



*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.

## Market Insights

### Opportunities in China's Water Treatment Market



China continues to face severe water pollution and water scarcity problems. In 2006, 53.7 billion tons of wastewater was generated and ongoing urbanization and industrialization is expected to push this figure above 64 billion tons by 2010.

Chinese government has emphasized in its 11th Five-Year Plan the importance of reducing water pollution and providing safe drinking water. Currently, 800 municipal wastewater treatment plants collect and treat 56% of China's wastewater before they are discharged into the waterways. Nevertheless, most of these existing treatment plants are not able to achieve satisfactory performance and could only operate at 65% of their full capacity. The push by the Chinese government to have 2,000 wastewater treatment plants processing 70% of the nation's wastewater by 2015 will undoubtedly create new market opportunities for foreign firms offering related technology, equipment and expertise. .

Generally, the best market opportunity lies in products of advanced technology which domestic companies lack. In the areas where the central government has focused on or set targets (e.g. nitrogen and phosphorous removal), local governments are willing to pay premium price for the best technology; however for other general equipment such as pumps and valves, products of best price-quality ratio are preferred.

To penetrate the market, foreign companies wishing to construct and operate treatment plants in China are required to have a local partner; key domestic players include Beijing Capital, Tsinghua Tongfang and Shenzhen Water Group. They can also supply wastewater treatment equipment through public bidding in the projects.

For more information on entry feasibility and options in the water treatment sector, please email to [teyin.chung@jljgroup.com](mailto:teyin.chung@jljgroup.com).

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### Under-Funding your Entity



With the minimum registered capital requirements lowered to 100,000RMB for a WOFE in China, many investors and entrepreneurs whom once ignored the market are reconsidering entering China. However, far too many new entrants do not fully understand the importance of determining the right amount to invest in their new venture.

The minimum registered capital set forth by law is not intended as a recommendation for the amount of money that a company should invest in their China venture; rather it is a prescribed minimum. The registered capital of the company is not intended to sit untapped in a bank account, but used to operate the new entity. Therefore, new China entrants should carefully consider the amount of money required to sustain their new venture until it becomes cash-flow positive. Under funding your company may lead to significant disruptions to the start up phase of a new venture. Although it is possible to increase the registered capital of a company in China, the approval process requires a significant amount of time and is usually only used when unforeseen circumstances demand increases in capital.

For more information and advice, please email to [tim.lamb@jjgroup.com](mailto:tim.lamb@jjgroup.com).

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## Human Resource

### Communicate with your Recruitment Consultant to Ensure Win-win

Most managers today are hard-pressed for time and have chosen to have recruiters handle their candidate search in a professional manner. While recruiters can significantly contribute to the hiring process, a successful candidate search is not possible if the hiring manager do not invest substantial effort communicating with their recruitment consultants.



Here, we offer some tips for your future cooperation with recruiters:

- ***Provide all relevant information about the job and your company***  
A clear job description and candidate requirement is the basic information that a search consultant would require. On top of that, details such as budget for remuneration package, key challenges of the position, reason for previous staff's resignation, complicated situations that the company might be in, are critical information that will help search consultants find the right match for the job and company.
- ***Come to an internal agreement***  
It is important to have a consistent internal opinion about the candidate's requirements, both in terms of functional skill sets and personal aptitude. Any arguments during the hiring process over the candidate's profile can significantly delay and jeopardize the candidate search.
- ***Provide feedback and opinions***  
Recruiters act on behalf of hiring managers and rely heavily on their comments to adjust the search focus. Honest feedback at critical stages, such as after candidate interviews, will help recruiters understand the requirements and complete the search to the hiring manager's satisfaction.

For more information about ensuring smooth recruiting, please email to [helenhe@huijiechina.com](mailto:helenhe@huijiechina.com).

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## China Interest-tax Rate Slashed



Starting from August 15th this year, China has slashed its interest-tax rate from 20% to 5%, in a move to curb excess liquidity and reduce cash-flows from bank deposits into the overheated stock and property markets. The original interest-tax levy was started in late 1999, to stimulate

domestic consumption in China at a time when the nation was experiencing deflation. A 20% tax rate was imposed on interest earnings from both Renminbi and foreign currency personal bank savings. However, the nation's fast economic growth has changed its macroeconomic environment and now, interest earnings are almost negated by inflation and interest-taxes.

For more information about China's interest-tax, please email to [asam.gu@jljgroup.com](mailto:asam.gu@jljgroup.com).

## Webinar on China's Medical Devices Market



JLJ Partner, Alessandro Duina will be presenting at US Commercial Service's webinar on Medical Devices Market. His presentation titled "**Prospective buyers, top 2nd-tier markets and key**

**success factors**" will summarize key findings of the medical device research study conducted by The JLJ Group and US Commercial Service earlier this year. The study aims to inform US companies of the potential of China's dynamic and emerging second tier cities.

**Date** : 16 October 2007, 7:30am  
**Organizer** : US Commercial Service  
**Venue** : Online Webinar

For information or registration, please click [here](#) or email to [lynn.ng@jljgroup.com](mailto:lynn.ng@jljgroup.com).

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.

Send us your business enquiry at [info@jljgroup.com](mailto:info@jljgroup.com) or find out more about our services at [www.jljgroup.com](http://www.jljgroup.com).

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