



## Our Offices

### Manivest Hong Kong

Unit 511, Tower one, Silvercord,  
30 Canton Road, Tsimshatsui,  
Kowloon, Hong Kong  
Tel: (852) 2851 6752  
Fax: (852) 2537 5218  
Mainland China/ Taiwan toll free  
line: 00800 3838 3800  
Email: [Enquiry@ManivestAsia.com](mailto:Enquiry@ManivestAsia.com)  
Website: [www.ManivestAsia.com](http://www.ManivestAsia.com)

### Manivest Shanghai

Unit 2402, Block A,  
Universal Mansion,  
172 Yu Yuan Road, Jingan District,  
Shanghai 200040, China  
Tel: (86 21) 6249 0383  
Fax: (86 21) 6249 5516  
Email:  
[Shanghai@ManivestAsia.com.cn](mailto:Shanghai@ManivestAsia.com.cn)  
Website:  
[www.ManivestAsia.com.cn](http://www.ManivestAsia.com.cn)

### Manivest Macao

Manivest Asia, Limitada  
Rua do Campo N° 202,  
Edif. Associacao das Senhoras 7°,  
Andar D, Macau  
Tel: (853) 2870 3810  
Fax: (853) 2835 3358  
Email: [Macao@ManivestAsia.com](mailto:Macao@ManivestAsia.com)  
Website: [www.ManivestMacao.com](http://www.ManivestMacao.com)

## About Shanghai 上海

Shanghai is the financial hub of China. It is estimated that over 30% of the commercial activities in China goes through Shanghai and its adjacent areas. As of 31 Dec, 2007, more than 300 international corporations had set up regional offices in Shanghai, and the total account of foreign direct investment reached USD 7.92 billion in 2007. At present, Shanghai is the most populous area in China with the highest concentration of foreigners and foreign enterprises. In terms of regulation, it is the most flexible and open city, which allows more leeway for offshore business.

With more than 200 years' history for the financial industry, Shanghai was the biggest financial center in China and Far East's major commercial center in 1920s and 1930s. Since the last decade, Shanghai has regained much of its vitality and is gradually emerging as a financial center for the region once again.

### Expo 2010 in Shanghai

Shanghai is the host city of World Expo 2010. As of April 2008, more than 200 countries and international organizations have confirmed to participate in the expo, which means that more than 70 million visitors will come to Shanghai from across the world. It is estimated that over USD 3 billion will be directly injected to the related industries, such as urban transportation, commerce, telecommunication networks and other constructions.

The China Government expects the World Expo 2010 to bring approximately RMB 450 billion to Shanghai in economic development.

### Location

Surrounded by the Yangtze River in the north, the East China Sea in the east, the Hongchow Gulf in the south and Jiangsu and Zhejiang provinces in the west, Shanghai is the mid-point of China's coastal lines and boasts the occupation of a perfect natural port. The city has a total area of over 6,300 square kilometers and is divided into 19 districts and 1 county. The most notable new developing district is Pudong New Area(浦東新區).

### Population

Shanghai has a population of over 18 million, representing 1% of China's total. In 2007, with a GDP per capita of USD8,000<sup>1</sup>. Shanghai employed around 7.9 million people. City unemployment rate is 4.8%. By the end of 2007, over 70,000 overseas graduates and over 110,000 foreign professionals were working in the city.

<sup>1</sup> At the end of 2007

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There are over 40 tertiary institutions and advanced vocational and technical colleges. Shanghai has a nine-year compulsory education system. The literacy rate is 93.8%. Most of the people speak Mandarin (the national language) and Shanghaiese. English is also spoken and used in business environment. In general, businessmen can find very good interpreters in various languages (including English, French, German) in Shanghai

At present, more than 600,000 foreign investors and workers are working and living in Shanghai. Such figure include the 100,000+ permanent residents in Shanghai, as well as others who temporarily reside in Shanghai for work.

### **Economy**

Shanghai's economy has witnessed fast and sustained growth in recent years. In 2007, the city's GDP reached USD8,940 billion. From 1998 to 2008, Shanghai had registered a double-digit annual GDP growth rate for nine consecutive years.

Industry structure was optimized with the secondary and tertiary industries, which are supporting the economic development independently. Currently, finance and insurance, commerce, transportation, telecommunications, real estate and information technology are the key development sectors in Shanghai.

### **Key Industries**

There are six key industries in Shanghai which contribute to 58% of the total industrial output, namely, information technology, automobile, petrochemicals, fine chemicals, equipment production and Biopharmaceuticals.

There are five primary sectors which contributed to 62% of the total output in the tertiary industry, with finance contributing to 21% and ranking first, which are finance and insurance, real estate, transportation, postal and telecommunication as well as wholesale and retailing.

### **Ideal Investment Region in China**

Shanghai is one of the most attractive cities in China for foreign investments, as it has many Development Zones, such as Pudong New Area, State-level Economic Technological Development Zone, State-level Export Processing Zone and Municipal Industrial Zone. These Development Zones offer favorable policies which boost the business environment for investors.

### **Infrastructure and Investment Areas**

Shanghai has two airports. It is a major land, sea and air transportation centre in China. It has established stable trading routes with over 1,100 ports in over 200 countries and regions. The newly built Pudong International Airport has a capacity of 70 million passengers per year.

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The city itself is divided into:

### **Central Business District**

Lujiazui Finance & Trade Zone (陸家嘴金融貿易區) and the Bund financial trade zone(外灘金融貿易區) make up the Central Business District in Shanghai. Over 100 domestic and foreign financial organizations have established in this district including the regional headquarters of many multi-national corporations, such as Siemens and Johnson & Johnson.

### **Free Trade (Tax Bound) Zone**

Waigaoqiao Free Trade Zone (外高橋保稅區) is one of the biggest trade zones in China. In 2000, reported turnover was USD6.5 billion. The total amount of export and import was USD92 million; the goods throughput was 14,620,000 ton; the container throughput was 1,840,000 standard containers. Up to 2000, more than 600 storage enterprises have set up in this Zone.

### **Pudong New Area**

Pudong is designed to be built as a multi-functional and radiant modern city. From 1990 to present, the total investment of capital construction in Pudong New Area amounted to USD 11 billion. The ten capital construction projects, represented by Pudong International Airport, Pudong Cyberport, Mass Transit (No.2), Waigaoqiao Electricity Generation Plant, East China Sea Natural Gas have been completed.

### **Export Processing Zone**

Jinqiao Export Processing Zone (金橋出口加工區) now has become one of the most important bases of high-tech industry in Shanghai. In 2000, the total production value of the Zone amounted to USD55 Billion. The major high-technology products produced in this area are automobile parts, micro-electronics, computer accessories, telecommunication parts and accessories, bio-technology products and photo-electric products.

### **High-tech Park 高科技園區**

Occupying an area of 100,000 square meters, there are 16 governmental research institutions and 70 civil institutions and enterprises established in the Park up to the end of 2000.

### **Financial Industry in Shanghai**

Shanghai is traditionally famous for its finance industry. It ranks top in the total number of licences granted to domestic and foreign financial institutions in China.

Shanghai has more than 3,300 Sino-foreign financial institutions, consisting of 70 operative foreign financial enterprises, 54 foreign banks and 15 foreign insurance companies.

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### **Pudong Financial Center**

Pudong Financial Center is one of the leading financial areas in China. It attracts financial professionals, financial institutions and banks to set up their offices there every year. Over 50% of foreign bank's transactions in China and nearly 50% of imports and exports take place in Pudong. Shanghai Stock Exchange (SSE) is the most preeminent stock market in China, with a total market capitalization of nearly RMB 27 trillion in 2007. SSE's plan to be listed in the international stock exchanges has attracted attention from the London Stock Exchange and the Tokyo Stock Exchange. Financial services at an international level can be expected in Pudong in the near future.

As of September 2007, more than 470 financial institutions have moved to Pudong, Shanghai and the number is expected to increase to 600 and involving more than 200,000 employees in 2010.

### **Legal System in China**

The legal system of China is similar to the European civil law system. The National People's Congress (NPC) is the ultimate law making body, whose functions are mostly delegated to the standing committee of the NPC, which enacts laws in accordance with the constitution of the PRC.

State Council, together with its various administrative departments, are also authorised to adopt administrative regulations and measures. These administrative regulations and measures, as long as they do not contravene the relevant laws, are important sources of laws in China. The administrative bodies are the sole interpreter of the administrative regulations and measures. Their power to interpret the laws is only limited to or subject to its supervisory bodies and the court.

In doing business in China, it is very important to check up all current laws and regulations applicable to the invested industry. As a promise to the WTO, China's laws have been made more transparent. In fact, all laws and regulations applicable in Shanghai can be downloaded from government's web site.

The People's Courts are the judicial organs of the state. They are able to exercise independent power in accordance to the law. The People's Courts and their judges are appointed by the NPC and its Standing Committee.

When a person believes that his/her right has been infringed by any administrative body, he/she can normally complain to its supervisory body, or resort to a review by the court under the administration law.

## **Currency and Exchange Control**

The currency of China is Renminbi (RMB). The currency is a non-convertible currency. The value of RMB or Yuan is fixed by the People's Bank of China on the basis of movements in a mixed basket of the currencies of its major partners.

Although exchange controls still exist on “capital account”, which is used exclusively for the inward remittance of “capital items”, exchange controls on “trade account” or “current account” have in effect stopped to exist. It is very easy to remit dividends (after tax profit) from China. There is virtually no control on remittance of trade-related items.

The foreign exchange rate system is a controlled and floating one, determined by market demand by the State Administration for Exchange Control (SAEC).

## **Professional Support**

Many leading international professional legal and accounting firms have set up offices in Shanghai. Up to present, foreign law and accounting firms established in Shanghai can only accept business in relations to foreign laws and foreign accounting services.

At present, over 800 law firms with 9,000 practicing lawyers, and over 100 CPA firms are serving in Shanghai to provide professional assistance in investments. Currently Citibank, HSBC, Standard Chartered and Overseas Chinese Bank have established their China's headquarters in Shanghai. Please note that foreign law firms and accounting firms established in Shanghai can only accept business in relation to foreign law and foreign accounting services.

## **The Role of Manivest**

Manivest can help investors to:

1. Prepare pre-establishment documents (minutes, power of attorney etc.), arrange translation, notarization and certification from various authorities.
2. Engage Registration Agent and supervise the registration work.
3. Draft the necessary project proposal and feasibility study report.
4. Engage auditors for the examination of capital injection and annual examination.
5. Locate suitable business address and arrange for leasing, set up office, including arranging telephone, fax and broadband, acquisition of office machine and furniture.
6. Employ local staff and complete formalities in accordance with labour laws.
7. Post -establishment registration work and open bank accounts.
8. Annual Joint Inspection Report.

Through our offices and staff in Shanghai and Hong Kong, Manivest shall follow through the establishment process and save investors time and trouble.

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### **How Maninvest Can Help You**

The directors and management of Maninvest are professionals in the offshore industry having served the Asia market for over 22 years. Through our offices in Hong Kong, Shanghai and Macao as well as our associates in other Asia cities, we offer a full range of comprehensive value-added services to professional advisors and their clients.

Maninvest offers the following services:

- Formation of corporate and business structures in Shanghai
- Incorporation of companies/structures in other onshore/offshore jurisdictions
- Full corporate management services
- Registered office, business office, mail redirection and business centre
- Accounting and re-invoicing services
- Tax and asset planning services
- Asset protection and preservation advisory services
- Business establishment services
- Market exploration services

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