

Luxembourg,  
an ideal hub for  
Chinese  
companies  
to do business  
in Europe

## Luxembourg as the leading financial centre and the EU hub for international business

Being a **founding member** of the European Union and home to a number of its institutions, Luxembourg is one of the biggest EU centres for **banking**, **investment** and **finance** activities, and a well-structured and regulated portal into the EU.

**AAA**

1 of 12 countries in the world that has an AAA rating from all 3 credit rating agencies

**1<sup>st</sup>**

out of 468 cities and regions in EU for economic potential

**1<sup>st</sup>**

cross-border investment funds centre in the world, home to UCITS

**1<sup>st</sup>**

in cross-border fund distribution, with 65% market shares globally

**1<sup>st</sup>**

private banking centre in the Eurozone

**1<sup>st</sup>**

European stock exchange to issue a Dim Sum Bond

**1<sup>st</sup>**

green bond platform (Luxembourg Green Exchange) for trading environmentally friendly securities

**1<sup>st</sup>**

country to grant an EU payment institution license to a virtual currencies operator

**1<sup>st</sup>**

fully EU-licensed and regulated bitcoin exchange

# Strong ties between Luxembourg and China

Luxembourg's ties with the People's Republic of China (PRC) have become increasingly strong. Chinese top tier banks, state-owned enterprises (SOEs), fund management companies and multinational companies have established their European domiciles, headquarters and/or their investment structures in Luxembourg in order to benefit from its **business friendly environment, its familiarity with PRC business and the EU passport**, thus contributing to Luxembourg becoming **one of the largest RMB centres outside the PRC**.

The following companies have chosen Luxembourg to expand their European footprint:

## Major Chinese banks

- Agriculture Bank of China
- Bank of China
- Bank of Communications
- China Construction Bank
- China Merchants Bank
- Industrial and Commercial Bank of China

## Chinese asset managers

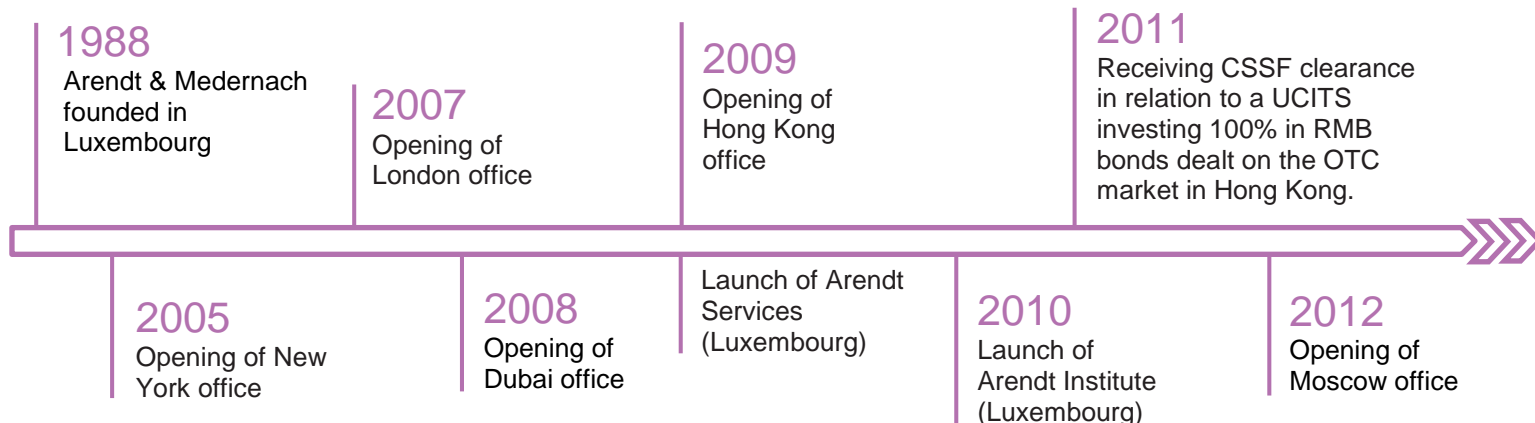
- China Asset Management (Hong Kong) Limited
- China Universal Asset Management
- CSOP Asset Management Limited
- E Fund Management (HK) Co., Limited
- Harvest Global Investments Limited
- Fullgoal Asset Management (HK) Limited

## Chinese corporations

- Alipay.com
- China Minsheng Investment Group
- Fosun International
- Henan Civil Aviation Development and Investment Company Limited
- Huawei Technologies Co., Ltd.
- SAIC Motor Corporation

We are looking forward to welcoming more and more Chinese players to set up their business and investment platforms in Luxembourg.

# Arendt milestones and PRC-related developments



\*Alphabetical Listing by Company Name.

## Luxembourg RMB financial centre

Largest RMB trade finance volume in Europe

- **Luxembourg Stock Exchange**: 1<sup>st</sup> European stock exchange to issue a Dim Sum bond
- **45 Dim Sum bonds** (amounting to RMB 34.7 billion)

Leading European RMB fund centre in Europe

- Approximately **RMB 208,4 billion** in assets of Luxembourg domiciled regulated funds
- **15 Exchange traded funds (ETFs)** offering pure Chinese equity exposure domiciled in Luxembourg

Largest pool of RMB deposits in Europe

Largest RMB loan portfolio in Europe

- **RMB 61,1 billion** in offshore RMB loans in Luxembourg
- **RMB 61,5 billion** in deposits
- **ICBC Luxembourg** as EU RMB clearing bank

## Structuring outbound investments

- Various **legal forms of companies** (e.g. SA, SCA, SARL), partnerships (e.g. SNC and SCS) or associations
- No governmental or judicial authorisation required for company formation
- Flexible **legal structures** including UCI, SIF, SICAR, SOPARFI, RAIF or LP, possible to use RMB and compatible with PRC outbound investment schemes
- The **lowest VAT rate within the EU** (standard rate of 17%) and large scope of exemptions and particular rules
- Benefit from the **EU participation exemption regime** and the network of **double tax treaties** with over 75 countries and regions, including China and Hong Kong

Assisted a UK-based fund manager in the setting up of a RQFII UCITS making use of UK RQFII quotas.

The firm also received approval from the CSSF in relation to a RQFII UCITS investing 100% of its assets on RMB bonds dealt on the China Interbank Bonds Market.

2014

Assisted one of the largest Chinese banks in setting up its proprietary RQFII UCITS.

The firm also assisted various Chinese banks in their authorisation process for a banking license in Luxembourg.

2016

Assisted clients in including the possibility to use the Shenzhen Hong Kong Stock Connect in their fund prospectus.

The firm also advised the first UCITS fund trading through the CIBM direct access program.

Opening of Paris office

2013

Launch of Arendt Regulatory & Consulting (Luxembourg)

2015

Advised the first UCITS fund trading through the Hong Kong Shanghai Stock Connect.

2017

Arendt assisted a number of managers in assessing the possibility to use Bond Connect with their Luxembourg platform.

# Arendt & Medernach, your partner in accessing Europe

Arendt & Medernach is experienced and well-equipped to help Chinese companies do business in Europe. The firm advises on Luxembourg and European law exclusively, from all its offices, assisting clients in relation to the setting up of their activities in Luxembourg or in Europe, and on a cross-border basis.

Arendt & Medernach opened an office in Hong Kong in 2009 in order to ensure better coverage of China and the Asia Pacific region. The firm has a track record of firsts in many of its undertakings.

Arendt & Medernach's Chinese clients include not only asset management firms and private equity firms, but also multinational companies (MNCs), insurance firms and banks. We provide our clients with legal services regarding the setting up of public (UCITS) and private investment real estate (PERE) funds, hedge funds, tax structuring, listings on the Luxembourg Stock Exchange and private wealth structuring. In addition, the firm assists banks, insurance companies and MNCs in setting up their businesses in Luxembourg and Europe in general.

## Arendt & Medernach entrepreneurial spirit and global approach

**Arendt & Medernach** is the largest first-tier **law firm** in Luxembourg, with over 300 lawyers/legal professionals and the premier domestic Luxembourg firm with global reach.

**Arendt Services** was established in 2009 to provide tax and corporate services.

**Arendt Institute** was created in 2010 to provide client education about changing regulations impacting their business.

**Arendt Regulatory & Consulting**, established in 2013, goes the extra mile offering regulatory advice and assistance to professionals active in the fund and asset management sectors. Responding to the growing needs of clients for a practical, yet legally effective approach to the management of regulatory change and other regulatory issues they face, Arendt Regulatory & Consulting works hand in hand with Arendt & Medernach. This complementary approach is unique in Luxembourg and offers true benefits and efficiencies when dealing with regulatory issues.

These services provide our clients with **a one-stop-shop solution**, from legal advice to implementation to ongoing business assistance.

Today Arendt & Medernach has foreign offices in Dubai, Hong Kong, London, Moscow, New York and Paris. The firm has also developed within each of its law practices knowledge and **expertise relating to the specific needs of Chinese companies, banks and other financial institutions**.

The Firm's approach is entrepreneurial and **encourages business leaders** to explore solutions that will meet our clients' needs.



## Hong Kong Office

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