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"Get a piece of the China's US\$90 billion outbound investments in 12 months" – *Opportunities Niches for Hawaii China Business?*

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Time: 11:30am – 2:00 PM

Venue: The Plaza Club, 900 Fort St 20/F, Honolulu HI 96813

Overview of China's Outbound Investments

- 1) Chinese company takes over Hoku Scientific
- 2) US\$55.6 billion in 2008, 19.4% increased from 2007
- 3) Economic Stimulus Plan
- 4) GDP continues 8% in 2009

New Regulations in 2009

- 1) Circular on Improving the Administration of Offshore Investment, issued on June 8, 2009, by the National Development and Reform Commission (NDRC Circular)
- 2) The Administrative Rules for the Foreign Exchange Administration of Domestic Entities' Overseas Direct Investment, issued on July 13, 2009, by the State Administration of Foreign Exchange (SAFE Rules)
- 3) The Administrative Measures on Overseas Investment, issued on May 1, 2009, by the Ministry of Commerce (MOFCOM No. 5)
- 4) Internal discussions on new tax regulations for overseas investment activities, on April 22, 2009, by the State Administration of Taxation (SAT)

PRC Go out Policy

- 1) The State Council's Opinion on Encouraging and Managing Overseas Investment by Domestic Entities, issued on March 20, 2007
- 2) Notification of the Eleventh Five-Year Plan Regarding Overseas Investment, issued in 2007, by NDRC
- 3) The Opinion upon Doing Well in the Taxation Service and Management of Overseas Investment in Chinese Enterprises, issued in 2007, by SAT

NDRC Circular

- 1) This supplements Provisional Administrative Measures on Verification of Offshore Investment Projects, issued on Oct. 9, 2004, by NDRC
- 2) Focuses on significant projects
 - a. General investment exceeding US\$10 million
 - b. Resources investment exceeding US\$30 million
 - c. Investment in Taiwan and countries where China does not have diplomatic relationship

MOFCOM No. 5

Lower most required approvals for overseas investments to the provincial level with central level approval in the following areas.

- 1) The overseas investment amount is US\$100 million or more
- 2) Investment in certain specified countries or regions
- 3) Investment in countries that do not have diplomatic relationship with China

- 4) An offshore Special Purpose Vehicle (SPV) is to be established.
- 5) National Security

SAFE Rules

- 1) Domestic foreign exchange loans
- 2) Foreign exchange purchased with Chinese currency
- 3) Foreign currency that such entities possesses
- 4) Physical assets
- 5) Intangible assets
- 6) Profits gained abroad; and
- 7) Any other financial source permitted by SAFE, which indicates that further flexibility and new foreign exchange resources may be added by SAFE in the future.
- 8) Overseas Profits not required to be remitted
- 9) Initial Expenses of Overseas Investment Remitted Prior to Formal Approval

Areas for outbound investment

- 1) Natural Resources
- 2) Set up a company in light industries, textile, garment, machinery, household appliance, electronics
- 3) Construction
- 4) Labor service
- 5) Agricultural development
- 6) Hi-tech, manpower
- 7) Acquisition of market and brand name
- 8) Trading, distribution, insurance, funding, logistics, tourism, media and culture
- 9) Multi transportation

Clarifications and updates

- 1) Project approval vs. enterprise approval
- 2) Foreign Exchange Control
- 3) USA visa: staff and B1 and B2
- 4) Shanghai WorldExpo 2010
- 5) Outbound investment by MOFCOM

What is good for Hawaiians

1. More outbound investment in 2010
2. Alternative energy,
3. Tourism including market and brand name acquisition
4. Airlines to Honolulu
5. Agricultural development

Any Questions?

Thank you!

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