

Tesla sets up Shanghai firm as it expands China presence

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Tesla has set up a company in Shanghai focusing on technology development in China, a crucial market for the US firm as the country

plans to scrap ownership limits for foreign automakers.

The US firm's Hong Kong subsidiary established Tesla (Shanghai) Limited on May 10 with a registration capital of 100 million yuan (\$15.8 million), filings on the National Enterprise Credit Information Publicity System showed on Monday.

Its business range includes technology development, import and export of [electric cars](#) and components, it said, adding Tesla Motors HK Limited is the sole shareholder of the Shanghai company with an operation period of 30 years.

Production of electric cars is not included in the business scope though. Tesla already exports cars to China, one of the California firm's top markets.

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Its CEO Elon Musk said earlier this month that the company will announce a China location for a new "Gigafactory" that will produce batteries as well as vehicles.

The announcement of the Shanghai firm came after China in April announced that it would to open up its manufacturing sector, including scrapping ownership limits for foreign automakers.

China currently restricts foreign auto [firms](#) to a maximum 50 percent ownership of joint ventures with local companies.

But the policy changes will end shareholding limits for new energy vehicle firms as soon as this year, followed by commercial vehicles in 2020 and passenger cars in 2022.

The automaker reported a less-than-expected net loss of \$784.6 million on revenue of \$3.4 billion in the first three months of this year.

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