



**Case Study**

# Education Non-Profit Finds Partners in China to Implement Education Programs

A US-based, international education non-profit breaks into the education industry in China via local partnerships. However, transparency in the fast-growing industry can be a major concern for foreign investors. With our help, the client was able to come to an agreement with a partner that both protected their interests and achieved their goals.

## Challenges

Entering an unfamiliar market, our client faced the challenge of conducting business through partnerships. With their success tied largely to the partner's integrity and the deal made, they needed both a reliable partner for long-term projects and the right protections in place.

## Solutions

Engaged on retainer, DSA was able to help the client navigate an industry complicated by regulations and quality of partners by providing legal assistance in negotiations and contract review to ensure they were protected. Additionally, we began their trademark filing to protect their IP and used our industry experience to assist the client's partner search.

## Impacts

With the right counsel, the client was able to take control of the negotiations and ensure they were getting an agreement they were confident in and that protected their interests. Undeterred by the challenges they faced, they will be formalizing their presence in China with an entity to expand their operations.

### **CHALLENGE:** Finding and negotiating with a potential partner

The Education market in China is flourishing; worth around USD \$288 billion and growing. Families are willing to invest heavily in their children's education whether in preparatory schools for standardized tests; in language lessons; or in preschool and early education. In a country that is quickly transitioning into a service economy, education is highly valued as a way to get ahead and be competitive against 1.3 billion other people.

As such, a robust market has sprung up to meet the demand. Not all businesses and individuals in the industry value the spirit of 'education' however; there are some just looking to capitalize

on the trend and make a quick buck. Finding the right partner with which to initiate long-term programs can pose challenging to those operating in the space, particularly for foreign investors where partnerships are often required by law.

With the assistance of a Chinese partner, our client wished to initiate a variety of programs including arts, exchange, and special education programs. A lack of familiarity with the way things work and market regulations can potentially open a company up to being taken advantage of. Thus, our client needed help in evaluating and then negotiating with potential partners.

## **SOLUTION:** Provide legal counsel to increase transparency and enact safeguards

What the client needed to find their ideal business partner was ironically, a partner. They needed someone whom they could trust to assist them in navigating a new market, a different culture, and foreign legalese.

Naturally at a disadvantage by operating in a foreign language, the client required assistance in reviewing contracts. Engaged on retainer basis for legal work, DSA was able to ensure that the agreements and contracts accurately represented the client's understanding of the partnership, including in what the programs would entail and certifying no discrepancies existed between the English and Chinese versions – unless otherwise explicitly specified, the Chinese contract would prevail by default in mediation or court interpretation.

Highly familiar with not only the regulatory environment, but also the business culture in China, we were able to help the client with

their overall business strategy; advising on how to approach the market and seek out new partners. The client was also able to take advantage of our existing channels for networking purposes.

Additionally, rather than being led in the negotiations by their Chinese partners, under DSA's representation, the client was able to instead steer them. The final agreement had to be something that the client was confident in and which would protect the organization and their investment in case the partnership goes awry.

Before they decided to incorporate a company in China, the client also got a jump start on protecting their Intellectual Property with our IP team applying on their behalf. It is advisable for anyone thinking about China as a potential market to apply for IP protection as China operates on a first to file system.

## **IMPACT:** Client establishes partnership program and desires to expand efforts by setting up an entity

The lack of transparency in China's education sector should not deter foreign investors from entering it. It is a highly lucrative market that will only grow further as China continues transitioning into a service economy and its middle class increases. By having someone on your side fully committed to your interests, the risk of opaque situations can be significantly reduced.

Engaged on retainer services, we were able to help our client with the communication, negotiation and the legal work. We made

sure their interests were accurately represented and that the process was wholly transparent. They were able to set up a detailed, long-term exchange program with a Chinese partner with the aim to bridge cultures, languages, and not only bring Chinese students to American universities, but also to ensure they succeed there.

DSA will help the client set up their China office and continues to assist them in achieving their goals in the market.



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