China Practice in Germany

An experienced partner at your side – for investments in China and Germany
Your activities in China and Germany

A new economic sphere, a foreign market environment and an unfamiliar culture. Ensuring success in business activities between China and Germany hinges on a number of key decisions.

In a complex market subject to constant changes, it is essential to lay the groundwork for sustainable development either with a convincing market entry or by continually developing and adapting a successful growth model. We support you in both the market entry and further development, providing you with a solid assessment of the market based on our longstanding experience.

In practice, companies have to master a range of challenges – from understanding international business to receiving reliable information, from being familiar with country-specific regulations to respecting cultural differences. It is of critical importance to select the right business partner, a suitable legal form and an optimal tax structure. But that alone is not enough: Registering the company, setting up the accounting system, completing and filing tax statements, carrying out wage and payroll accounting, drawing up contracts* – all of these aspects must be taken into consideration.

And the tasks do not end once the business is established: Financial controlling must be put in place for the company, reliable results must be achieved and new developments must be recognized at an early date. Furthermore, there is a range of questions to be considered regarding internal steering systems, corporate governance or tax optimization. As an experienced partner, we are familiar with the corresponding market, the respective business culture, and we know your business needs. We provide you with the support you need so that you can concentrate on the topics important to you.

* Legal services are provided by KPMG Law Rechtsanwaltsgesellschaft mbH.
“With our China corridor, we have created a network of experienced experts who know the legal, tax-related and regulatory environment in both markets, and who have already supported numerous companies in all phases of their development. In my five years working as Head of German Practice in Beijing, I have experienced and learned to appreciate this in person.”

Andreas Feege  
Head of Country Practice China in Germany

Our Chinese-German country corridor teams support you with their extensive local and international expertise in order to strengthen and promote your activities in a sustainable way. The China Practice team in Germany provides specialised support to Chinese companies for their investment endeavours in Germany, while the specialists of KPMG’s German Practice in China help German and European companies to engage in the Chinese market.

We accompany you at all key levels relating to the development of Chinese-German business projects, and in the process give investors competent support that is tailored to their individual needs for all phases of their investment process:

- Setting up a company
- Growth
- Expansion
- Restructuring
- Turnaround
- Insolvency

Our experience in supporting cross-border investments also builds on the global KPMG network of the Global China Practice (GCP). As one of more than 50 local China Practices, we are able to offer you – together with the colleagues in our international network – solid expertise and local consulting services on the topic of China and Germany whenever you need it.
Our know-how — your advantages

Qualified experts who understand your needs
- Experienced experts on the ground, who are familiar with the respective language and culture
- A multidisciplinary team made up of accounting, tax and legal experts,* working in close cooperation in the field of cross-border Chinese-German business relations
- Competent support and high-value services

Competitive prices
- Full transparency
- Returns on your decision to institute changes

A broad range of services with substantial added value
- Active transfer of knowledge through personal contacts
- Partners for local management of subsidiaries and branch offices of Chinese and German investors
- Regular organisation of events and seminars on the challenges and business potentials in both countries

Clear communication
- One central contact person for all problems and questions
- Reliable early warning system to avoid any surprises

Central link
- One central contact person for all questions relating to foreign activity in Germany and China
- Long-standing expertise in accounting, tax consulting and legal consulting activities,* as well as economic consulting services for companies that are engaged in business activities in the German market or that are planning such activities
- Benchmarking of your local financial structures for comparison with competitors

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Ensuring the success of your activities abroad - How KPMG can support you

Setting up a company

Are you planning to expand your business activities into a foreign country? KPMG supports you in this planning phase with the following services:

- Legal advice on formation of your company or acquisition of shelf companies*
- Efficient tax design of corporate structures and financing
- Consulting in conjunction with salary conversion and expatriate taxation
- Strategic review of business model and competent assessment of target market
- Choice of locations
- Selection of IT and application software
- Consulting and assistance relating to applications for investment grants for relocation as well as for other funding
- Analysis of differences in accounting standards
- Employment law and regulatory advice*
- Market entry strategies*
- Legal integration of German entities into your legal entity*
- Corporate governance and compliance structures*
- Legal questions, immigration services*

Growth

Do you intend to grow your company through a takeover of Chinese companies? Do you want to reposition your business through the purchase/sale of business areas in a foreign country? Our experts are glad to help you with these and other questions:

- Market Entry
- M&A sell- and buy-side advice (both on purchaser and seller side)
- Integration & JV, Carve-outs
- Assessment of company or individual assets
- Due diligence (including legal and HR due diligence)*
- Integration management/carve-out management
- Tax-efficient structuring of the acquisition
- Antitrust permits, foreign trade law permits*
- Strategic target search
- Setting up an appropriate funding structure
- Legal M&A advice (including SPA negotiations, shareholding agreements, funding)*

Expansion

Is your foreign business already established? Do you want to expand your local market shares, integrate your new location into your global network or efficiently organise your processes? Here too, our experts are at your disposal:

- Digitalisation, Digital Transformation
- Technology Enablement
- Financing
- Target Searches
- Year-end audits (PRC GAAP, IFRS, SASAC-Reporting, HGB)
- Accounting (GAAP conversion and GAAP training)
- Internal controlling system and risk management
- Cost optimisation
- Working capital management/cash pooling/secuirty against currency risks
- Improvement of supply chain management
- Sales support (turnover and customer management)
- Support and controlling of IT project management
- Implementation of tax-optimised structures
- Consulting on value added taxes and custom duties
- Commercial contract review
- Compliance management systems
Restructuring

In particular in the rapidly changing economic corridor between China and Germany, a continuous assessment of business activities is indispensable. Potential risks must be recognized at an early stage to enable a flexible response and implementation of feasible, long-term strategies. We can support you with the following services:

- Review of business model
- Capital market consulting/IPO consulting
- Reduction/consolidation of business units
- Tax-neutral transformation and legal support
- Forecast calculations
- Financial consulting
- Support for court cases*
- Legal IPO advice (incl. prospectus)*
- Divestiture of loss-making activities
- Site divestiture
- Refinancing
- Legal restructuring advice (legal feasibility, legal documents)*
- Adjustment of corporate governance and compliance structures*

Turnaround

Do you want to get your business back on track again? We are familiar with the optimal strategies and explicit measures to make this a reality:

- Operative turnaround management end-to-end
- Improvement of cash forecasts and cash controls in order to reduce unnecessary costs
- Plans of action, compliance with performance indicators to ensure a rapid implementation of strategy
- Analysis of alternative financing options
- Analysis of tax potential, optimisation of tax loss
- Insurance in conjunction with fulfilment of turnaround plan for shareholders or financing institutes
- Legal reorganisation advice; reduction of liability risks, distressed M&A*

Insolvency

Does your company require structured and compliant closure? We accompany you every step of the way:

- Evaluation of financial, operative and regulatory risks associated with company closure
- Legal consulting*
- Labour law advice*
- Investor search within insolvency proceedings
- Distressed M&A (including legal advice)*

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Your experts for investments in Germany

With over 11,300 employees, KPMG is one of Germany’s leading auditing and advisory firms. We have conducted auditing for over 50 percent of DAX-30 companies and over 25 percent of MDAX companies.

Our 25 locations throughout Germany give us a strong regional presence that allows us to always be close to our clients – both medium-sized companies and global corporations.

The China Practice in Germany puts 70 employees of Chinese background at your service.

✓ The Country Practice China in Germany, with its many bilingual Chinese employees, has close ties to the Global China Practice as well as to the Global German Practice in China.

✓ Through the cross-border cooperation between KPMG in Germany and KPMG in China, including through mutual secondments and in project teams, there is a continual exchange of know-how, which allows the best possible utilisation of local expertise.

✓ Close cooperation with KPMG’s Global China Practice, a global network with deep insights into the respective country

✓ Countless foreign partners and managers, in addition to Chinese partners and employees with substantial international expertise
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Your experts for investments in China

KPMG in China employs around 10,000 partners and staff.

KPMG in China has a total of 16 branch offices in the Chinese mainland and in Hong Kong.

The German Practice in China is made up of over 20 employees of German background.

- Extensive experience in supporting German companies engaged in business activities in China, taking specific company needs into account
- German, English-speaking and Chinese-speaking teams with high quality standards, integrating both Chinese and Western thinking into their work
- Our German-Chinese expert team of KPMG in China provides support from the entire range of KPMG services, including the areas of auditing, accounting, tax consulting, financing and consulting services.
- Dedicated expert consulting and practice-oriented support for business activities in China, taking into account local and international legal specifications*
- Facilitation of access to Chinese and German decision-makers in the economy, society and political environment
- Close expert cooperation, including through secondments, with KPMG in Germany and KPMG member companies around the world

* Legal services are provided by KPMG Law Rechtsanwaltsgesellschaft mbH.
Our specialists of KPMG in Germany and KPMG China work in close cooperation with the Global China Practice in China to provide you with the support you need to be successful in the Chinese-German corridor.

KPMG’s Global China Practice, headquartered in Beijing, plays a leading role in ‘bringing China to the world’ and ‘bringing the world to China’. Given the increasing importance of China’s outward direct investment (ODI) to China and host countries around the world, KPMG established the Global China Practice, with dedicated teams in nearly 60 locations around the world.

Equally, the Global China Practice enhances KPMG’s ability to serve foreign companies as they enter and grow in China. As market participants manoeuvre to succeed in the ‘new normal’ in China, foreign companies should review what contribution they can make to China’s ongoing economic transformation, align their value proposition and business strategies accordingly, and prepare for a shifting landscape of risks.

Through the Global China Practice, KPMG stands close to Chinese and foreign companies as they seek to understand complex and dynamic business environments, shape crucial business partnerships, and build platforms to achieve long-term and sustainable market positions. This work is underpinned by market-leading thought leadership from the Global China Practice, produced in conjunction with leading government and industry bodies in China.

So whether you are a Chinese company looking to ‘go out’ or a foreign company assessing the evolving opportunities for your business to grow in and with China, KPMG and its Global China Practice have the insights, experience and resources to support you as you chart your path to success.
More on the topic

KPMG supports you with a wealth of information to facilitate your Chinese-German business activities.

KPMG in China online

Are you interested in finding out more about our services and receiving information on current trends? Discover interesting studies such as the Investment Report 2016, or expert publications such as the analysis of the Brexit strategy by Chinese companies.

Find out more at: www.kpmg.de/china

China Newsletter

The newsletter provides up-to-date information on the latest trends shaping the Chinese business environment and the dynamic development of the country.

Find out more at: www.kpmg.de/china
Professional and industry expertise and helpful studies

Whether it’s country-specific expertise or clearly structured information on current challenges such as Brexit, our competencies are bundled in a variety of different publications.

In addition, you will find figures on the investment activity of German companies, background knowledge for the planning of international transfers and practice-oriented information – for example a three-language financial accounting glossary in German, English and Chinese. Our publications are an invaluable tool for anyone wanting to successfully invest in Germany and around the globe.

Investment in the People’s Republic of China

Based on KPMG’s longstanding experience, this English publication provides a well-founded introduction to a wide range of questions surrounding investment in China based on China’s 13th Five-Year-Plan.

Find out more at:
www.kpmg.de/china

Business in Germany

This newsletter provides fascinating insight into Germany as an economic location, focusing on what you as an investor are interested in.

Find out more at:
www.kpmg.de/investingermany
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