



Klako Group
Beijing Hong Kong Shanghai Shenzhen

To Provide Services in China to Local and International Companies based in China

Example: Setting up a service WFOE and a Hong Kong Holding

An international successful engineering company with clients worldwide decided to expand their customer base by setting up a service Wholly Foreign Owned Enterprise to be able to invoice in local RMB currency. After discussing the advantages of a Hong Kong holding company with Klako Group consultants, management decided to benefit from the preferential tax treatment and the additional layer of limited liability. The following steps were then taken:

- While Klako Hong Kong set up the holding company, the Klako team in Beijing performed a location analysis including cost of rent, labor, utilities, taxation.
- Based on this information, the client chose the best location and, with the assistance of Klako, found suitable premises to rent.
- At the same time, Klako registered the client's trademarks in Hong Kong and China, so that the client's intellectual property would be protected.
- In order to speed up the incorporation process, Klako experts prepared the application documents for the Wholly Foreign Owned Enterprise in advance, so that the application procedures could start immediately after the Hong Kong company was set up.
- During the WFOE set up process, Klako recruitment specialists interviewed and short listed suitable candidates for the positions of Head of Engineering and Engineering Supervisor- based on the clients' requirements. The individuals then trained at the headquarter.
- The company's patents and trademarks were transferred to the Hong Kong company, which now receives all license fees and royalties tax free.
- Klako tax experts in Hong Kong and China are handling the accounting, financial reporting and tax filing for both the WFOE and the Hong Kong company.
- The WFOE in China is preparing to repatriate the first round of dividends to Hong Kong - tax free - and the client has already made plans on how to further invest these profits to expand the business in Asia.

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