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Fees and Procedures for Setting up a Catering Service WFOE in Beijing

Unless otherwise indicated, the foreign owned catering service company mentioned in this quotation refers to a limited liability company formed and registered in Beijing, China in accordance with the China Company Law and wholly owned by one or more foreign companies or individuals and licenced to carry out catering service business pursuant to China Food Operation License Administration Measures and Beijing Municipal Food Operation License Administration Measures(Trial). A WFOE in the form of a limited liability company is by far the most popular investment vehicles in China amongst foreign investors.

Summary

This quotation applies to situations where a foreign investor intends to set up a restaurant in Beijing, China to carry out business of catering service and that no special licence or permit other than the food service operation permit is required.

Our fees for handling the formation and registration of a foreign invested restaurant in Beijing, China are RMB28,000 and our fees cover the services listed in Section 1 of this quotation. Our service fees, however, do not include the payment of legalisation of identity documents of the investor of the restaurant.

The materials required include legalised identity documents of the shareholder, a lease agreement of the office space to be used by the restaurant and others. A list of the materials is detailed in Section 5 of the quotation.

The whole process for the registration of a foreign invested restaurant in Beijing, China takes 14 to 18 weeks. It should however be noted that most of the procedures are subject to approval granted by the government departments and therefore some of the procedures may take longer than expected.

If the business activity to be conducted by the WFOE requires special licence or permit other than the food service operation permit, we may need to adjust our fees and the time required may need to be extended accordingly.

1. Registration Cost

Our fees for handling the registration of a foreign invested restaurant (the principal business activities of which includes catering management and catering service of a service nature) in Beijing, China is RMB28,000. Our fees cover our services for the registration of a catering service company in Beijing, as detailed below:

- (1) Preparation of registration application documents;
- (2) Performing name availability search;
- (3) Application for approval of name;
- (4) Application for construction project environment impact registration;
- (5) Application for business licence;
- (6) Carving of company chops and personal chop of the legal representative;
- (7) Application for MOFCOM registration;
- (8) Application for food service operation permit;
- (9) Setting up basic RMB bank account;
- (10) Handling foreign direct investment registration;
- (11) Setting up foreign currency capital account

Note:

- (1) Our service fees stated above include official registration fees to be paid to various government departments for the registration of the catering service company (restaurant);
- (2) Our fees do not cover courier charges, if any;
- (3) If Chinese tax invoice is required, a Value Added Tax and Surcharges of 5% would be applicable.

2. Optional Services

- (1) Office On-site Inspection

There are cases where the Beijing Administration for Market Regulation (BAMR) or other local government authorities will want to conduct on-site inspection of the office premise to be used the travelling agency company. If an on-site inspection is required, we can act for and on your behalf and arrange to staff to attend the inspection for a fee of RMB2,000 per time.

(2) Legalisation Fees

Our fees stated above also do not cover the legalization of the identification documents of the shareholder/member of the Beijing WFOE. If the shareholder/member is a company or individual resided in Hong Kong, Singapore, Taiwan and USA, we could also assist to arrange the legalization of the incorporation documents. Fees for legalisation will be quoted upon request.

(3) Internet Banking Facility

Our service fees stated in Section 1 cover the setting up of a bank account for the new WFOE, however, it does not cover the application of internet banking facility. We can apply and set up the Internet banking facility for you for an extra fee of RMB2,000.

(4) Translation Costs

Our service fees stated in Section 1 do not cover translation costs for translating the documents prepared by you from English to Chinese or translation of registration documents from Chinese to English. If so required, we will charge an extra amount of RMB300 per page of A4 size paper for the translation services. In case the translation is done by client directly, we will charge RMB60-180 per page of A4 size paper for review and/or proof read of the translated documents.

3. Payment Terms and Methods

Upon receipt of your order, we will issue an invoice to you for your settlement. We require full payment in advance.

If China or Taiwan official tax invoice is required, Value-Added Tax or Business Tax at the prevailing rate in the respective jurisdiction will be charged.

4. Basic Structure of a Catering Service WFOE in Beijing

The minimum requirements of a restaurant WFOE in Beijing, China are as follows:

- One shareholder, one director, one general manger, one legal representative and one supervisor
- Shareholder can be natural person or corporation and no restrictions on nationality
- Director must be a natural person with no restriction on nationality
- General manager must be a natural person with no restriction on nationality
- Legal representative must be a natural person with no restriction on nationality

- Legal representative shall be served by chairman of the board (if board of directors is set up), or executive director (if it is sole director), or general manager
- Supervisor must be a natural person with no restriction on nationality, however, director or general manager cannot serve as supervisor at the same time
- One management personnel in charge of food safety (could be co-served by the legal representative)
- The usable area/size of the registered office shall be not less than 6 square meters

5. Required Documents and Materials

The following documents and materials needed to be prepared by the applicant before submitting an application for registration:

(1) Name of the Company to be Registered

The name of company to be registered in Beijing must follow the format “Business Name + (Beijing) + Principal Business Activity + Limited” or “Business Name + Principal Business Activity + (Beijing) + Limited” or “Beijing + Business Name + Principal Business Activity + Limited”. For example, “Kaizen (Beijing) Catering Management Limited” or Kaizen Catering Management (Beijing) Limited or Beijing Kaizen Catering Management Limited.

(2) Particulars of the Shareholder

If the shareholder of the Beijing catering service company is another company, please provide the particulars of that company, including the principal business activities, business address, contact numbers, name and nationalities of the director(s)/person in charge, etc. If the shareholder of the Beijing catering service company is a natural person, please provide residential address, contact number and email address, etc.

(3) Legalised Identification Documents of the Shareholder

One sets of legalised identification documents of the foreign shareholder of the proposed WFOE. If the shareholder is a corporation, the identification documents include its Certificate of Incorporation (or Business Registration Certificate or document of a similar nature), Articles of Association (bylaws) and documents show other registration particulars. In the case the shareholder is an individual, the identification document required to be legalised is his/her passport (for foreigner) or mainland travel permit (for Hong Kong, Macau and Taiwan resident).

The shareholder's identification documents shall be legalised by the Chinese Embassy or Consulate in the country where the investor is resided or registered.

(4) Organisational Chart and Beneficiary Owner

If the shareholder of the Beijing catering service company is another company, please provide an organisation chart and particulars of the ultimate beneficiary owner.

(5) Particulars of Legal Representative

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), China mainland contact phone number and mobile phone number, email address and residential address of the legal representative.

(6) Particulars of Supervisor and General Manager

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), China mainland contact phone number, mobile phone number, email address and residential address of the supervisor and the general manager.

(7) Particulars of Director(s)

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national) and full residential address in respect of each director.

(8) Particulars of Management Personnel in Charge of Food Safety

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), China mainland contact phone number, mobile phone number, email address and residential address of management personnel.

(9) Amount of Investment/Registered Capital

The total amount of investment in the WFOE, including:

- (a) the registered capital.;
- (b) method and time limit of contribution of capital.

The China Company Law does not impose any restriction on the amount of registered capital for a general purpose WFOE. Despite this, Kaizen would like to advise you to determine the appropriate amounts of registered capital and contribution terms by taking into consideration of the investment plan.

(11) Tenancy agreement

A tenancy/lease agreement of the office premise to be used by the proposed WFOE. Please note the agreement shall clearly indicate the premise is for WFOE use only and the lease term shall not be less than 12 months;

(12) Particulars of Preferred Banker

Please provide the name of preferred bank and the designated branch at which the bank accounts of the WFOE is to be established.

6. Procedures for Establishing a Catering Service WFOE in Beijing

(1) Preliminary

(a) Lease of office Space

Firstly, the investor will have to enter into a tenancy agreement in relation to the office space to be used by the WFOE for a term of not less than 12 months. The office must be located in a commercial building. The usable area/size of the registered office shall be not less than 6 square meters

(b) Legalisation of Identity Documents of Shareholder/Member

The investor is also required to arrange to have the identity documents of the shareholder legalised by the Chinese Embassy in the country where the shareholder/member is registered/resided.

(c) Other Documentation

The investor at the same time needs to prepare other documents, such as photocopies of the passport / identity card / mainland travel permit of the director, supervisor, legal representative and (general) manager.

(2) Application for Registration of Catering Service WFOE

(a) Name Search and Reservation

The registration process of a WFOE starts with name availability search. Kaizen will perform a name availability search with the Beijing Administration for Market Regulation. If the search indicates that the preferred company name is available for registration, Kaizen then apply for the reservation of the preferred name with the BAMR (北京市市场监督管理局). This is called "Name Pre-registration" (名称预先核准) in China.

- (b) **Registration for Construction Project Environment Impact**
Application for construction project environment impact registration record filing with the Ecological Environment Bureau.
 - (c) **Registration for Business License**
Upon receipt of the approval for reservation of the company name of the WFOE, Kaizen will then apply for Business Licence (营业执照) for the WFOE from the BAMR. The BAMR will usually issue the Business Licence within 5 working days after receiving all the required documentation. Once the business license is issued, the WFOE is deemed to be a legal person duly organised and existing under PRC law and will have full operational rights to operate its business in China within the scope of its Business Licence.
 - (d) **Carving of Company Seal and Chops**
Application for approval and arranging the carving of the company seals and chops.
 - (e) **Registration Record Filing with MOFCOM**
Upon receipt of business license (营业执照), Kaizen will then arrange the registration record filing with MOFCOM. MOFCOM local branch will usually issue a registration record receipt within 3 working days after receiving all required documentation.
 - (f) **Application for Food Service Operation Permit**
Application with Beijing Food and Drug Administration Bureau for food service operation permit.
- (3) **Post Registration Stage**
- (a) **Foreign Direct Investment Registration**
Application for registration with the Administration for Foreign Exchange or its authorized institutes.
 - (b) **Opening Bank Account**
Opening one foreign currency capital account and one RMB basic account with a bank of your choice in Beijing, China on behalf of you.

7. Estimated Time Frame

It is estimated that the whole registration process for the registration of a wholly foreign owned restaurant in Beijing would take around 14 to 18 weeks, subject to the schedule of the investor and the approval by the various registration authorities. The table below shows the estimated time frame for each of the steps for the registration.

Step	Description	Who is Responsible	Working Days
Preliminary			
1	Legalization of Incorporation Documents	Investor	Investor's schedule
2	Tenancy (Lease) Agreement (for the office to be used by the WFOE)	Investor	Investor's schedule
3	Other Documents	Investor	Investor's schedule
Application for Registration			
4	Name availability search	Kaizen	1
5	Application for approval and reservation of the proposed company name	Kaizen	3-5
6	Application for construction project environment impact registration	Kaizen	3
7	Application for business license	Kaizen	5-7
8	Application for approval and carving of company seals	Kaizen	3
9	Project Registration and Record	Kaizen	3
10	Application for food service operation permit	Kaizen	20-30
Other Registration Procedures			
11	Opening of RMB basic account	Kaizen	10-15
12	Performing foreign direct investment registration	Kaizen	7-10
13	Opening of capital account	Kaizen	7-10
Around 14 - 18 Weeks			

8. Certificates and Materials obtained after Registration

After the restaurant is officially registered, it will obtain the following certificates, corporate documents and seals to prove its legal existence and to carry out its daily operation.

- (1) Business Licence (Original, Duplicate)
- (2) WFOE Registration Record Receipt
- (3) Construction Project Environment Impact Registration Form
- (4) Food Service Operation Permit
- (5) Articles of Association
- (6) Company Seal, Financial Seal, Legal Representative Seal (optional), and Contractual Seal (optional)
- (7) Bank Account Opening Permit and Other Bank Stuffs

9. Annual Compliance Requirements in China

Immediately after a catering service WFOE is officially registered in Beijing, China it is required to comply with various monthly, quarterly and annually filing and reporting requirements. These filing requirements include monthly tax filing, filing of annual audit report, which has to be issued and signed off by a local CPA firm, filing of annual tax reporting to the Beijing State Tax Bureau and filing of annual report to the business licensing bureau etc. In any case if any of these annual compliances are not handled in a timely manner, the WFOE may subject to penalties or at the risk of getting their license suspended or cancelled by the BAMR.

Kaizen is well equipped with experienced personnel and capable of providing all the services that your Beijing WFOE may need, including but not limited to monthly book-keeping, preparation of tax computation and filing of various tax returns and also performing annual tax clearance and etc.

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

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