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Change of Principal for Shenzhen Branch-Procedures and Fees

Summary

This quotation applies to situations where a WFOE's branch registered in Shenzhen intends to change the principal and that no special license or permit or other change is required.

Our fees for handling the change of principal for a branch registered in Shenzhen, China are **RMB9,000** and our fees cover the services listed in Section 1(1) of this quotation. Our service fees, however, do not include the payment of official registration charges.

The materials required include the photocopy of the identity certificate of the new principal, incorporation certificates, seals of the branch and others. A list of the materials is detailed in Section 3 of this quotation.

The whole process for the change of principal for a branch registered in Shenzhen, China takes around 5 to 7 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 special licence or permit or other extra change is required, we may need to adjust our fees and the time required may need to be extended accordingly.

1. Change Costs

(1) Our Service Fees

Our fees for handling the change of principal for a branch registered in Shenzhen, China are **RMB9,000**. In particular, our fees cover the following services:

- (1) Preparation of change application documents;
- (2) Submitting online application for the change with the registry office;
- (3) Making an appointment for the submission of paper application;
- (4) Submitting paper application to the registry office;
- (5) Making a name chop for the new principal;
- (6) Application for the change with the opening bank for RMB basic account.

If special licence or permit or other extra change is required, we may need to adjust our fees accordingly.

(2) Official Filing Fees

Our service fees stated in Section 1 (1) do not cover any official filing fees of around RMB1,000. The official filing fees will be billed with supporting official receipts.

(3) Translation Costs

Our service fees stated in Section 1 (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 RMB350 per page of A4 size paper for the translation services.

All the fees quoted above do not include the Value Added Tax and Surcharges of 7.5% if Chinese tax invoice (Fapiao) is required.

A summary of the fees and costs is provided in Schedule 1 to the quotation.

2. 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.

3. Required Documents and Materials

The following materials are required for the purpose of change of principal for a branch registered in Shenzhen, China:

- (1) A photocopy of the identity certificate of the new principal;
- (2) China mobile number, resident address and email address of the new principal;
- (3) Business Licenses (original and duplicates) of the branch;
- (4) Bank account opening permit of the branch;
- (5) Common Seal, Financial Seal, Name Chop of the principal for the branch;
- (6) Specimen of Seals Recorded by the Bank for RMB Account;
- (7) Other documents or information temporarily required by registration authorities.

4. Estimated Time Frame

It is estimated that the whole change process would take around 5 to 7 weeks, subject to the approval by the various registration authorities in Shenzhen. The table below shows the estimated time frame for each of the steps for the change.

Step	Description	Who is Responsible	Working Days
Preliminary			
1	Preparation of materials required	Investor	Investor's schedule
Application for Change			
2	Submitting online application for the change with the registry office	Kaizen	1
3	Making an appointment for the submission of paper application	Kaizen	5
4	Submitting paper application to the registry office and collecting the change notice	Kaizen	3-5
5	Making a name chop for the new principal	Kaizen	2
6	Application for the change with the opening bank for RMB basic account	Kaizen	10-15
Around 5 -7 Weeks			

5. Real-Name Certification of the Principal

Provided the principal of a branch is a foreigner or Hong Kong/ Macau/Taiwan resident, then s/he is required to visit the local office of State Administration of Taxation (SAT) in person so as to enable the SAT to verify her or his Passport or Hong Kong/Macau/Taiwan resident's mainland travel permit. This is what we called real-name certification with the tax bureau. Failure to complete the real-name certification will affect the branch's tax related matters, such as purchase of Fapiao and application for tax rebate, or in the worst scenario, may not be able to file tax returns, with the SAT.

Since the principal is required to visit the SAT in person to perform the real-name certification, we would recommend that s/he should be accompanied by a local staff, so as to avoid any language or communication problems. If you want us to send our staff to go to the SAT with your foreign principal, we can also arrange for it accordingly. Our fees for the foregoing service are RMB1,500 (tax exclusive).

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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Tel: +852 2341 1444

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Schedule 1 – Summary of Costs

Item	Description	Amount RMB
1	Service fees for change of principal (Note 1)	9,000
2	Official filing fees for the change (Note 2)	1,000
3	Disbursements	500
4	Real-name certification of the principal	1,500
TOTAL		12,000

Note:

1. The government fees will be collected before the commencement of services and any shortfall will be billed after completion of registration of the branch.
2. Item 4 will only be incurred if we are being engaged for such services.
3. If Chinese tax invoice is required, a Value Added Tax and Surcharges of 7.5% would be applicable.