

*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.

China FDI

Buying a property in China



Since July 2006, China has imposed rules limiting foreign buyers to a single property in China. Furthermore, the rule stipulates that the property purchased is strictly intended for personal use only and requires the buyer to provide certification proving that he/she has stayed in China for over a year.

Foreign enterprises are also no longer allowed to buy properties directly; instead they must first set up a foreign-invested entity in China before they can purchase a property - for their own use - in the same city under this entity. For any or other purposes, such as leasing, the property must be bought under the name of a real estate foreign invested enterprise in China.

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

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Market Insights

Opportunities in solid waste management

Solid waste management has historically received less attention compared to air and water management; nevertheless it is also an important sector that cannot be ignored. Continued urbanization and increasing affluence of the Chinese population have resulted in rapidly growing rates of waste generation, and the supply of waste management infrastructure in China is far below demand.

In 2005, China generated about 155 million tons of Municipal Solid Waste (MSW); about two-thirds are officially "treated", but not all meet international standards. For example, majority of landfills (the most common treatment method) have no leachate collection system, no cover system, limited or no compaction, no gas control system, etc.

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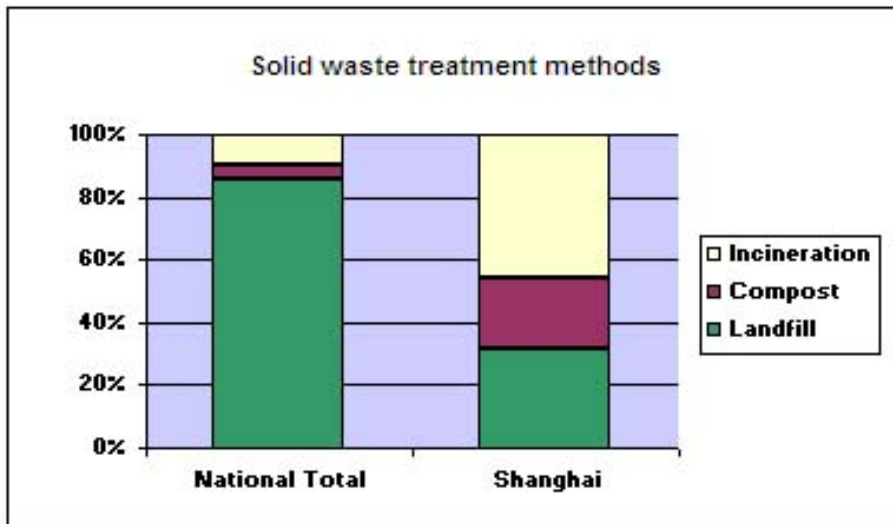
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Source: JIJ Analysis and National Bureau Statistics, 2005

Thus there is a pressing need for the construction of new facilities and upgrading of existing facilities. This presents good opportunities for companies to participate in different types of Public-Private Partnerships (i. e. partner with the government to built, operate or manage facilities), or to supply equipment. One key direction many wealthier East Coast cities are taking is that of incineration. Other key areas of focus include hazardous, medical and electronic waste treatment technologies and waste-to-energy technologies. However, there are several challenges new foreign entrants must overcome, including

project financing, product fit, and competition from other companies.

For more information on entry feasibility and options in the solid waste and environmental sector, please email candice.lin@jljgroup.com.

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Human Resource

HR Outsourcing landscape in China



In developed countries such as US and Europe, there are myriad outsourcing solutions to meet almost any corporate HR needs. Recently, this industry has also started to flourish in the Asian and Pacific region. China, in particular, has seen a sharp rise in the number of companies outsourcing basic HR functions such as payroll and benefits administration, employment contract management as well as recruitment. Improved service-level of HR outsourcing providers as well as increased awareness of outsourcing benefits have catalyzed the growth of the industry. Soon, outsourcing of sophisticated HR functions such as organization development, training, employee appraisal, etc will also become prevalent in China.

HR Outsourcing certainly brings about much benefit, including cost savings, higher efficiency and greater employee satisfaction. Companies wishing to enjoy such benefits should ensure that their service providers:

- provide accurate and on-time service delivery;
- show flexibility in applying best practices to adapt to clients' needs;
- respect the security and confidentiality of both employer and employees' data;
- possess in-depth knowledge of relevant laws and policies;
- provide favorable service terms (quality, price, length of contract, termination provisions, etc).

For more information about HR outsourcing in China, please email to may.bai@jljgroup.com.

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5 Years in China



Long-term expatriates residing in China are liable to pay taxes on not only their China income but also their worldwide income. Expatriates residing 5 consecutive full years in China, are considered long-term

residents for tax purposes. A full year, for the purpose of this rule, is when an expatriate spends less than either 90 days in total in a year or 30 days consecutively outside of China. These days do not include the dates of departure and arrival within China. Once a foreigner is classified as a long-term expatriate, the status may only be rescinded if he/she spends no more than 90 days within China in a subsequent year.

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

JLJ in the Spotlight...



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