

Brought to you by The JLJ Group
Solutions for China Entry & Growth

Welcome to JLJ's e-newsletter - **China Focus**. Here, we hope to share with you the latest regulatory updates and useful information relevant to China's business environment.

This e-newsletter is brought to you, our valued network, as part of JLJ's value-added service. If you find this newsletter relevant to your business associates or friends, you may wish to use the "Forward to a Friend" tool found at the end of this newsletter.

Market Insights

Opportunities in the Golf Industry



Shanghai has recently hosted two important tournaments of the European and Asian tours

Golf is a relatively new sport in China. The opening of the first course in 1984 in Shenzhen was the starting point of an industry that, in 2006, had an estimated equipment production value of US\$6 billion. It is estimated that, currently, there are up to 1 million golfers and about 300 to 330 golf clubs in China, and the latter is still increasing by 20% to 30% per year.

In the last ten years, China became one of the world's most active golfing locations with strong developments in promotion, training courses, golf tournament organizations, and merchandise manufacturing. Now, there are over 2,000 golf-related businesses in China and 5 important international tournaments held annually.

Though golf course construction has been recently limited by the State Department Office, the industry is still a key driver for urban development, especially in Tier II and Tier III cities. Many investors have entered the market in search of inexpensive land to convert into upscale golf developments, which often include the construction of upscale residential compounds.

Despite rapid growth, the industry does face some challenges, including low profitability of most golf clubs and concerns about IPR, with regard to counterfeited products. However, these issues are not hindering the industry's development in China. JLJ has identified opportunities for foreign companies in areas such as manufacturing / importation of golf equipment; golf course design, golf club management, and golf training of both staff and players.

For more information, please email to rui.rapazote@jljgroup.com.

This Issue Presents

[Market Insights - Opportunities in the Golf Industry](#)

[Tax Updates - Hong Kong Holding Company](#)

[Human Resources - Staff Development is Key to Business Continuity](#)

[China FDI - New Bankruptcy Law in effect this month](#)

[JLJ News & Events - World Trade Magazine's Logistics Webinar](#)

[Feedback | Subscribe Past Newsletter Issues](#)

[Back to Top](#)

Hong Kong Holding Company

Foreign companies interested in establishing a presence in the China market often consider using the offshore holding companies as the parent company of their China ventures. Hong Kong is for many projects considered advantageous over other jurisdictions due to its close ties to the mainland. A few of the advantages include:



1. Hong Kong has a lower corporate income tax rate than many other countries - 17.5% - allowing many trading companies to take advantage of transfer pricing activities to minimize their tax exposure.
2. Hong Kong and the Mainland signed an agreement last year on the mutual recognition and enforcement of judgments, allowing investors to take advantage of Hong Kong's more mature rule of law to arbitrate disputes.
3. Equity restructuring is easier to conduct in Hong Kong, as ownership transfer of Hong Kong companies do not require approval and can be done immediately.

For more information, please email to katherine.cui@jljgroup.com.

[Back to Top](#)

Staff Development is Key to Business Continuity



When employees resign, they take with them a great deal of knowledge. Companies without a succession plan in place will see their business operations significantly hurt by the resignation. Such resignations could be that of a decision-making manager, or an important support staff such as the secretary who maintains critical client information.

A vital component of business continuity is staff development, which can be achieved through the following steps:

1. Systematically analyze all positions within the company to identify key qualities and skills necessary for each job function.
2. Map your employees' performance and potential with your list of positions. By doing so, a "talent backup" system is created. You can then strategically develop your employees for various functions, such that they can readily replace a resigned staff.
3. Equip your staff with the tools required for efficient job take-over. The tools could come in the form of a well-established knowledge database or a systematic job rotation system that captures and transfers operational knowledge, experience and other intellectual assets.

Staff development, coupled with other HR tools such as strong retention policies, will help companies ensure consistent productivity across all key business functions. For more HR strategies information, please email to rosewu@huijiechina.com.

[Back to Top](#)

New Bankruptcy Law in effect this month



Under China's old bankruptcy laws, the government micro-managed bankruptcy proceeding, giving priority to employees over creditors. This month, China has adopted a bankruptcy framework that is

more in line with international standards. The new law will provide both local and foreign creditors priority over employees' claims against the company. The new law will also provide private companies a second chance to reorganize by allowing them to continue managing their assets under the supervision of court appointed referees. As with all new laws introduced in China, expect this transition to be slow as the government gradually works out the implementation details.

For more information, please email to tim.lamb@jljgroup.com.

World Trade Magazine's Logistics Webinar



JLJ Partner, Alessandro Duina, will be sharing insights on "Market

Overview, Challenges and Opportunities for US companies". The presentation will summarize the key findings of a logistics research study conducted by The JLJ Group and the US Commercial Service in March this year, including market overview, regulatory environment, key market dynamics as well as possible opportunities and entry options.

Seminar Details:

Date : Wednesday, 27th June 2007
Organizer : World Trade Magazine

To register for the webinar, please click [here](#). For information on other JLJ events, please click [here](#).

The JLJ Group provides solutions to foreign companies entering and growing in China. Our core services include [Market Consulting](#), [Corporate Formation](#), [Human Resources](#), [Tax & Accounting](#) as well as [Business Process Outsourcing](#).

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