

China Business Advisory

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The Mid-Autumn Festival

22nd September 2010, or the fifteenth day of the eighth month of the Chinese calendar, was our Mid-Autumn Festival. It is one of the most important festivals in China and is a public holiday. There are many sentimental legends about it dating back thousands of years. A popular one is the story between Hou Yi who shot down 9 suns to give us the comfort of just one and was later on made the Emperor for the good deed. He however became a tyrant some time after that which resulted in his wife drifting

to the moon in grave disappointment of her husband’s cruelty to the people.

This day is also considered a good time of the year since it is the harvest season for fruits, vegetables and grain, making food abundantly available. Traditionally, Chinese family members and friends will gather together over fresh fruits and delicious festival food of moon cake and gaze, weather permitting, at the full moon that will always rise on the very day of Mid-Autumn Festival without fail. Sino-Bridge takes this opportunity to wish you a fruitful year to now and beyond!



Pilot program for deposit of export income overseas

The State Administration of Foreign Exchange (“SAFE”) issued a circular, Huifa [2010] No. 44, on 19th August 2010 to kick off a one-year pilot program to allow for export income of enterprises in some

locations in China including Beijing, Guangdong, Shandong and Jiangsu to be kept overseas. Enterprises in these locations no doubt are keen to join the program which will start formally from 1st October 2010. Although there is a cap of 10 on the number of qualified enterprises in each location, it is a sign that the government continues to allow for more flexibility over foreign exchange control.

New favourable Business Tax (“BT”) Measure in Shanghai

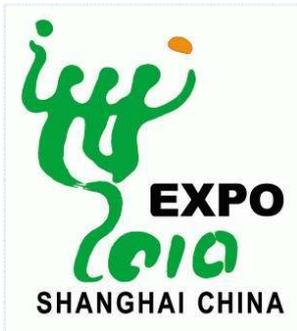
Up to now, most businesses subject to BT have to pay the tax according to the turnover without any deductions. Shanghai Local Tax Bureau however released on 18th August 2010 a new Measure, termed as Balance-based Levy of BT, which increases the number of items allowed for deduction against the turnover to arrive at BT payable. Eligible transactions and administrative requirements are detailed in the Measure which will be effective from 1st October 2010.

Upgrade of common invoice administration system in Guangdong province

According to the circular, Yueguoshuihan [2010] No. 542, which was released by the State Tax Bureau of Guangdong province on 20th August 2010, the Tax Authority provides the upgraded common invoice (compared to the VAT special invoice) administration software free of charge to all taxpayers for adoption on a voluntary basis. The new version of the software can print both the previous and the latest edition of common invoices in paper format. It should enhance data administration and filing. The manual of the software was also attached to the circular.

Interpretation note on Double Tax Treaty between China and Singapore

On 26th July 2010, the State Administration of Taxation (“SAT”) released an interpretation note on the Double Tax Treaty (“DTT”) with Singapore which came into force on 1st January 2008. The interpretation will prevail over conflicts with regulations released previously and is also applicable to relevant articles in DTTs signed with countries/regions besides Singapore. It is the first time for SAT to release such a comprehensive interpretation note on the implementation of a DTT from both technical and practical perspectives.



Ticketing changes to cope with last-minute rush for the 2010 Expo

The sale of standard-day and multi-day tickets stopped from September in anticipation of peak visitor numbers in the final two months. Only intraday tickets (including night tickets) and peak-day tickets for the National Day Holiday (October 1 to 7) and the final week of the Expo (October 25 to 31) are available now. Visitors can buy the intraday tickets at the entrances. Peak-day tickets are available at the branches of the four designated ticket agents-- China Mobile, China Telecom, Bank of Communication and China Post. Visitors can also buy the intraday tickets after 4pm for the next day.

Service Highlight

In the light of the continuing growth of the Chinese economy and its rapidly changing regulatory environment, our team of professionals, who is highly experienced and knowledgeable in both international and Chinese regulatory, accounting and tax issues, take the needs of our clients to our heart. As a correspondent member of DFK International, a major international association of independent accounting firms and business advisers, we provide a most comprehensive array of professional services to our clients some of which are listed below:

- Sourcing of investment opportunities and joint venture partner identification and evaluation
- Feasibility studies , market research on industry, product potential, competitors, customers profile, entry strategy
- Due diligence on financial performance, asset valuation and management profile of target companies
- Negotiation on finalizing investment deals
- Setting up of joint ventures or wholly foreign-owned entities; completing all legal and regulatory procedures pertaining to their full operation
- Development of overall business strategy in China; building an appropriate team of staff; engaging professionals of different disciplines to meet varying needs
- Production support including quality control, follow up on shipment and managing suppliers

- Arrangement for financing in the form of bank loans, convertible instruments and equity investment
- Completion of legal and regulatory requirements on an on-going basis
- Performance monitoring on an on-going basis

If you need any help or assistance, please do not hesitate to contact May Lau, our Marketing Executive at maylau@sinobridge-consulting.com.

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