

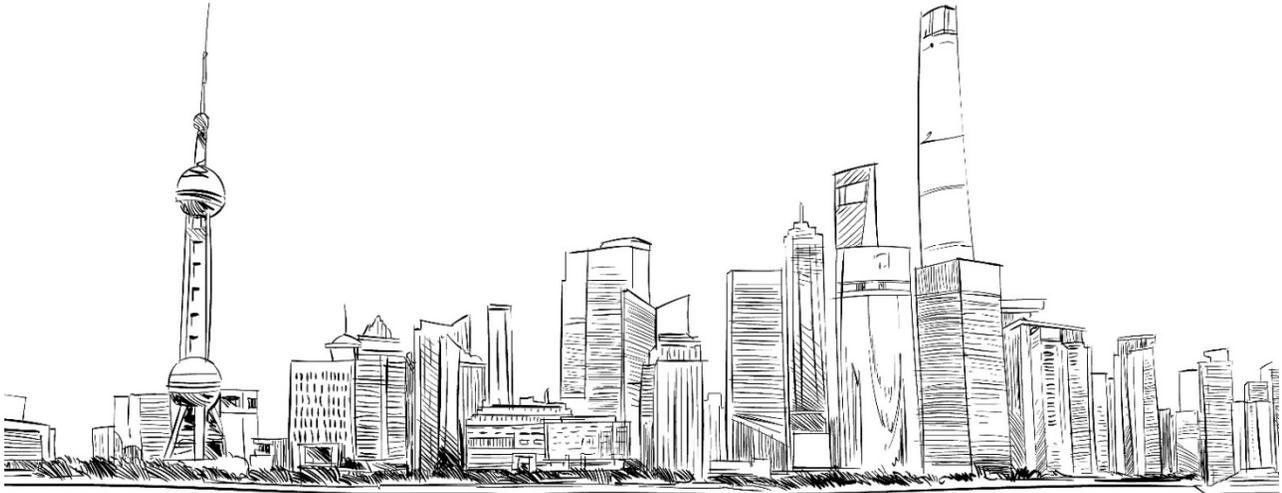


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How to write the perfect business plan for your China investment

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Writing a business plan takes time, energy and a lot of research. So why go through all that effort? One reason is that it's simply a good idea. Almost without exception, each business owner and company with a plan is pleased they have one, and each owner without a plan wishes they had one. A business plan helps you decide if your entrepreneurial idea has potential, helps you improve your business concept and is normally essential for accessing funding. And if you're planning to start up a new business in Shanghai or China, having a business plan is more than just a 'nice-to-have'. In certain scenarios, having a business plan is a requirement, without which you won't be able to start your company at all. Let's look at why you need a business plan in China and how to write the perfect plan for your new China investment.

Why do you need a business plan in China?

The World Bank ranks China 78th out of 190 countries for 'ease of doing business', yet on a different metric – 'ease of starting a business' – it ranks much lower, in 98th place. If you are planning on starting a business in Shanghai or China, the process of forming your company is a little more complicated than in other countries. The upside, of course, is that once you're set up and ready to go, doing business will be pretty fluid. Let's look at the three principal reasons you need a business plan in China.

- **Funding:** If you hope to get investment from a bank or venture capital firm, you will need to provide a business plan.
- **Free zone or industry requirement:** China allows companies to form in the many free trade zones in the country, each of which has its own specific requirements. Some of them stipulate you must have a business plan.
- **Your nationality:** Some cities and free trade zones require people from certain countries to provide a business plan as part of their application.

How to write a China business plan in five steps

While you may have written a business plan in the past, be aware that China has somewhat different format requirements compared to Western countries, so it needs to be much more diligently researched, which is never a bad thing. Let's look at the five simple steps to writing a business plan for your Shanghai or China investment.

1. **Show you are compliant:** More than anything, your business plan needs to show that the activities your company proposes to carry out are in line with your business description, that they are legal, permitted.
2. **Specify the purpose of the business plan:** You cannot provide a 'generic' business plan in China. Your document will need to be tailored to a specific audience and it should be clear what its purpose is – be that to apply for investment, to be admitted to a free trade zone, or for shareholders.



3. **In-depth research:** As noted above, a business plan in China needs to contain significantly more detailed research than what may be required in other countries. You should make use of market research and collect data from reputable sources to support your business proposition. This is advisable particularly when coming to China regardless if it is required or not.
4. **Thorough finances:** You should provide thorough and realistic financial data for your company and projections for the future. Do not be tempted to provide over-optimistic estimations – these will likely be picked apart during your application process.
5. **Follow the template:** The free trade zones that require you to provide a business plan usually offer a template which will include all the information they need from you.

The benefits of a business plan

As the World Bank data shows, starting a new business in China is not as straightforward as in other places, and sometimes you will need to jump through the bureaucratic hoop of writing a business plan. This is where working with a company formation specialist really comes into play, allowing you the peace of mind that goes with knowing all the red tape is under control. Leaving you to focus on what matters most – launching your business.

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