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CHINESE COMPANY REGISTRATION GUIDE

Essential guidance for foreigners starting a business in China

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1. Strategic Planning

1.1. Purpose of Company Registration

First of all, you should consider why you need a Chinese company and whether it is worth opening one at all.

In most cases, business with China can be divided into several major categories:

1. Export from China
2. Import into China
3. Manufacturing or processing in China
4. Providing services in China

Let's take a look at the main business directions and the advantages that come with owning your own legal entity.

Export from China

If you need to purchase goods in China for subsequent export, registering your own trading company will provide the following advantages:

- You will be able to buy goods from any Chinese supplier, not just those who are capable of handling the necessary customs formalities or who are willing to sell goods for export.
- By purchasing goods through your own trading company, you have full control over cross-border payments, foreign exchange control procedures, and so on. Transactions between two Chinese companies are much simpler than those between a Chinese and a foreign company.
- You will be able to independently apply for export VAT refunds.
- You will have opportunities to customize exported goods, export them under your own brand, and perform quality control at your own warehouse, among other benefits.
- You will have a much wider range of logistics and customs tools at your disposal.
- You will be able to independently rent the necessary production and transport equipment, such as containers.

Import into China

If you manufacture a product that you plan to sell in China, registering your own trading company will offer you the following advantages:

- You will be able to sell your product to any customer, not just those capable of handling the necessary import customs procedures.

- By selling products through your own trading company, you can sell under your own brand and control stock availability at a local warehouse in China.
- Full control over cross-border transactions, foreign exchange compliance, and related processes.
- A broader range of logistics and customs tools will be available to you.
- You will be able to rent the necessary production and transport equipment independently, such as containers.
- **However**, if your product is sold in the B2C segment, it may not be necessary to register your own trading company in China, as you can sell directly on Chinese marketplaces (such as JD and Tmall) on behalf of your existing company. If you'd like to learn more about this service, feel free to [contact us](#).

Manufacturing and Processing in China

If you need to manufacture a product (or its components) in China, or refine/modify an existing product, registering a Chinese company is the only viable option. Only by doing so will you be able to rent production facilities, hire employees, purchase materials and tools, and so on.

Naturally, your manufacturing company can also serve as an exporter or importer, enjoying all the benefits described in the previous sections.

Providing Services in China

- Only a local Chinese company can obtain the necessary licenses and permits to operate in regulated sectors of the economy.
- With a local legal entity, you can sign contracts and issue official invoices (发票, fāpiào) to both businesses and individuals.
- Operating through a Chinese company allows you to conduct transactions in RMB with Chinese clients and partners, without involving cross-border payments — significantly simplifying accounting and foreign exchange compliance.
- Only a local company has the legal right to hire employees, including foreign specialists (on work visas), as well as to rent offices, studios, or production facilities.

1.2. Choosing a Registration Location, Special Economic Zones

The place of company registration refers to a specific zone, district, or even a particular industrial park, whose address is stated on the business license and where certain rules and policies apply.

Choosing the right place of registration is extremely important, as it can significantly impact the company's future operations. It's also important to keep in mind that the place of registration can be different from the actual location of your production, warehouses, or offices.

In general, registration locations can be divided into three main types:

- Bonded Zones
- Free Trade Zones
- Regular Locations

Naturally, within each of these categories, there are subtypes. For example, bonded zones can be strictly import-export oriented (typically located near ports or airports and primarily consisting of warehouses), or they can be manufacturing-focused (in which case, in addition to warehouses, they will have many industry-specific enterprises).

A regular location may simply be an office center in a city, a tech park, or it may be situated within one of the special economic zones that support and promote the development of specific types of businesses.

Let's now take a closer look at each of these types and subtypes.

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The full guide is available for purchase at
<https://cntoolbox.com/services/company-guide>