



LEGAL - CHINA

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China has not proven immune to the current global economic crisis; however, while investor confidence is definitely lower lately, the Chinese market in general has managed to remain resilient, and the prevailing sentiment among national investors is far from being one of desperation. The Chinese real estate market is one example of the aforementioned decrease in investor confidence. The market had previously attracted significant interest from overseas, but in the past few months, most of the global funding has dried up due to a crash in property prices. The manufacturing industry – another one of China’s main industries – is also reporting a major decrease in demand and has, as a consequence, decreased production and dismissed thousands of workers.

To cope with the financial crisis, the Chinese government has decided to invest RMB 4 trillion to stimulate domestic demand, and has placed greater emphasis on its policy to encourage foreign investment.

Investors and businesses still look to China due to its large pool of available labour, the size of its domestic market, and the beneficial policies enacted by the Chinese government regarding foreign investment into certain industries. Companies setting up factories in China enjoy favourable corporate tax treatment with the Chinese authorities in charge of approving the incorporation.

The most significant obstacles encountered when setting up business in China are in relation to the registered capital requirement, the time-consuming processes required to gain approval to run a company, and the additional paperwork required by the numerous Chinese authorities. In general, the requirements and policies for incorporation may vary in different provinces (even in different cities of the same province) and economic zones, due to the unbalanced regional development in China. For example, companies incorporated in a ‘bonded area’ (a special tax zone) may enjoy more beneficial incentives than those incorporated in normal areas. Additionally, though the law may require a specific registered capital to set up a company in an industry X in a city Y, the authorities may require a much higher registered capital, which increases the financial burden on the investor.

HJM Asia Law & Co LLC offers a full range of business-related legal services for international companies and individuals. Our staff is well versed in various industries and they provide documents and advice in English, French, Mandarin and Cantonese.

We assist our clients in setting up their corporate structure (via greenfield project or M&A) to achieve their commercial objectives, minimise their tax exposure and be operational quickly. We also assist our clients in their activities by completing due diligence on a target company, registration of trademarks/patents, and advice in case of disputes with their suppliers/partners through arbitration. We also take care, on behalf of our clients, of corporate compliance for our clients’ companies incorporated in China – as compliance is a key factor when our clients want to repatriate profits.