

# Invest TEDA

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Entrepreneur: Administrative Commission of Tianjin Economic-Technological Development Area (TEDA)

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## TEDA JOINING HANDS WITH PROVA ENERGY



A delegation of Prova Energy Development Co., Ltd. visited TEDA on December 11<sup>th</sup>. Wang Xuejia, Assistant Chairman of TEDA (Nangang Industrial Zone) Administrative Commission, and Wu Wei, Chairman and General Manager of Prova Energy signed a cooperation agreement.

Wang Xuejia said that TEDA was very pleased to have such hi-tech investor in energy conservation and environmental protection as Prova Energy and would provide premier service to investors as usual. Wang also hoped to see a deeper cooperation between TEDA and Prova for a win-win outcome.

Beijing Prova Energy Development Co., Ltd. is situated in Golden Bridge Industrial Base, Beijing Zhongguancun Science Park. As a hi-tech company approved by Beijing Municipality, Prova is dedicated to R&D, design, manufacturing and

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technological service in vehicle clean energy equipment. Founded in 2011, the company just celebrated her first anniversary and has already generated over 60 million yuan of annual output value and 48 million yuan of sales revenue.

Prova's project in TEDA is about R&D and production of vehicle natural gas equipment, taking up 15,000 square meters of land with no less than 100 million yuan of investment. After commercialization in 2016, the project will bring in no less than 500 million yuan of output value annually. In addition, Prova intended to launch wide-ranging technology cooperation in manufacturing and R&D with advanced counterparts worldwide. The project will further promote the vehicle clean energy industry in TEDA and enhance TEDA's leading position in the industry.

Delegates from TEDA Economic Development Bureau, Trade Development Bureau, Construction and Transportation Bureau, Science and Technology Development Bureau, Investment Promotion Bureau III and TEDA Industrial Park (Hangu) attended the signing ceremony. (Tr. by Ma Yu)

## **KINNOVATA JOINING TEDA, ADDING MORE FUEL TO LOCAL PHARMACEUTICAL INDUSTRY**

With a joint investment of 150 million yuan by Tianjin KingYork Group Co., Ltd. (50%) and Innovata HK Limited (50%), Tianjin Kinnovata Pharmaceutical Company Limited was recently registered in TEDA with a registered capital of 60 million yuan. The project will cover 15,000 square meters of land, focusing on powder inhalation drugs. The company plans to invest totally 1.2 billion yuan to build the project into the biggest asthma medication production base in China.

The Chinese investor, Tianjin KingYork Group Co., Ltd., was founded in November, 2001 as a major large-scale company with key support from the Tianjin municipal government. It is also the biggest R&Der, producer and exporter of cortical hormone in Asia and possesses three listed subsidiaries (Tianjin Tianyao Pharmaceutical, Zhonghuan Semiconductor and Lier Chemical) and over 40 shareholding subsidiaries with a total asset of 16 billion yuan. The foreign investor, Innovata HK Limited is a Hong Kong-based joint venture between Vectura Group from UK and Zendex Bio Strategy Incorporated from Hong Kong. Vectura, a listed hi-tech company with its own IPR and core technologies and dedicated to the R&D and production of dry powder inhalation delivery devices, is among the world's only three independent producers and suppliers of powder inhalation devices. It is a recognized world leader in multi-dose powder inhalation device and formula R&D for asthma and chronic obstructive pulmonary disease (COPD). (Zhang Shanshan)

### **GREAT WALL MOTOR AND TIANJIN BINHAI RURAL COMMERCIAL BANK BECOMING STRATEGIC PARTNERS**



A signing ceremony on the cooperation agreement between Great Wall Motor and Tianjin Binhai Rural Commercial Bank was held at TEDA Investment Service Center on December 25<sup>th</sup>. He Shushan, member of the Standing Committee of CPC Binhai New Area

Committee, Secretary of the Party Leadership Group and Chairman of TEDA (Nangang Industrial Zone) Administrative Commission, Lang Dong, Vice Chairman of TEDA (Nangang Industrial Zone) Administrative Commission, Wang Fengying,

President of Great Wall Motor Co., Ltd., Zhao Feng, Chairman of Tianjin Binhai Rural Commercial Bank, etc. attended the ceremony.

He Shushan extended congratulations at the ceremony. “Great Wall Motor and Tianjin Binhai Rural Commercial Bank are both important partners of TEDA. The partnership between the two is bound to be successful. TEDA Administrative Commission will support their business development as always,” He said.

It is said that both parties will take advantage of their background and resources, and make full use of the advantages of Tianjin Binhai New Area as a pilot area for financial reform in China, so as to expand the business in automobile consumption loans and dealer inventory financing, set up a platform of consumer financing for Great Wall Motor, and carry out the blueprint of Tianjin Binhai Rural Commercial Bank in financial innovation. The cooperation will move TEDA’s automobile industry towards automobile service, blend automobile industrial capital and financial capital, and enhance the leading position of automobile industry and financial industry in TEDA. (Tr. by Ma Yu)

## **TIANJIN TEDA GLOBAL FREIGHT FORWARDING CO., LTD.**

### **REGISTERING IN TEDA**

Tianjin TEDA Global Freight Forwarding Co., Ltd. was registered in TEDA recently. Co-invested by Tianjin Binhai TEDA Logistics (Group) Co., Ltd., Hong Kong Billion Loyal Group Limited and Tianjin Haoteng Logistics Co., Ltd. with 5 million yuan of total investment and 5 million yuan of registered capital, the company is dedicated to diversified international freight forwarding business including cold-chain logistics.

The Chinese investor, Tianjin Binhai TEDA Logistics (Group) Co., Ltd., was established in TEDA in 2006, and was listed in Hong Kong's second-board market in April 2008. It was awarded as a TEDA Top 100 Company in 2010 and 2011. The foreign investor, Billion Loyal Group Limited, is a Hong Kong-based company registered in British Virgin Islands. With a huge service network and agents around the world, Billion Loyal provides solutions in transcontinental airfreight and ocean freight, and integrated supply chain management. As a forwarder for itself and Tedahang cold-chain logistics projects, TEDA Global Freight Forwarding Co., Ltd. will take good advantage of the shareholders and develop diversified international freight forwarding business. It is expected that in five years, the company will grow into a well-known and unique international forwarder which is qualified in custom clearance and inspection with core competency. (Tr. by Ma Yu)

### **TEDA INKS MOU WITH ICBC LEASING**



On November 28<sup>th</sup>, the five-year anniversary of the founding of ICBC Leasing, TEDA Administrative Commission inked a memorandum of understanding on cooperation with ICBC Leasing Co., Ltd. at Renaissance Tianjin TEDA Hotel. Mr. He Shushan, Secretary of CPC Leadership Group & Chairman of TEDA (Nangang) Administrative Commission, and Mr. Cong Lin, President of ICBC Leasing Co., Ltd. attended the ceremony and signed their names on the MOU.

Mr. Cui Jindu, member of the Standing Committee of Tianjin Municipal CPC Committee and Executive Deputy Mayor of Tianjin, and Mr. Chen Zongsheng, Deputy Secretary-general of Tianjin Municipal Government, Mr. Li Xiaopeng, Chairman of the Board of ICBC Leasing, and Mr. Shi Yang, Vice Chairman of TEDA(Nangang) Administrative Commission jointly witnessed the signing.

ICBC Leasing, as China's first financial leasing company with banking background, is the biggest and most influential of its kind in the country.

Currently ICBC Leasing has made an additional investment of three billion yuan to strengthen its leading position in the industry. With the reinvestment, its total registered capital has reached eight billion yuan. The two giants will bolster up their partnership and are ready to bring more impetus to the region's economy. (Tr. By Zhang Shanshan)

### **RECOCHEM ENGINE COOLANT SETTLES DOWN IN NANGANG**

Recochem Engine Coolant (Tianjin) Co., Ltd. was officially registered in TEDA quite recently. Focusing on production and marketing of engine coolants, the new company is a joint venture between Tianjin Changlu Salt Industry Corporation and Recochem Inc. from Canada with a registered capital of 31.25 million yuan. During its first phase, the company plans to invest 31.25 million yuan in a 20,000-ton high-end automobile coolant production project. Once operational, phase-I will yield an output value of 140 million yuan. As demand expands, the company plans to timely launch its second phase with another 31.25 million yuan of reinvestment.

The Chinese investor, Changlu Salt Industry Corporation, is a state-owned company directly supervised by Tianjin State-owned Asset Commission. It is mainly engaged in the operation of salt and salt chemicals, real estate development, import & export trade, as well as relevant capital operation activities. The foreign party Recochem is a chemical production and marketing company registered in Canada. It has developed auto coolants of world leading technology standard and is a long-time partner of many world-famous engine producers such as John Deere, Shell, and Mercedes-Benz. (Tr. By Zhang Shanshan)

### **INTOCAST LAUNCHES PRODUCTION IN NANGANG**

A continuous casting mold project of Intocast recently launched production at Standard Workshop No.3 of Nangang Industrial Zone, adding a new member to TEDA's "Fostering Little Hi-tech Giants" plan.

The Intocast protection material project, invested by Intocast (Tianjin) New Material, is dedicated to new additives for the smelting of high-end or special steel. The first phase has an investment of 50 million yuan and covers 4,400 square meters of land. It plans to produce 12,000 tons of new-type protective slag for continuous casting annually. The capacity will be increased to 20,000 tons during the second phase. (Tr. By Zhang Shanshan)

### **ROYAL LEHONG BUILDING SYSTEMS (TIANJIN) CO., LTD. CHOSE TEDA INDUSTRIAL PARK (HANGU)**

Recently Royal Lehong Building Systems (Tianjin) Co., Ltd. was officially registered in TEDA Industrial Park (Hangu). Co-founded by Tianjin Royal Lehong Window System Limited and a Canadian investor, the company was engaged in the R&D and production of new building materials, colored plastic profiles, etc. With registered

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capital of 340 million yuan and a total investment of one billion yuan, the company will occupy a site of nearly 200,000 square meters.

The main investment of Royal Lehong Building Systems (Tianjin) Co., Ltd. came from Jinpeng Group, an enterprise group whose scope of business involves PVC profiles, prestressed pipe piles, polymer science and technology, tubes and pipes, and international trade. Mainly specializing in plastic profile manufacture with an annual production capacity of 430,000 tons, the group harvested an output value of over 3.6 billion yuan in 2011. It has built up nationwide sales network and exported products to the U.S., Canada, Russia, Central Asia, etc. TEDA Jinpeng Plastics Profile Manufacture Co., Ltd. of Jinpeng Group was relocated in TEDA Industrial Park (Hangu) in 2009, with a total investment of nearly two billion yuan and occupying a land of 400,000 square meters. The company's output value reached nearly 750 million yuan in 2011. (Tr. by Chen Yu)

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## **Deloitte Tax Update**

### **Edition XIII**

#### **New EIT filing requirements for enterprises with branches**



A joint circular issued by the Ministry of Finance (MOF), the State Administration of Taxation (SAT) and the People's Bank of China (PBOC) in June 2012 makes some changes to the filing obligations and the settling of Enterprise Income Tax (EIT) liability by enterprises whose head offices and branches are located in different provinces (including provinces, autonomous regions, municipalities and cities specifically designated in the State plan) in China (Caiyu [2012] No.40, (Circular No.40)). While Circular No.40, which applies as from 1 January 2013, generally follows previous guidance (Caiyu [2008] No.10, (Circular No.10)), it revises the filing responsibility; the key change from Circular No.10 is that the annual filing and final settlement of the EIT liability will no longer be the sole responsibility of the head office, but instead will be carried out by both the head office and its branches with their in-charge tax authorities. Circular No.10 will be superseded by Circular No.40.

**Key Amendments made by Circular No.40**

|  | Circular No. 10  | Circular No. 40  |
|--|--|--|
| Year-end final settlement                                | Branches are not required to make the year-end final settlement; the head office is responsible for calculating the annual EIT liability. After deducting all provisional taxes paid by the head office and its branches, the head office must pay any underpaid EIT (or claim a refund for overpaid EIT) to (from) its in-charge tax authorities. | The head office is responsible for calculating the annual EIT liability. After they have deducted their respective provisional taxes paid, the head office and the branches must pay their own underpaid EIT (or claim a refund for their own overpaid EIT). |
| Three factors to allocate provisional tax among branches | Operating revenue, employee remuneration and total assets of prior years (for the period January-June, the figures   | Operating revenue, employee remuneration and total assets of the previous year.  |

|  |   |   |
|--|---|---|
|  | from the year before the previous year and for the period July-December, the figures from the previous year).   |   |
|  | The total assets of a branch refer to the total monetary measurable economic resources owned or controlled by the branch, other than intangible assets. | The total assets of a branch refer to the total assets owned or controlled by the branch on 31 December (of the previous year). |

## Deloitte Tax Q & A

**Q1: For enterprises engaging in freight transportation based in Binhai New Area, what materials should be prepared when they apply to the tax authorities for the issuance of VAT Special Invoice for Freight Transportation?**

**A1:** According to *Announcement of Tianjin Customs [2012] No.11*, the preferential policies are as follows:

According to *Announcement of Tianjin Municipal Office of the State Administration of Taxation concerning the related application materials submitted by the taxpayers applying to the tax authorities for the issuance of VAT Special Invoice for Freight Transportation in the Pilot Collection of Value-Added Tax in lieu of Business Tax*, taxpayers should submit the following application materials to the window responsible for the issuance of VAT Special Invoice for Freight Transportation in the competent tax authorities:

1. Tax Return Statement for Issuance of VAT Special Invoices for Freight Transportation;

2. Certificate of Tax Registration (original duplicate);
3. Ownership Registration Certificate of the vehicle employed (original and copy);
4. Road Transportation Operation Permit of the vehicle employed (original and copy);
5. Contract/Agreement of freight transportation (copy);
6. Identification card of the agent (original and copy).

**Q2: Based in Binhai New Area, our Company is engaged in providing cultural and creative service. Since the completion of VAT pilot program, which tax authority should we apply to for the issuance of invoice?**

**A2:** According to Article 2 of *Announcement of Tianjin Local Taxation Bureau and Tianjin Municipal Office of the State Administration of Taxation on relevant issues concerning the Pilot Collection of Value-Added Tax in Lieu of Business Tax in Tianjin:*

Article 2 Issuance of invoice. Since December 1, 2012, the venue for invoice issuance of the following items has been adjusted to the State Administration of Taxation from Local Taxation Bureau:

- 1) Transportation services;
- 2) Research, development and technical services;
- 3) Information technology services;
- 4) Cultural and creative services;

- 5) Logistics and ancillary services;
- 6) Tangible property leasing services;
- 7) Attestation consulting services.