinese domestic market ; (iii) concerning the Shanghai branch of the WFOE, it has a showroom to display its collection in the domestic Chinese market, and moreover, the team of the Paris-based client in charge of managing the international sales of China-made collections is managed through this office.

By setting up the wholly-owned enterprise as a subsidiary of a Hong Kong company, the practice helped to structure tax advantages for the business, including taxes on dividends, which Hong Kong does not impose.

Setting up the investment vehicle controlling the Chinese WFOE in Hong Kong has great advantages, including benefiting from the Hong Kong tax system which does not tax dividends received from a Chinese subsidiary, and which does not tax capital gains, in the event a controlling interest is sold to an investor. A potential investor will have great confidence dealing with the business since it is controlled by a Hong Kong vehicle.

This scenario illustrates how the practice brings its legal expertise and China experience to bear to make a business venture expand its presence internationally while also seeking a foothold in China.

The lawyers at TMA bring together a formidable and disparate body of legal knowledge together to advise potential clients, and they understand the language of business in China, Hong Kong and elsewhere as well. And they do speak that language extremely fluently. ■