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Fees and Procedures for Setting up a Branch Office of WFOE in Beijing, China

Unless otherwise indicated, the WFOE mentioned in this quotation refer to a limited liability company formed and registered in China in accordance with the China Company Law and the related regulations and wholly owned by one or more foreign companies or individuals.

Summary

This quotation applies to situations where a foreign investor intends to set up a branch of a WFOE in Beijing, China to carry out the same or similar business as the WFOE and that no special licence or permit other than the business licence is required.

Our fees for handling the formation and registration of a WFOE's branch in Beijing, China are RMB10,000 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, documents translation services, etc.

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

The whole process for the registration of a WFOE's branch in Beijing, China takes 4 to 6 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 branch requires special licence or permit, we may need to adjust our fees and the time required may need to be extended accordingly.

1. Registration Cost

(1) Our Service Fees

Our fees for handling the registration of a WFOE's branch (the business scope of the branch does not exceed that of the WFOE) in Beijing, China is RMB10,000. In particular, our fees cover the following services:

- (1) Preparation of registration application documents;
- (2) Application for approval of name;
- (3) Application for business licence;
- (4) Carving of company chops and personal chop of the person in-charge;
- (5) Setting up basic RMB bank account;
- (6) Applying for internet banking facility.

If the business activity to be conducted by the branch requires special licence or permit, we may need to adjust our fees accordingly.

(2) Official Filing Fees

The fees quoted in Section 1 (1) above do not cover official filing fees to be paid to different government departments and the official filing fees are estimated to be around RMB1,500, assuming no special license or permit is required.

(3) Office On-site Inspection

There are cases that the Beijing Administration for Market Regulation (BAMR) may conduct an on-site inspection of the premise to be used as the business address by the branch. If BAMR does require an on-site inspection, we can act for the client to attend the inspection for a fee of RMB2,000.

(4) 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 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 as proof reading service fees.

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. Basic Structure of a Branch of a WFOE in Beijing

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

- One person in-charge;
- Person in-charge 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 branch of a WFOE in Beijing, China:

(1) Name of the Branch to be Registered

The name of branch to be registered in Beijing must follow the format “Full name of the WFOE + Beijing Branch”

(2) Person In-Charge

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

(3) Incorporation Documents of the WFOE

Incorporation documents of the WFOE shall need to be provided, such as business license, Registration Record Filing, articles of association, etc.

(4) Tenancy Agreement

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

(5) Scope of Business

A summary of the scope of business and the scale of business of the proposed branch office of the WFOE, if it is not exactly the same as that of the WFOE.

(6) Particulars of Preferred Bank

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

5. Procedures for Establishing a WFOE's Branch 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's branch for a term of not less than 12 months. The office must be located in a commercial building. If the office is located in residential building, special approval from the residents' committee is required.

(b) Incorporation Documents of the WFOE

The investor is also required to prepare incorporation documents of the WFOE, such as business license and articles of association.

(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 person in-charge.

(2) Application for Registration of a WFOE's Branch

(a) Name Reservation

The registration process of a WFOE's branch starts with name reservation. Kaizen will apply for the reservation of the proposed branch's 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 Business Licence

Upon receipt of the approval for name reservation, Kaizen will then apply for Business Licence (营业执照) for the WFOE's branch with BAMR. BAMR will usually issue the Business Licence within 5 working days after receiving all the required documentation. Once the business license is issued, the branch is deemed to be 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.

(3) Post Registration Stage

(a) Carving of Company Seal and Chops

Application for approval for making of Office Stamp (Office Seal) with the Public Security Bureau and arranging the carving the company seal and chops.

(b) Opening of Bank Account

Opening of one RMB basic account with the bank selected by client.

(c) Applying for Internet Banking Facility

Applying for internet banking facility with the bank selected by client.

6. Estimated Time Frame

It is estimated that the whole registration process would take around 4 to 6 weeks, subject to the schedule of the investor and also the approval by the various registration authorities in Beijing. 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	Preparation of Incorporation Documents of the WFOE	Investor	Investor's schedule
2	Tenancy (Lease) Agreement (for the office to be used by the branch)	Investor	Investor's schedule
3	Other documents	Investor	Investor's schedule
Application for Registration			
4	Application for approval and reservation of the proposed company name	Kaizen	3-5
5	Application for business license	Kaizen	5-7
Other Registration Procedures			
6	Application for approval and carving of company seals	Kaizen	3
7	Opening of RMB basic account	Kaizen	7-10
8	Applying for internet banking facility	Kaizen	5-7
Around 4 - 6 Weeks			

7. Certificates and Materials obtained after Registration

After the branch 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) Company Seal, Financial Seal, Name Chop of the Person in-charge (optional), and Contractual Seal (optional)
- (3) Bank Account Opening Permit and Other Bank Stuffs

8. Annual Compliance Requirements in China

Immediately after the WFOE's branch is officially registered in Beijing, it is required to comply with various monthly, quarterly and annually filing and reporting requirements. These filing requirements include monthly tax filing 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 branch 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 branch may need, including but not limited to monthly book-keeping, preparation of tax computation and filing of various tax returns 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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Tel: +852 2341 1444

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Schedule 1 – Summary of Costs for Registration of a WFOE’s Branch in Beijing

A summary of costs related to the registration of a WFOE’s branch in Beijing, China are listed in the table below:

Item	Description	Amount (RMB)
1	Service fees for Branch Registration (Note 1)	10,000
2	Official filing fees for Branch Registration (Note 2)	1,500
3	Disbursements	500
4	Office address on-site inspection (Optional)	2,000
5	Translation fees (Optional)	TBA
	TOTAL	14,000

Note:

1. If the business to be conducted by the branch in Beijing requires special licence or permit, Kaizen will handle the application and our fees will be quoted upon request.
2. The government fee is an estimated amount. We will collect it before the commencement of services and any shortfall will be billed after completion of registration of the branch.
3. Item 4 to 5 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 5% would be applicable.