

Procedures and Fees for the Registration of a Representative Office in Shenzhen

Summary

This quotation applies to situations where a foreign company intends to set up a representative office in Shenzhen, China to carry out market surveys, products displays and marketing activities related to the products and business of the foreign company (the investor) and liaison activities in relation to product sales, service providing, domestic procurement and investment and that no special licence or permit is required.

Our fees for handling the formation and registration of a representative office in Shenzhen, China are USD2,000 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, legalisation of incorporation documents of the foreign company (the head office) of the representative office.

The materials required include legalised incorporation documents of the foreign company, a lease agreement of the office space to be used by the representative office and others. A list of the materials is detailed in Section 4 of the quotation.

The whole process for the registration of a representative office in Shenzhen, China takes around one month. 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, due to the limitation of foreign company's principal business activities, the registration of representative office requires special licence or permit, we may need to adjust our fees and the time required may need to be extended accordingly.

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1. Registration Cost

1.1 Our Service Fees

Our fees for handling the registration of a representative office in Shenzhen, China are USD2,000. In particular, our fees cover the following services:

- (1) Preparation of application documents for RO registration;
- (2) Application for RO registration certificate;
- (3) Carving chops and name chop of the chief representative;
- (4) Setting up one RMB basic bank account;
- (5) Application for internet banking facility.

If, due to the limitation of foreign company's principal business activities, the registration of representative office requires special licence or permit, we may need to adjust our fees accordingly.

1.2 Official Filing Fees

Our service fees stated in Section 1.1 do not cover any official filing fees and other expenses. The estimated official filing fees and other expenses are around USD400. The official filing fees and other expenses will be billed with supporting official receipts.

1.3 Additional Foreign Currency Account

Our service fees stated in Section 1.1 cover the setting up of a basic RMB bank account for the new RO. However, it does not cover the setting up of any additional accounts. If the RO will receive foreign currency payment from overseas, then you must open a foreign currency general settlement account accordingly. Should you decide to engage us to set up an additional account, we will charge a fee of USD300.

1.4 Legalisation or Apostillization Fees

Our fees stated above also do not cover the legalization or apostillization of the incorporation documents of the foreign company. Kaizen is able to arrange the legalisation or apostillization of incorporation documents for foreign company registered in Hong Kong, Singapore, Taiwan, British Virgin Islands, Cayman Islands and Bermuda and a few other countries. Fees for legalisation will be quoted upon request.

1.5 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 USD55 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 stated above is provided in Schedule 1 to this 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's mainland 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. Basic Structure of a RO in Shenzhen

The minimum requirements of a representative office in Shenzhen, China are as follows:

- (1) At least one chief representative.
- (2) The foreign company must be established and operating for more than two years.
- (3) No more than three general representatives (if any).
- (4) The chief representative or general representative must be a natural person with no restriction on nationality.

4. Required Documents and Materials

The following materials are required for the purpose of application for registration of a representative office in Shenzhen, China:

- (1) Name of the Representative Office to be Registered

The name of representative office to be registered in Shenzhen must follow the format "Name of Origin Country + Chinese Translation of Name of the Foreign Company + Shenzhen Representative Office".

- (2) Particulars of the Foreign Company

Please provide the particulars of the foreign company, including the registered address, principal business activities, registered capital or total assets, contact phone number etc.

(3) Tenancy Agreement

One set of original tenancy/lease agreement and Leasing Certificate of the office premise to be used by the proposed representative office.

(4) Legalised or Apostilled Incorporation Documents of the Foreign Company

One set of legalised or apostilled incorporation documents of the foreign company. The foreign company's incorporation documents, including Certificate of Incorporation and/or Business Registration Certificate, registered address and articles of association, shall be legalised or apostilled by the competent authority of the country where the investor is registered.

(5) Legalised or Apostilled Power of Attorney

One set of power of attorney to the person who will sign all the application documents on behalf of the foreign company, which shall be legalised or apostilled by the competent authority of the country where the foreign company is registered.

(6) Legalised or Apostilled Bank Reference Letter

One set of bank reference letter of the foreign company, which shall be legalised or apostilled by the competent authority of the country where the foreign company is registered.

(7) Legalised or Apostilled Letter of Appointment

One set of letter of appointment for the chief representative or general representative and his/her identity document, which shall be legalised or apostilled by the competent authority of the country where the foreign company is registered.

(8) Chief Representative and General Representative

Please provide particulars of the chief representative and general representative (if any), including name, China mobile number, email address, residential address in China, arrival date in China and personal resume. Please

also provide a photocopy of their identity documents and two one-inch colour photos.

(9) Particulars of Preferred Bank

Please provide the name of preferred bank and the designated branch at which the bank account of the representative office is to be established.

Please note the chief representative of the representative office is required to visit the bank in person to open the bank account. The bank officers will go to your office to conduct a site inspection when you submit the application to them.

5. Estimated Time Frame

It is estimated that the whole registration process would take around one month, subject to the schedule of the investor and also the approval by the various registration authorities in Shenzhen. 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	Legalisation of documents of the foreign company	Investor	Investor's schedule
2	Tenancy agreement (for the office to be used by the RO)	Investor	Investor's schedule
3	Other documents	Investor	Investor's schedule
Application for Registration			
4	Application for registration certificate and representative certificate	Kaizen	3
5	Application for approval and carving of RO seals	Kaizen	2
6	Opening of RMB basic account	Kaizen	5-10
7	Application for internet banking facility	Kaizen	5-10
			Around 1 month

6. Certificates and Materials obtained after Registration

After the representative office 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) Registration Certificate
- (2) Representative Certificate of chief representative and other representatives
- (3) Representative Office's seal, financial seal, name seal of the chief representative
- (4) Bank Account Stuffs

7. Recruitment of Chinese Employee(s)

A representative office shall entrust a local dispatch service agency for foreigners or other service units designated by the Chinese Government to recruit and employ Chinese personnel in accordance with laws and regulations of the PRC.

Typically, a representative office will sign a "contract for service" agreement with the local service unit. Under such service contract the local service unit agrees to provide, and the representative office agrees to pay for employee hiring services and for administering the employment relationship. After the establishment of the employment relationship, the local service unit will handle the employee's mandatory contributions to the social insurance and housing provident fund on a monthly basis. The local service unit also administers the employees' personal file and may handle such other administrative employment matters as may be entrusted by the representative office.

We, as a qualified dispatch company, could provide the related labour dispatch service to you in compliance with the PRC law. Our fees will be quoted separately upon request.

8. Annual Compliance Requirements in China

Immediately after a representative office is officially registered in Shenzhen, 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 Shenzhen State Administration of Taxation and filing of annual report to the competent government authorities etc. In any case if any of these annual compliances are not handled in a timely manner, the representative office may subject to penalties or at the risk of getting their license suspended or cancelled by the MSA.

Kaizen is well equipped with experienced personnel and capable of providing all the services that your Shenzhen representative office 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.

9. Real-Name Authentication of the Chief Representative

Provided the chief representative of a representative office is a foreigner, 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. This is what we called real-name authentication with the tax bureau. Failure to complete the real-name authentication will affect the company's tax related matters, or in the worst scenario, may not be able to file tax returns, with the SAT.

Since the chief representative is required to visit the SAT in person to perform the real name authentication, we would recommend that she or 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 chief representative, we can also arrange for it accordingly. Our fees for the foregoing service are USD150.

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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Schedule 1 – Summary of Costs

Item	Description	Amount USD
1	Service fees for RO registration (Note 1)	2,000
2	Official filing fees and other expenses for RO registration (Note 2)	400
3	Application for an additional foreign currency account	300
4	Real-name Authentication of the chief representative (Note 3)	150
5	Legalization or apostillization fees for the foreign company	TBC
6	Translation fees	TBC
TOTAL		2,850

Note:

1. If, due to the limitation of foreign company's principal business activities, the registration of representative office requires special licence or permit, Kaizen can handle the application and our fees will be quoted upon request.
2. The official filing fees and other expenses will be collected before the commencement of services and any shortfall will be billed after completion of registration of the RO.
3. Item 3 to 6 will only be incurred if we are being engaged for such services.
4. If Chinese tax invoice is required, a Value Added Tax and Surcharges of 7.5% would be applicable.