GUIDE TO

DOING BUSINESS

IN CHINA

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Doing Business in China

Background

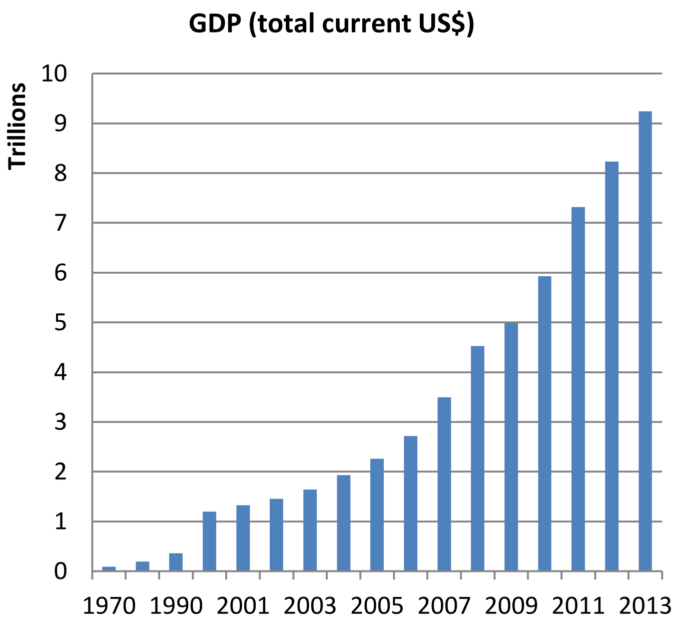
China has a population of more than 1.3 billion and covers an area of 9.6 million square kilometres. It is divided into 23 provinces, 5 autonomous regions (Tibet and others), 4 Central Government municipalities, and two Special Administrative Regions (Hong Kong and Macau). Taiwan remains an independent and separate nation. Hong Kong and Macau are self-governing entities with a very high degree of autonomy including their own legal systems, currency, immigration controls and passports, taxation and international treaties.

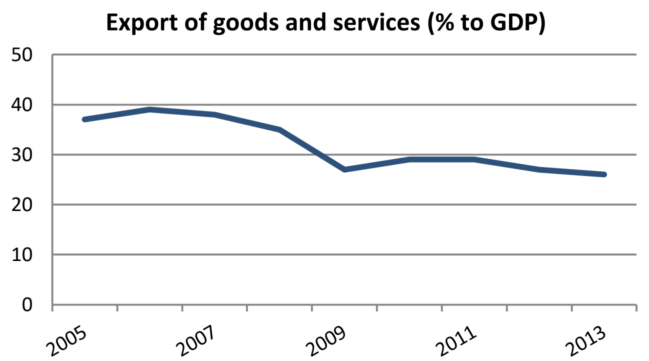
The Chinese coastline is 18 thousand kilometres long with many commercial harbours. Early foreign investments, as a result of government policy, focused on the coastal provinces but increasingly the advantages of other provinces and inland cities are being discovered. The six Special Economic Zones of Hainan, Zuhai, Shenzhen, Shantou, Xiamen and Pudong are situated on the coast.

China is not a homogeneous country and there are significant cultural and linguistic differences between the north and the south of the country. There is also an east-west divide since economic growth has been strongest in the coastal areas and the inland provinces have lagged behind.

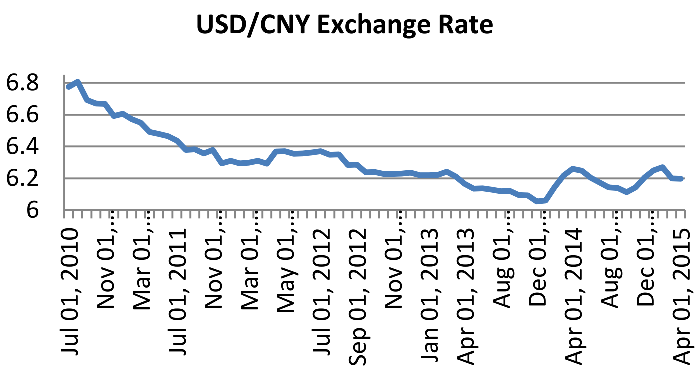
In China there are often four layers of government – National, Provinicial, City and Municipality. There are different rules and regulations and taxes in each place as well as industry-specific regulations which are enforced differently.

China's economy has seen an amazing growth since the late seventies when China's Open Door policy and other reforms to enhance economic growth were enacted. China's economic growth is mainly export driven.





The Chinese currency the Renminbi ("RMB") or Yuan is not yet fully convertible although it is expected to become so in the future. In past years the currency has been closely aligned to the US Dollar although recently the Yuan has been constantly appraised against the US Dollars, and the Chinese government has allowed more flexibility. Hong Kong is being recongnized as an offshore RMB center, this gives Hong Kong a unique capability to issue RMB denominated financial products outside of Mainland China.



Portfolio Investment In China

Many Chinese companies are listed on the Hong Kong, New York and London stock exchanges and on secondary markets. In China there are two stock exchanges in Shanghai and Shenzhen. Companies listed in China have two classes of shares "A" and "B". "A" shares are quoted in RMB and are mainly restricted to local investors although some foreign investment funds can buy them too. "B" shares are quoted in US dollars and are available to foreigners. There are plans to eventually abolish the distinction. Several investment managers operate funds dedicated to Chinese stocks from Hong Kong and other financial centres and this would be the recommended channel for investors wanting exposure in China.

Doing Business With No Presence In China

Over the past twenty years China has become a major manufacturing and exporting country. Shanghai and the northern part of China is predominant in heavy industry – steel, automobile, ships and petrochemicals. In the south electronics, garments, toys and consumer goods are concentrated.

Many companies source goods from China without having any permanent presence in the country. Often middlemen or trading companies are involved in the process. Despite the added expenses and fees for such intermediaries, they generally perform a useful function. Detailed, western-style contracts are rare and Zetland believes it is important for the following elements to be clearly agreed before a business relationship commences:

- Unambiguous specifications of the goods
- Quantities and prices
- Delivery/shipment dates
- Responsibility for warranty claims
- Payment terms

Quality control is critical and there are a number of quality assurance companies operating in China who will undertake product inspection during production and pre-shipment and factory verification for overall quality standards, compliance with labour regulations, etc.

Chinese manufacturers are generally not in a position to extend significant credit and will require payment by means of letter of credit or similar trade financing in advance or upon shipment.

Many companies sourcing goods in China will use a Hong Kong company to reinvoice the sales to the buyer. The goods may be shipped directly from China but the Hong Kong company can take a margin on everything sold. Properly structured no tax is payable in Hong Kong since there is no taxable source in the territory. Each situation is different and Zetland will be pleased to advise on what is possible (see Zetland's Guides to Offshore Operations and Hong Kong companies for further information).

Some buyers feel that conducting business through a Hong Kong company will also enhance credibility in China and may lead to more favourable business terms. Hong Kong and China have also entered into a series of agreements called the Closer Economic Partnership Arrangements (CEPA) which give Hong Kong companies some advantages in certain industries in China. To avoid your company having to rent an office or employ staff in Hong Kong, Zetland Fiduciary Group can cost—effectively manage all functions of your Hong Kong company by providing the incorporation and subsequent outsourcing services such as accounting, tax , financial reporting and corporate compliance.

Structures For Investments

The three typical entities through which foreigners can do business directly in China are a Representative Office, Joint Venture or Wholly Owned Foreign Enterprise. The regulations, tax treatment, business categories, and requirements for each type of business are different. These differences are not only limited to the types of business, but are also specific to each province, city and sometimes district.

The brief information below is intended to give a general idea of the major holding structures but detailed advice is necessary since each case is different.

Zetland has years of experience in helping clients to start and maintain operations in China and is able to further assist. Zetland has strategic alliance with professional firms providing tax, accounting and business consultancy services in Shanghai, Chongqin ,Guangzhou, Beijing and all major cities throughout China.

Of particular note is Zetland's human resources sister company – JM Gemini which has offices in Shanghai, Beijing, Guangzhou and Shenzhen. JM Gemini provides services for recruitment of executive, permanent and temporary staff.

Hong Kong Holding China Business Structure

When a company grows to be international, the negative side of running suboptimal profit allocation strategies, among its entities, can be significant. If the company intends to reap the full benefit of an international presence, it should accurately, and in a timely manner, plan where to turn a profit. Hong Kong remains the largest conduit for investment in China although the British Virgin Islands rank second. Most investors in China will use a Hong Kong or offshore company as their investment vehicle in order to insulate their parent companies against potential liabilities.

Concerns over direct exposure to China liabilities, ease of a future sale of a China investment, and certain tax planning and profit distribution capabilities can make the insertion of a holding company as part of your China strategy an interesting option.

Benefits of of a Hong Kong Holding company if you plan a Wholly Foreign Owned Enterprise (WFOE), Foreign Invested Commercial Enterprise (FICE) or Joint Venture are:

Protection and Liability: The Hong Kong holding company is fully liable for the China investment and protects your existing foreign company from all liability, which minimizes the risk of investors.

Flexibility: In Hong Kong, companies are allowed to specify the rights and obligations of shareholders towards the company and each other in its memorandum and articles of associations or a shareholders agreement.

Profits Repatriation Structure through royalties and license fees: Under the Double Tax Avoidance treaty (DTA) royalties and license fees received by your Hong Kong holding company from the China entity are tax free, although they generally attract a withholding tax in China of about 7%. However this compares favorably against China's tax on profits of 25% or withholding tax to other countries. Savings of approximately 13% of your total net profit in China can be achieved. That said, these require profit repatriation structures to be built into the Articles of Association of your China entity.

Restructuring China investment: When it comes to any restructuring, reallocation or sale of part or all of the equity of your China entity, we will assist you to structure them in your Hong Kong holding company. It is more convenient and time saving handling this in Hong Kong rather than conducting these steps in a China entity and deal with Chinese regulators which at times, have proven to be unsupportive or not responsive.

*Sales of China investment without triggering Chinese regulations***:** It is very time consuming to sell companies in China as a foreign investor, going through the rules and regulations the government imposes on foreign invested enterprises (FIEs). Selling a Hong Kong holding company involves much less bureaucracy without triggering any application and approval processes by the Chinese authorities.

Hong Kong Tax free Dividends and Registered Capital: Dividends received by your Hong Kong holding company from your China entity are tax free as there is no dividend tax in Hong Kong. These dividends can remain in Hong Kong and can be used for further investment in the region or worldwide. The registered capital amount which must be paid into your China entity must be booked in its immediate holding company as registered capital. If your China entity makes a profit and your existing foreign company requires these profits to be repatriated as working capital, the benefits of your existing foreign company establishing a Hong Kong subsidiary which in turn establishes a China subsidiary will be as follows –

- The registered Capital amount which ultimately needs to end up in your China entity is transferred from your existing foreign company to the Hong Kong subsidiary shielding your company from liabilities in China exceeding the investment capital.
- When profits are earned in China and transferred to your Hong Kong Company at potentially lower withholding tax rates it is booked as dividend and is received tax free.
- These dividends can then be transferred back to your existing foreign company potentially tax free as a repayment of the loan.

China Withholding Tax on Dividends: Since 1st January 2008, together with the new unified profits tax of 25%, China reinstated its 20% withholding tax on dividends payable by a Chinese subsidiary to its foreign investor. If the Chinese subsidiary's parent company is a Hong Kong entity, a foreign investor would benefit from the double taxation agreement existing between Hong Kong and China which reduces the withholding tax on dividends payable by a Chinese subsidiary to its Hong Kong parent company from 20% to 5%. If the Hong Kong company owns less than 25% of the share capital of the Chinese entity, then the withholding tax is 10%.

Transfer pricing and manufacturing profits: If your China company is a manufacturing operation and the goods are invoiced and sold through the Hong Kong Holding company, only 50% of the profits are assessed as sourced in Hong Kong and therefore taxable.

Profits from the sale of goods in the Hong Kong Company can be used for re-investment. Professional advice on corporate structure can save approximately USD 0.06 for every one dollar worth of goods sold.

Consolidation and international accounting standards: Accounting standards in Hong Kong follow the International Financial Reporting Standards (IFRS), therefore consolidation with foreign parent companies is easier than consolidating the accounts of a Chinese entity directly into the accounts of foreign parent companies.

Access to a variety of financing instruments: Financing in Hong Kong is more accessible than in China, and there are better varieties and more advanced options at hand. Additionally, Hong Kong banking has a very high standard in technology and security, and all major international banks are located in Hong Kong. In the contrary to China, there are no restrictions or approvals necessary in Hong Kong to receive or transfer funds or foreign currencies.

Shareholding and incentive scheme for employees: **W**hen making an investment in China giving incentives to management has often to be considered. Offering an incentive or shareholding scheme (stock options) is commonly used to maximize benefits. These schemes are facilitated via a Hong

Kong entity and much greater flexibility is given without having to establish them in China.

Representative Office (RO)

Also known as Permanent Resident Office, and as the name suggests, this type of entity is set up for representing the parent company in China. It is the easiest and most cost-effective method to establish an initial presence in China. Representative Offices are permitted to conduct non-profit making activities, such as liaison with clients, market research, quality control, technology exchange, marketing and sales administration, etc. Representative Offices are not permitted to conduct any profit making activities in China and cannot invoice sales.

Applicants for setting up a Representative Office must have operated legally for at least two years in their home jurisdiction. The documents filed with the licensing authority must be translated into Chinese. A set of corporate documents has to be notarised, apostilled and authenticated by a China Embassy.

Depending on the province, city and/or district, taxation of the representative office is assessed on declared expenses at the rate of approximately 11%. The funds for the Representative Office must be transferred directly from the parent company.

The records of the Representative Office are regularly inspected by the authorities and there needs to be an individual nominated as the local representative. A place of business needs to be established with a lease agreement in the name of the office and a nameplate.

Joint Venture (JV)

A Joint Venture is a legal entity in China that is usually composed of two parties: A foreign investor and a Chinese investor. This business arrangement is usually set up by equity or cooperative methods. The main difference between Equity Joint Ventures and Cooperative Joint Ventures is the allocation of profits. The Cooperative Joint Venture offers more flexibility than the Equity Joint Venture.

The Chinese government favours and encourages this form of arrangement for obtaining advanced technology, modern administration and management skills. In return, foreign investors are able to access the Chinese market and enjoy low labour and production costs.

A Joint Venture may be more suitable for business activities deemed “limited” and “prohibited” by the Chinese government. These include, but are not limited to, restaurants, bars, construction, car production and cosmetics. These types of business activities would not be approved as WFOEs by the Ministry of Foreign Trade and Economic Cooperation.

Wholly Foreign Owned Enterprise (WFOE)

A Wholly Foreign Owned Enterprise is the most popular choice for a foreign company seeking to do business in China in international trading, manufacturing, processing, assembling or other profit making activities.

A WFOE is a Chinese limited liability company which is established with 100% foreign capital and is therefore totally under the foreign investors’ control. The registered capital may be paid up through a combination of equipment and cash. A WFOE's operation, including what it can or cannot do, capital structure, financial and accounting practice are governed by the articles of association.

Prior to March 2014, all FIEs were required to register a minimum capital amount and to pay in their capital over a prescribed period of time. With the introduction of China’s amended company laws this year, both minimum capital requirements and the prescribed investment schedule have been abolished in favour of a subscribed capital system for companies that are not engaged in business activities requiring special approvals.

The amount of registered capital must be declared during the licensing phase of the registration process. The total investment figure is represented by the ratio between foreign-contributed capital and debt. The registered capital should cover all the FIE's initial investment expenses and may be used immediately for the newly forme company's expenses. It is unlawful to inject the funds as stated and then withdraw them.

The tax rate for WFOEs varies based largely on where it is registered. Generally, a WFOE is subject to a business invoice tax of 6% for selling goods or services in China. The profits tax rate is 25% and will be charged by the provincial and city governments.

Many cities in China now offer incentives via special economic and free trade zones to WFOEs primarily engaged in exporting and re-exporting. These zones usually provide attractive tax breaks to encourage foreign investment. The rates and terms are usually different from zone to zone and city to city. Certain industires, such as high technology, manufacturing and agriculture are favoured.

For companies seeking to access the local market, it is important to know that the Chinese government defines foreign goods and services under three categories: "encouraged", "limited" and "prohibited". Each has its own requirements and regulations that guide the activities of the WFOE. In addition, it is important to mention that China's internal reform of the legal, financial, accounting and tax standards is an ongoing and often confusing process that is evolving to meet World Trade Organisation requirements. It is important to take competent advice before establishing a WFOE.

Capital Required

Although the Chinese government has abolished minimum capital requirements, local bureaus may in practice still require foreign investors to commit to a minimum amount, based upon previous investment expectations, before they grant approval. In general, the investment required is dependent upon the business scope, volume of sales, company size and location, and is judged on a case-by-case basis by the local authorities. The Chinese authorities are likely to assess what would be a reasonable capital injection for each specific project.

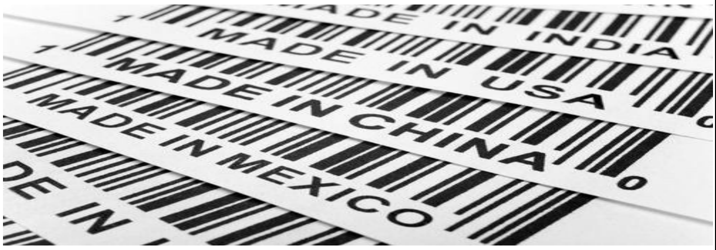
Document Requirements

- 2 sets of corporate documents certified by a Chinese embassy or Chinese consulate overseas. For individual investors the passport copy of investors need to be certified by a Chinese embassy or consulate. Double check with us if the individual investor is currently in China
- 2x Bank Reference Letters from the investor's bank declaring a good standing
- Passport copy of: (i) Parent company's director (ii) China company's Legal Representative and (iii) China company's supervisor
- The China Legal Representative must provide 6 photos (2 inches size) and a brief resume
- A brief introduction of the foreign investor(s) including name, address and telephone number
- Submission of registered capital, Business Scope, 5 proposed Chinese names, office address, 2x leasing contracts, 2x certificate of real estate ownership and 2x landlord identification
- Letter of Authorization

A Trading WFOE need to submitt the following additional documents: i) latest annual audit report copy from the parent company by a Certified Public Accountant (CPA) and ii) Custom HS Code of proposed Import/Export products in China.

The required documents may change slightly due to the location and ever changing regulations.

The following additional documents are to be provided if the investors want to incorporate a Manufacturing WFOE in China: i) purpose and estimated investment amount, ii) the WFOE's operational structure and number of employees, iii) permission for land use and environment evaluation report, iv) product description, size of production, detailed list of equipment and business plan, v) environmental protection measures, vi) requirement plan of utilities such as power and water supply.



General Import and Export Trade

General trade refers to the import or export of goods by enterprises in China with import-export rights. In China's customs statistics, the scope of general trade covers imports and exports using loans or aids, the import of materials by FIEs for processing of goods for sale in the domestic market, the export of goods purchased by FIEs and manufactured by processing domestically-produced materials, the import of food and beverages by restaurants and hotels, the supply of domestically-produced fuel, materials, parts and components to foreign vessels or aircraft, the import of goods as payment in kind in lieu of wages in labour service cooperation projects with foreign countries and the export of equipment and materials by enterprises in China as investment in kind for their investment abroad.

Import Quotas and Licensing

According to the New Foreign Trade Law amended in April 2004 importing goods and technologies is divided into four categories, namely prohibited imports, restricted imports, free imports, and goods under tariff-rate quota management. Among these, the import of goods under quantitative restrictions is subject to quota management and licensing control while restricted technology imports are under licensing control. In principle, free imports are not subject to any restrictions. However, due to the need to monitor imported goods, the foreign trade department under the State Council has introduced the automatic licensing system on certain free import goods and has published a catalogue on them. For the import of technology classified as free imports, registration and contracts filing formalities are required.

For the import of goods and technologies subject to quota and licensing control in general trade, it is necessary to obtain prior approval of the foreign trade department under the State Council or the foreign trade department in conjunction with other relevant departments under the State Council. For the import of commodities subject to automatic import licensing, the consignee should apply for automatic licensing before the customs declaration and obtain prior approval from the foreign trade department or their appointed agents.

China has also revised certain documents governing the administration of imports by FIEs in accordance with its WTO commitments. FIEs importing items subject to quota and licensing control for investment purpose or own use, or for manufacturing products for domestic sale, or for domestic sale in China directly, should apply for the required import quota, import licence or automatic import licensing. FIEs importing within their investment limit raw materials, parts and components for investment purpose or own use, or goods subject to automatic licensing, are not required to obtain an Automatic Import Licence. Commodities imported for processing trade subject to licensing control are exempt from import licencing, with the exception of refined oil products, classified chemicals, poisonous chemicals and CD-ROM manufacturing equipment.

Export Quotas and Licensing

China imposes restrictions on the export of certain commodities. These include domestic resources that might be depleted and are in short supply or need conservation in China, and goods destined for countries or regions with limited market capacity and whose exports therefore need to be restricted. Goods under export restriction are subject to quota and licensing management while technologies under export restriction are subject to licensing control. For commodities subject to export quota control in general trade, it is necessary to apply for an export licence by presenting the export quota certificate. For the export of commodities subject to export licensing, it is necessary to apply for an export licence by presenting the export contract. However, FIEs exporting items subject to quota management and licensing control must first obtain approval from the Ministry of Commerce before applying to the relevant department for an export licence. For the export of commodities whose export quotas are obtainable through open tender, utilisation with compensation or bidding without compensation, application for the licence should be made after a successful bid has been made and the quota amount confirmed.

Tariff on Imports and Exports

China imposes import tariffs and import-related value-added tax (VAT) on goods imported in general trade. Import-related consumption tax is also levied on certain goods. China does not impose levies on exports with the exception of a few types of raw materials and vital resources.

China applies a zero tariff rate on exports with the exception of certain restricted or prohibited goods and technologies. In other words, there is no need to pay VAT or consumption tax on exports, and tariffs already paid will be rebated.

The State Taxation Administration stipulates that goods exported by foreign trade operators with export production capacity are eligible for export rebate/exemption under the "VAT exemption, deduction and rebate" system; goods exported by foreign trade operators without production capacity are eligible for export rebate/exemption according to existing regulations on export rebate for foreign trade enterprises; while goods exported by foreign trade operators recognised as small-scale VAT taxpayers are exempt from VAT and consumption tax according to existing regulations. At present, the export rebate policy is applicable to FIEs under the "VAT exemption, deduction and rebate" system.

Import and Export Process Flow Chart

Tax System in China

Under the current tax system in China, there are 26 types of taxes, which, according to their nature and function, can be divided into 8 categories, they are Turnover taxes, Income taxes, Resource taxes, Taxes for special purposes, Property taxes, Behavioural taxes, Agricultural taxes and Customs duties. However, only few of them are applicable to Foreign Investment Entities.

Foreign Investment Taxation of a WFOE

For Wholly Foreign Owned Entities there are three kinds of major tax levies on day to day business: i) Corporate Income Tax, ii) Value Added Tax, iii) Sur Tax.

Corporate Income Tax

1) Taxpayers

The taxpayer of Enterprise Income Tax includes any state-owned enterprise, collective enterprise, private enterprise, joint operation enterprise, joint equity enterprise, and other organizations.

(2) Tax base

The taxpayers' world-wide income from production and business operations and from other sources shall be subject to Enterprise Income Tax according to law. The Enterprise Income Tax is computed on the basis of the taxable income which is equal to the total income earned by the taxpayers in a tax year less allowable deductions for the same tax year.

(3) Tax rates and computation of tax payable

The amount of Enterprise Income Tax payable is computed on the basis of the taxable income and by applying the rate of 25%:

Income tax payable= Taxable income x 25%

(4) Major tax exemptions and reductions

a. Enterprises operating in an autonomous region requesting for preferential treatment and incentives may be, upon the approval of the People's Government at provincial level, given tax reductions or exemptions for a specified period.

b. Tax exemption or tax reduction may be granted to enterprises or businesses that meet the relevant rules of the State, such as high-technology enterprises and enterprises engaged in tertiary industry set up in line with the relevant regulations of the State, enterprises using waste as their key raw materials, newly-registered enterprises located in the revolutionary base areas, minority nationality areas, remote areas and poor areas approved by the State, enterprises-suffering from serious natural disasters, newly-registered service enterprises providing social employment opportunities, factories and farms run by schools under the educational administration departments, welfare production enterprises belonging to the civil administration departments, township enterprises, State-owned agricultural enterprises.

Value Added Tax

1) Taxpayers

The VAT taxpayer includes any enterprise, unit and other individual engaged in sales of goods, importation of goods within the territory of the People's Republic of China.

China’s tax system distinguishes between general and small-scale payers of VAT.

General VAT Payer

Companies with revenues exceeding RMB 500k, (manufacturing) or RMB 800k (commercial), or 5 million (services) are classified as General VAT payers.

The actual amount of VAT payable by general VAT payers is the excess amount of output VAT over input VAT. The tax rate can vary between 6-17% depending on whether it is applied to the production and distribution of goods or the provision of services. The types of goods and services will also affect the applicable tax rate.

Small-scale VAT Payer

The VAT payable by small-scale taxpayers is calculated more simply on the basis of the overall sales value and the tax rate without deduction of an input VAT. This means that input VAT paid by small-scale VAT payers on the purchase of goods from general taxpayers is not refunded by the tax authorities. The applicable tax rate is 3% for wholesale, retail, manufacturing enterprises and services.

(2) Taxable items and tax rates

There are different rate of VAT Taxable in varies indusrties, 11% are levied to the following business:

i. Agriculture, forestry, products of animal husbandry, aquatic products;

ii. Edible vegetable oil and food grains duplicates;

iii. Tap water, heating, cooling, hot air supplying, hot water, coal gas, liquefied petroleum gas, natural gas, methane gas, coal/charcoal products for household use;
4. Books, newspapers, magazines (excluding the newspapers and magazines distributed by the post department);
5. Feeds, chemical fertilizers, agricultural chemicals, Agricultural machinery and plastic covering film for farming;
6. Dressing metal mineral products, dressing non-metal mineral products, coal.

Crude oil, mine salt and goods other than those listed above, are subjected to 17% General VAT tax rate.

(3) Computation of VAT

To compute the VAT payable, the normal taxpayers need to separately calculate the output tax and the input tax for the current period. Then the difference between the output tax and the input tax shall be the actual amount of VAT payable.

The formula for computing the General VAT Payer is as follows:

Tax payable = Output tax payable for the current period - Input tax for the current period

Output tax payable = Sales volume in the current period × Applicable tax rate

The formula for computing the Small-scale VAT Payer is as follows:

VAT payable = Sales Volume x 3% / (1+3%)

(4) Tax exemptions

The exempted items include: self-produced primary agricultural products sold by agricultural producing units and individuals;contraceptive medicines and devices; antique books purchased from the public; instruments and equipment imported for direct use in scientific research, experiment and education; imported materials and equipment granted by foreign governments or international organizations; articles imported directly by organizations for the disabled for exclusive use by the disabled; the items used in the sale are items that have been used by other individuals.

On January 1, 2012, the trial of the value-added tax (“VAT”) Transition from business tax (BT) to VAT (“VAT Transition”) for transportation and certain modern service industries was implemented in Shanghai. In July 2012, the State Council further expanded the pilot area to Beijing and seven other provinces and municipalities in stages: Beijing (September 2012); Jiangsu and Anhui provinces (October 2012); Fujian and Guangdong provinces (November 1, 2012); and Tianjin Municipality, Zhejiang Province and Hubei Province (December 1, 2012).On May 1th, 2016, China implemented the policy of replacing business tax with VAT.

The objective is to replace the dual system of indirect taxes - value added tax and business tax - with a single VAT system, which applies to the entire goods and services sector.

Sur Tax

(1) Taxpayer

The sur taxpayer includes any enterprise, unit and other individual engaged in sales of goods, importation of goods provision of professional service, prepair and replacement within the territory of the People's Republic of China. In other words, it is the tax for every company that operates in China.

(2) Tax Rate and calculation

Approximatly 1% on the VAT which ever is applied.

Foreign Investment Taxation of a Representative Office

ROs of foreign governmental agencies, non-profit organizations are generally not taxable, however, subject to the approval of the China Tax Bureaus.

ROs of foreign service providers such as law firms, accounting firms are subject to Enterprise Income Tax (EIT), Business Tax (BT) and Individual Income Tax (IIT) for their employees. The EIT and BT will be determined according to the contractual income generated by the ROs through the provision of consulting services in China on behalf of their headquarter firms.

ROs of foreign enterprises engaging in trading, advertising, tourism, etc., are also subject to paying EIT, BT, and IIT. The EIT and BT will be determined by the operational expenses of the RO. Roughly speaking, EIT and BT together total to almost 11% of the total expenses of the RO.

Among the different methods of computing EIT and BT, the method that determines taxes based on total expenses results usually in the highest rates. If the RO cannot provide the proper documents that indicates the true nature of its parent office (law firm, advertising company, etc.), the computation method will most likely be determined by the tax officials.

Investment Capital

To establish an enterprise, a certain amount of capital is required as stipulated in the relevant regulations and application for business registration at the industry and commerce administration departments is also necessary.

Forms of Investment

Investors may make contribution to the registered capital of an enterprise in cash, in kind, or in intangible assets. Investors making contribution in kind and in intangible assets must provide proof of ownership and right of disposal, or other proof of their validity as required by law. Investors are not allowed to contribute leased assets or collateral assets.

Investors making contribution in intangible assets (excluding land-use rights) should provide asset appraisal or valuation reports. In general, the value of the contribution may not exceed 20% of the total registered capital of the enterprise.

If foreign investors are making contribution in cash, it should be in foreign currencies. However, profits in renminbi made from investment in other FIEs within the Chinese territory may be used as contribution in cash. When the full amount of registered capital has been paid up, the FIE should appoint a Chinese CPA to compile a capital verification report.

Investment Recovery

In general, during the operation period of the enterprise, investors are not allowed to withdraw their share capital by any means except through transfer of business as provided by law. For Sino-foreign contractual joint ventures (JVs) whose contract stipulates that all the fixed assets should be handed over to the Chinese party upon expiry of the JV, provisions can be made in the JV contract that the foreign party may recover its investment during the term of the JV. However, the foreign party should still be jointly responsible for the JV's liabilities in accordance with the relevant laws and regulations as well as the provisions of the contract. Any pre-tax investment recovery should be reported to the competent financial authority for examination and approval.

Sources and Use of Capital Reserve

The sources of an enterprise's capital reserve include: the balance from investors' capital contribution in excess of the prescribed amount of registered capital; the balance resulting from the different conversion/exchange rates used in the assets account and the paid-up capital account; and income in the form of donations.

The designated use of an enterprise's capital reserve include: in the event of heavy losses where the un-allocated profits of the previous year, the reserve funds and development funds of the enterprise are inadequate to make up for the shortfall, the board of directors may pass a resolution authorising the use of such funds in making up for the losses; upon the board of directors' decision and completion of the relevant procedures, the funds may be used to increase the capitalisation of the enterprise.

Income Management and Profit Distribution

Revenue from the sale of goods should be recognized when all of the following conditions have been satisfied:

- The enterprise has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The economic benefits associated with the transaction will flow to the enterprise; and
- The relevant amount of revenue and costs can be measured reliably.

In the case of a cooperative JV using product sharing as the income distribution method, the investors are considered to have realised their income when they have received their share of the products. The amount of such income is calculated as per the sale price of the products sold to a third party or as per the prevailing market price. Except otherwise stated in the contract or articles of association, the sale price of an enterprise's export products (or merchandise) should be ascertained by adding reasonable charges and profit margins to the costs if such products (or merchandise) are not directly sold by the enterprise.

Profit Distribution

Enterprises should pay income tax on the profits they earn in accordance with the law. After-tax profits should be distributed in the following order of priority:

1. Paying all kinds of fines such as breach-of-contract fines, late charges, late interest charges and other penalties;
2. Making up for previous years' losses;
3. Contributing to reserve funds, enterprise development funds, staff incentives and welfare funds;
4. Profit distribution to investors.

Equity JVs should distribute profits according to the actual proportion of capital contribution by the respective investors; cooperative JVs should follow the terms as stated in their contracts; whereas foreign enterprises should do so according to their articles of association. Investors failing to honour their contractual obligations in terms of capital contribution as stipulated in state regulations or other provisions in the contract will not be eligible for profit distribution.

Unless otherwise stated in the contract or articles of association, profit to be distributed in cash is in principle in the currency of the income from the enterprise's operation. Investors may convert their profit in renminbi into foreign currencies but have to be responsible for the possible profit and/or losses in currency exchange. Foreign investors may remit their profit overseas, or they may reinvest it in China.

Reserve Fund, Enterprise Development Fund, Staff Incentive and Welfare Fund

The ratio of contribution to reserve funds, enterprise development funds, staff incentives and welfare funds are determined by the board of directors. Among these, reserve funds must account for at least 10% of an enterprise's after-tax profits. When the reserve funds reach 50% of the enterprise's registered capital, further contribution is not required. It is not mandatory for an enterprise to set aside an enterprise development fund.

Reserve funds are intended primarily to make up for an enterprise's operating losses. Development funds are usually used for expanding the enterprise's scale of production or operation; and upon approval by the original approval authority, such funds may also be used to increase investment. Staff incentives and welfare funds are earmarked for ad hoc incentive programmes and collective benefits such as subsidies for the purchase, construction, maintenance and repair of staff housing.

Control over Foreign Exchange of Foreign-Invested Enterprises

Registration of Foreign Exchange of Foreign-Invested Enterprises

Within 30 days after being issued a Corporate Legal Person Business Licence a foreign-invested enterprise (FIE) must apply for registration of foreign exchange with the State Administration of Foreign Exchange (SAFE) at the place of its business registration by presenting its FIE Background Information Registration Form, official approval documents and approval certificate of establishment of FIE (copies), Corporate Legal Person Business Licence issued by the State Administration for Industry and Commerce and copy, approved valid contracts and articles of association (copies), and other documents as required by SAFE.

When applying to SAFE for permission to open a foreign exchange account and opening the account with a financial institution, the FIE has to present its Foreign Exchange Registration Certificate and other documents. Upon opening the account, the designated foreign exchange bank would put down the name of the bank, currency type, account number, type of account, and date of opening of account on the foreign exchange registration certificate, complete with its official seal.

For FIEs which have completed the foreign exchange registration at the place of business registration, branches of the FIE elsewhere in the mainland or outside China are not required to go through the foreign exchange registration process again.

Control Over the Current Account of Foreign-Invested Enterprises

Upon approval by SAFE, a FIE can open a foreign exchange settlement account with a designated bank by presenting its Foreign Exchange Registration Certificate and other supporting documents. For foreign exchange received under the current account, the FIE may retain a certain amount of it within the limit prescribed by SAFE. Any excess portion has to be sold to designated banks.

Foreign Exchange Payments under the Current Account

When a FIE has to make external payments within its business scope, it may draw the required amount from its foreign exchange settlement account and any shortage can be made up for by purchasing foreign exchange with renminbi at designated banks.

Details are as follows: (1) remittance of after-tax profits and bonuses to the foreign party of a FIE can be made from the foreign exchange account or at designated banks by presenting the board of directors' profit distribution resolution; (2) the after-tax wages and other legitimate incomes in renminbi of a FIE's foreign, overseas Chinese, Hong Kong, Macau and Taiwanese employees may be converted into foreign currency and remitted at designated banks upon presentation of relevant supporting documents; (3) after-tax dividends payable in foreign exchange may be remitted from the foreign exchange account or at designated banks upon presentation of the board of directors' profit distribution resolution.

Management of Receipts under the Capital Account

Receipts under the capital account:

- Capital fund in foreign exchange contributed by the foreign and Chinese parties to a FIE;
- External debts, external debts-turned-loans, and foreign exchange loans extended by domestic financial institutions in the mainland to a FIE;
- Foreign exchange revenues derived from a FIE's share issue and other foreign exchange receipts under the capital account.

Management of Payments under the Capital Account

In accordance with the Regulations for Foreign Exchange Control of the People's Republic of China all foreign exchange payments under the capital account have to be approved by SAFE.

Payments from the capital account:

- Repayment of loan principal, and provision of external guarantee in relation to contract compliance;
- Increase, assignment or other forms of disposal of capital fund in foreign exchange of FIEs;
- Remittance of capital upon liquidation of FIEs in accordance with relevant regulations;
- Increased investment or reinvestment within the mainland by the foreign party to a FIE with profits received;
- Increased investment within the mainland by investment companies with foreign exchange capital.

Repayment of loans: China adopts an approval system in managing external debts. SAFE will not approve any repayment of external debt unless it has been properly registered. When applying to SAFE for approval to make repayment of external debt principal, interest and related fees a FIE should present proof of external debt registration, the external loan agreement, and notice by creditor on repayment of principal and interest (the notice should state the respective amounts of principal and interest, interest rate, method of interest computation, and number of interest-bearing days, etc). Upon approval by SAFE, the FIE may make payment through its foreign exchange account or at designated banks. For repayment of foreign exchange loan principal, interest and related fees to domestic financial institutions in the mainland, the FIE may, upon approval by SAFE, proceed to the financial institution where it has an account with to complete the necessary procedures by presenting the required documents such as the foreign exchange-turned-loan registration certificate, notice by creditor on repayment of principal and interest, and loan agreement.

External guarantee: The provision of external guarantee has to be approved by SAFE, with the relevant registration procedures completed at the local foreign exchange administration. External guarantee in relation to contract compliance also has to be approved by SAFE.

Offshore investment: For investment abroad the source of funds has to be examined by SAFE before an application is filed with the competent approval authority. Upon approval the funds may be remitted out of the country in accordance with the relevant regulations.

Termination of FIE: When a FIE is liquidated and after all taxes have been paid in accordance with the relevant regulations, the amount that goes to the foreign party may, with approval from SAFE, be remitted through designated banks or carried in person out of the country. However, foreign exchange that goes to the Chinese party should be sold to designated banks in full.

Reinvestment: Should the foreign party to a FIE wish to reinvest its profits in renminbi or foreign exchange in China, it has to apply to the local foreign exchange administration by submitting the relevant documents.

Upon verification, the local foreign exchange administration will issue a certifying document with which the reinvested enterprise can apply for business registration and for credit checking by certified public accountants. Upon presentation of valid proofs from SAFE, the reinvesting enterprise can make payment from its foreign exchange account or capital fund account with the bank.

The foreign party to a FIE wishing to remit its legitimate share of profits in renminbi out of China may complete the remittance procedure at the bank (by drawing from its own foreign exchange account or by purchasing the required foreign exchange) by presenting the necessary documents. Alternatively, upon SAFE approval, it can reinvest its renminbi profits in China and enjoy the treatment of foreign exchange investment.

Increased investment: Should the foreign party to a FIE wish to increase its investment in China, it has to apply to the local SAFE office by submitting the relevant approval documents from the competent departments and other materials.

Foreign-funded investment companies: Should these companies invest their foreign exchange funds in China, approval has to be sought from SAFE.

Increase, assignment or other forms of disposal of registered capital: Should a FIE wish to increase, assign or dispose of its registered capital in other ways, approval by SAFE is required. By presenting the "FIE foreign exchange investment capital domestic transfer approval letter" issued by SAFE, the FIE can transfer its foreign exchange at designated banks.

Transfer of foreign exchange is prohibited between a non-investment FIE and the companies they invest in, as well as among the different companies invested by the non-investment FIE. Should special circumstances warrant such transfers SAFE approval must be sought.

Repatriation of Profits

China allows FIEs and enterprises issuing shares offshore to remit their profits, dividends and bonuses out of the country.

Such remittances do not require the prior approval of SAFE. The enterprises, by presenting the necessary documents, can make the remittance direct through the bank, which will report details of the remittance to the local foreign exchange administration.

Documents to be submitted to bank

- Tax payment statement and tax return (enterprises eligible for tax exemption and reduction should also submit proofs issued by local the tax office);
- Audited report prepared by an accounting firm on profits, dividends and bonuses of the current year;
- Resolution of the board of directors on dividend and bonus distribution;
- Foreign exchange registration certificate;
- Credit report prepared by an accounting firm;
- Other information as requested by SAFE;
- For remittance of profits, dividends and bonuses from previous years,an audited report on the FIE's financial situation.

Bank will mark "profits, dividends and bonuses remitted" on the foreign exchange registration certificate and tax payment statement respectively, and endorse with an official seal. Within the first five working days of each month the bank will submit to the local foreign exchange administration department reports on profits (in spreadsheet format).

In accordance with the Notice on Issues Concerning the Remittance of Profits, Dividends and Bonuses by Designated Banks, SAFE is authorised to carry out random check of remittances amounting to an equivalent value of US$100,000 or more, or remittances deemed suspicious, to determine their authenticity.

The Use of RMB in Trade Settlement and Financing

With the ongoing development towards the internationalization of the RMB as a trade, invoice and reserve currency the authorities are loosening the currency exchange controls on RMB denominated transactions. Current account transactions have been greatly liberated. Through the RMB Trade Settlement Scheme trade or service related payments can be made in RMB without any further remittance approval. A fast growing percentage of China's external trade is already denominated in RMB.

In Hong Kong a fully deliverable offshore RMB developed with approval and support from the Mainland.

Renminbi retail and corporate banking	• Deposits — conventional and structured deposits, certificates of deposit • Currency exchange • Cheques • Bank cards • Remittance • Financing — trade financing, other kinds of loans and advances • Wealth management products (e.g. Renminbi bonds)
Renminbi capital market	• Debt origination • Investment funds (with access to both onshore and offshore markets) • Commodity-linked products • Real Estate Investment Trust (REIT) • Exchange-Traded Fund
Renminbi money and forex market	• Spot FX • Forward FX

	• Non-deliverable forward • FX options
Renminbi insurance	• Insurance plans and products

Enterprise Financial Systems and Standards

China's Ministry of Finance (MOF) has formulated and promulgated the Financial Principles for Enterprises as well as financial systems to be adopted by different trades. The rules also apply to foreign-invested enterprises (FIEs). Financial systems cover the following aspects: revenue and expenditure, asset management, cost management, criteria and approval procedures for expenditure, foreign currency management, internal control, and audit. This chapter will focus on the regulations governing FIEs' financial registration, establishment of financial accounting department, investment capital, scope and uses of expenses, liquidation, and advance recovery of investment by the foreign investor.

Financial Registration

A FIE should apply to the financial authority for financial registration within 30 days after submission of application for business registration or change of registration details. To apply for financial registration, an enterprise should complete the Financial Registration Form for Foreign-invested Enterprises, supported by the following documents: approval certificate for establishment of an enterprise; feasibility study report and its approval document; FIE contract (agreement), articles of association (copy) and their respective approval documents; business licence (copy); and information on the FIE's financial management system and related rules formulated in accordance with the relevant state regulations.

A FIE should submit its financial accounting statements and status report of its financial position to the competent financial or administrative authority and local tax office on a regular basis. The format, content and schedule for submission should follow the relevant stipulations by MOF. Annual financial statements and liquidation reports should be accompanied by an auditor's report prepared by Chinese certified public accountants (CPAs).

Liquidation

Upon dissolution of an enterprise in accordance with the contract, articles of association or due to other reasons, a liquidation committee should be formed within 15 days. In general, the liquidation committee should consist of directors of the enterprise and representatives of the creditors. Chinese CPAs or lawyers may also be hired to sit on the committee. If deemed necessary, the competent financial authority may send its staff to supervise the work of the committee. If the enterprise declares bankruptcy, the case should be filed with the people's court for bankruptcy proceedings.

After the liquidation committee announces the liquidation of the enterprise, it will inform the creditors who will declare the outstanding debts owed to them within a specified period. The committee will then draw up a liquidation plan, prepare balance sheets and other financial statements, assets lists, debts and liabilities lists, and give its opinions to the board of directors on asset disposal. Upon approval by the board of directors, the liquidation plan will be filed with the competent financial and administrative authorities for the record and implementation.

Liquidation assets include all the properties of the enterprise at the time of announcing the liquidation and the assets acquired during the liquidation period. However, three types of assets are excluded:

- The balance in the staff incentives and welfare funds and housing funds for mainland workers, and all properties and facilities purchased or constructed with such funds;

- The balance in the enterprise's insurance and other benefits for its mainland workers;
- The balance in the enterprise's trade union funds and the properties purchased or constructed with such funds.

Liquidated assets shall be appraised in accordance with the following rules:

- In accordance with the related stipulation of contract or article of association, if available;
- If there is no related stipulation of contract or article of association, price of liquidated assets should be determined through negotiation between Chinese and foreign investors, and the result shall be submitted to related government agencies for approval;
- If there is no related stipulation of contract or article of association, and Chinese and foreign invstores cannot reach an agreement, the price of liquidated assets shall be determined by liquidation committee by referring to opinions of appraisers, and the result shall be submitted to related government agencies for approval; or
- In accordance with ruling of court or arbitration result, if available.

Enterprises with legal entity status in China (i.e. limited liability companies and joint stock limited companies) should repay their debts with the company's registered assets. For enterprises without the status of a legal entity, the investors involved should bear unlimited liability for debt repayment and other related liabilities.

In a Sino-foreign cooperative JV where it is stipulated in the contract that the foreign party can recover its investment with priority during the term of the cooperation and that all the fixed assets will be handed over to the Chinese party upon expiry of the JV, both the Chinese and foreign parties should be jointly liable for debt repayment in the event of liquidation.

After all liquidation expenses are paid up, debts will be repaid in the following order of priority:

1. Overdue workers' wages and labour insurance fees;
2. Overdue national taxes;
3. Overdue debts.
4. Distribution of Residual Assets

In a liquidation exercise after deducting all the debts and losses the residual assets will be used to cover undistributed profits, capital surplus, other funds and the liquidation expenses. After all these deductions, the balance exceeding the amount of the paid-up capital is the net liquidation proceeds, which will be deemed as profit and, as such, subject to income tax.

Staff Recruitment

Employment Agencies

At present, the majority of employment agencies in China are organizations under labor and social security departments as well as personnel departments. There are also agencies run by enterprises, organizations and individuals. These agencies are usually called "employment centre", "human resources market" and the like. In recent years head-hunting companies have also emerged. Employment agencies operated by labor and social security departments and personnel departments usually offer standard services such as staff recruitment, personal files management and handling matters related to social insurance. They also maintain huge human resources databases assisting enterprises in hiring staff at all levels and even head-hunt senior executives for them.

Before using the service of an employment agency an enterprise should request the agency to provide proof of its legal status, approval certificate issued by the labour department, information on the scope of service, charge standards, name and telephone number of its supervisory authorities etc.

When appointing an employment agency an enterprise should present a letter of introduction on the enterprise itself, its business licence (copy) or other proof of registration as a legal entity, a profile on recruitment requirements, and identification document of the person-in-charge of the recruitment exercise. The profile on recruitment requirements should contain information such as an introduction of the enterprise, number of staff to be recruited, job type, job requirements, terms of employment, remunerations, fringe benefits and labour protection.

Currently, human resources fairs are a popular way to recruit employees in China. These events are specifically organised for enterprises to recruit staff, such as senior executives recruitment fairs, FIE staff recruitment fairs, and dedicated interview sessions with university graduates. These events are usually organised by employment agencies with participating enterprises setting up recruitment booths and job seekers admitted for a fee. Enterprises planning to hire staff through these fairs should consider various factors such as whether the events are well organised and the reputation of the organiser.

Labor Contract

Under the Labor Law, a labour contract must be signed between an individual worker and an enterprise, or workers may sign a collective contract with the enterprise. The contract forms the basis of the labour relation between the enterprise and the employee.

Contract authentication is a legal process whereby the labour administrative department conducts full-scale examination, verification and validation of all labour contracts signed between an enterprise and its employees. Hence, the process confirms the legality of a labor contract. At present, it is compulsory for all labor contracts signed between enterprises and their staff to be authenticated.

The enterprise should submit the labour contract to the local labor administrative department for authentication within 30 days after the commencement of service by an employee upon signing a labour contract. In the case of collective labor contracts, the contract should be filed with the local labor administrative department for the record. Collective contracts automatically enter into force 15 days after the date of receipt by the labor department if no objection is raised during that period.

The following documents are required for contract authentication (the list may vary in different localities, so enquiry at relevant local departments is advised):

- Labor contract and its copy;
- Business licence or its copy;
- Proof of identity of legal representative or authorised person;
- Identity card or proof of domicile registration of the employee;
- Proof of education attainment, medical report, Labor Handbook, and other relevant information of the employee.

New Labor Law

On January 1st 2008 China’s legislation passed a New Labor Law. The Labor Law aims to improve job security for workers and to discurange the continuance of fixed term contracts. The legislation further limits overtime, sets minimum wages and requires one month's compensation pay for dismissed employees for every year of employment. We have summarized the highlights of the Labor Law below.

If an employer does not sign a labor contract with the employee, the employee can claim a compensation of 100% of the salary for each month he was employed without a contract up to 12 months.

All employers are required to maintain a written employee handbook setting out the basic rules and regulations of employment. The failure to maintain an employee handbook means that an employer will effectively be unable to discharge employees for cause, since "cause" must be determined with reference to the employee handbook.

Under Chinese law, an employee can be discharged either at the expiration of a term contract or for cause.

If the employee continues on after the expiration of a second term-contract, the subsequent employment contract is deemed to be an "open-term" contract. Under an open-term contract, the employee is employed until he chooses to terminate the contract or reaches retirement age. The employer can only terminate the employment contract by discharge of the employee for breach.

A contract is not subject to a minimum duration. The allowed maximum probation however is limited to 1 to 6 months depending on the duration of the employment contract.

Only senior management and other employees with access to critical trade secrets can be required to enter into non-competition agreements. The agreement must be limited in duration to two years, in geographic scope to a reasonable area and the employer must pay compensation to the employee during the period that the non-competition restriction is in effect.

The new rulings on the issue of unions is still not clear, but what is clear is that companies cannot bar employees from setting up unions.

Trademark Registration in China

The Trademark Office and Trademark Management Office under the State Administration for Industry and Commerce (SAIC) are the government authorities for the registration of trademarks and management of trademark related matters in China. So called Trademark Affairs Offices are trademark agents set up in various major cities designated by the state and under the supervision of SAIC. The Trademark Review and Adjudication Board, also under SAIC, is responsible for handling disputes related to trademarks. Provincial-level administration offices for industry and commerce handle matters concerning trademarks under their jurisdiction, such as protecting the exclusive right to use registered trademarks and investigating acts of trademark infringement.

Application for Trademark Registration

In applying for trademark registration, the class and description of the goods should be specified in the application form according to the prescribed classification system. China adopted the International Classification System, which classifies goods and services into 34 and 8 categories respectively.

Where an applicant intends to register the same trademark for goods in different classes, a separate application for registration should be filed in respect of each class of the prescribed classification of goods. A new application should also be filed if a registered trademark is to be used in respect of other goods of the same class, or the design of a registered trademark is to be altered. If, after the registration of a trademark, the name, address or other matters concerning the registrant change, an application regarding the change should be filed.

A geographical indication may be the subject of an application for registration as a certification mark and a collective mark.

How Zetland Can Help

Although China has developed greatly in the past 30 years doing business there can often be confusing, frustrating and damaging to one's financial well-being without experienced and competent professional advice. Zetland is based in Hong Kong – still the premier gateway to China and has a team of experienced locals who are fluent in Mandarin. Zetland maintains a Representative office in Shanghai and executives travel frequently throughout the country. Zetland can enlist the help of many professionals including lawyers, accountants, real estate agents and marketing experts in addition to its partner. Zetland Group will go hand in hand with you helping you to successfully complete your China venture along the way:

- Setup Overseas Tax Planning and Liability Saving Structure
- Establish Fund Repatriation Scheme
- Setup Legal China Business Entities
- Setup Chinese Accounting System and Convert into Western Understandable Report
- Accounting Outsourcing
- Monthly and Annually Tax Filing
- Payroll Service
- Recruitment Service
- High Net Profit Individual Tax Planning
- Statutory Audit
- Corporate Business and Tax advisory

Hong Kong remains the largest conduit for investment in China although the British Virgin Islands rank second. Most investors in China will use a Hong Kong or offshore company as their investment vehicle in order to insulate their parent companies against potential liabilities. Zetland offers fiduciary services on a worldwide basis including the establishment and administration of asset protection trusts and foundations – charitable and commercial, offshore companies, offshore ship and aircraft registration, pre-IPO structuring offshore and the setting up of offshore mutual funds

Zetland also has creative solutions to many problems faced by US business people operating in Asia – for example how to avoid offshore companies becoming Controlled Foreign Corporations. Zetland is happy to offer suggestions although clients are advised always also to seek proper US legal and tax advice.

Zetland offers invoicing and administration services in Hong Kong including the establishment and operation of bank accounts, production of commercial documentation, etc. Zetland nominee companies can act as directors of Hong Kong or offshore companies and shares can be held on behalf of beneficial owners in a number of different ways. Excellent service coupled with strict confidentiality and discretion is the hallmark of Zetland's service.

Hong Kong companies are widely recognised by Chinese authoritied and complex attestation processes required for wholly foreign owned enterproses and representative offices that may take months elsewhere can be streamlined and concluded quickly in Hong Kong. Documents are easily translated into Chinese and Hong Kong companies can be incorporated with Chinese language statutory documents and Chinese names from the outset.

COMMUNICATING WITH ZETLAND

www.zetland.biz

Email : intray@zetland.biz

HONG KONG Zetland Corporate Services Limited 8/F, On Hing Building 1 On Hing Terrace Central, Hong Kong Tel +852 3552 9085 Fax +852 2140 6833 Email: hongkong@zetland.biz	SINGAPORE Zetland Corporate Services Pte Limited 137 Market Street #04-01 Grace Global Raffles, Singapore 048943 Tel +65 6557 2071 Fax +65 6557 0617 Email: singapore@zetland.biz	SHANGHAI Zetland Corporate Services (Shanghai) Co. Ltd Suite 13 E2, Shanghai Industrial Investment Bldg 18 Cao Xi Bei Road, Shanghai 200030, China Tel + 86 21 6427 2930 Fax + 86 21 6468 6478 Email: shanghai@zetland.biz
BEIJING Zetland Corporate Services (Shanghai) Co., Ltd. Beijing Branch Room 405, Block A, Grand Pacific Building № 8A, Guanghua Road, Chaoyang Distric Beijing 100026 China Tel: +86 10 6567 0676 Fax: +86 10 6567 0623 Email: Beijing@zetland.biz	LONDON Zetland Services (UK) Limited 6 Porter Street London W1U 6DD United Kingdom Tel: +44 207 989 0190 Fax: +44 20 7616 2880 Email: london@zetland.biz	BELIZE Zetland Corporate Services (Belize) PO Box 2020 No. 21 Regent Street 2/Floor, Office A Belize City, Belize Tel +501 227 1036 Fax +501 227 1044 Email: belize@zetland.biz

Zetland Guides and Info Sheets available on request:

Asset Protection; Belize Companies & Trusts; Belize International Foundations; Doing Business in China; Foundations; Hong Kong Companies; Hong Kong Trusts; Hong Kong Visas; Offshore Operations; Seychelles; Mauritius; Singapore Business Structures; Singapore Residency; Trusts; Wills and Probate in Hong Kong; Offshore RMB and info sheet on Hong Kong company ongoing obligations.