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Fees and Procedures for Setting up a Foreign Invested Human Resources Enterprise in Beijing

Unless otherwise indicated, the foreign invested human resources 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 investors and licenced to carry out recruitment, headhunting and other human resourcing related business pursuant to China Human Resources Marketing Intern Regulations. A WFOE in the form of a limited liability company is by far the most popular investment vehicles in Beijing China amongst foreign investors.

Summary

This quotation applies to situations where a foreign investor intends to set up an employment agency company in Beijing, China to carry out recruitment, headhunting and other human resources related service, and that no special licence or permit other than human resources service permit is required.

Our fees for handling the formation and registration of a human resourcing service WFOE in Beijing, China are RMB15,000 and our fees cover the services listed in Section 1 of this quotation. Our service fees, however, do not include the legalisation of identity documents of the shareholder of the WFOE.

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

The whole process for the registration of a WFOE in Beijing, China takes 10 to 12 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 human resources service 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 human resources service WFOE (the principal business activities of which includes recruitment, headhunting and other human resourcing related activities of a service nature) in Beijing, China is RMB15,000. Our fees cover the following services:

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

Note:

- (1) Our service fees stated above include official registration fees to be paid to various government departments for the registration of the human resources service company;
- (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;
- (4) If the business activity to be conducted by the WFOE requires special licence or permit other than human resources service permit, we may need to adjust our fees accordingly.

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 new WFOE. 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 of the Beijing WFOE. If the shareholder is a company 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 Human Resources Service WFOE in Beijing

The minimum requirements of a human resources Service WFOE in Beijing, China are as follows:

- The usable area/size of the registered office shall be not less than 50 square meters;
- One shareholder, one director, one general manager, one legal representative, one supervisor;
- Shareholder shall be corporation;
- 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;
- With no less than 5 full-time staff with corresponding professional qualifications.

5. Required Documents and Materials

The following materials are required for the purpose of application for registration of a human resources service WFOE in Beijing, China:

(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) HR Service Limited” “Kaizen HR Service (Beijing) Limited” or “Beijing Kaizen HR Service Limited”.

The name of the company must be in Chinese. English name cannot be directly registered. Please provide one proposed name and at least two alternatives.

(2) Particulars of the Shareholder

Please provide the particulars of the shareholding company, including the principal business activities, business address and contact numbers etc.

(3) Legalised Identification Documents of the Shareholder

One sets of legalised identity documents of the foreign shareholder of the proposed WFOE. The shareholder's incorporation document shall be notarized by a local notary public and legalised by the Chinese Embassy or Consulate in the country where the shareholding company is registered.

(4) Organisational Chart and Beneficiary Owner

Please provide an organisation chart and particulars of the ultimate beneficiary owner of the proposed Beijing WFOE.

(5) Particulars of Legal Representative

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national) and full 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) a full 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) Amount of Investment/Registered Capital of the China Company

The total amount of investment in the WFOE, including:

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

(9) Tenancy agreement

A tenancy/lease agreement of the WFOE premise to be used by the proposed WFOE. Please note the lease term shall be not less than 12 months and the usable area/size of the registered office shall be not less than 50 square meters;

(10) Scope of Business

A summary of description of the scope of business of the proposed WFOE.

(11) 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.

Please note the legal representative of the WFOE is required to visit Beijing to open the bank account. The bank officers may visit your office to conduct an on-site inspection.

(12) Particulars of Qualified Staff

The WFOE must have at least 5 full-time staff with corresponding professional qualifications. Photocopies of identity cards, degree certificates, resumes and passport-size photo of the staff must be provided when applying for human resources service permit.

6. Procedures for Establishing a HR 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 no less than 12 months. The office must locate in a commercial building and the usable area/size of the registered office shall be not less than 50 square meters.

(b) Legalisation of Identity Documents of Shareholder

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

(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 WFOE

(a) Name Search and Reservation

The registration process of a human resources service 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 Business License

Upon receipt of the approval for reservation of the preferred 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.

(c) Carving of Company Seal and Chops

Application for approval and arranging the carving of the company seals and chops.

(d) 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.

(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 Accounts

Opening one foreign currency capital account and one RMB basic account with a bank of your choice in Beijing, China on behalf of you.

(c) Application for Human Resources Service Permit

Application with Beijing Human Resources and Social Security Bureau for the permit as an employment agency to conduct recruitment, headhunting and other human resources service.

7. Estimated Time Frame

It is estimated that the whole registration process would take around 10 to 12 weeks, subject to the schedule of the investor and 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	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	1
6	Application for business license	Kaizen	3
7	Application for approval and carving of company seals	Kaizen	1
8	MOFCOM Registration and Record	Kaizen	1
Other Registration Procedures			
9	Opening of RMB basic account	Kaizen	7-10
10	Performing foreign direct investment registration	Kaizen	7-10
11	Opening of capital account	Kaizen	7-10
12	Application for Human Resources Service Permit	Kaizen	20
Around 10 - 12 Weeks			

8. Certificates and Materials obtained after Registration

After the human resources service WFOE 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) Articles of Association
- (3) Company Seal, Financial Seal, Legal Representative Seal (optional), and Contractual Seal (optional)
- (4) Bank Account Opening Stuffs
- (5) Human Resources Service Permit

9. Annual Compliance Requirements in China

Immediately after a WFOE 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, filing of annual audit report, which shall be issued and signed off by a local CPA firm, filing of annual tax reporting to the Beijing State Administration of 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 performing annual tax clearance, 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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SERVICES SCOPE

CORPORATE SERVICE

Company Formation & Registration
 Bank Account Application
 Company Secretary
 Registered Office & Business Address
 Compliances & Maintenance
 Dis-registration & Dissolution

ACCOUNTING & AUDITING

Financial Advisory
 Due Diligence
 Company Secretary
 Accounting & Book-keeping
 Statutory Audit
 Special Audit

TAXATION

Tax Advisory
 Tax Planning
 Tax Reporting
 Tax Compliance
 Tax Audit
 Transfer Pricing

VISA

Work Visa
 Business Visa
 Company Secretary
 Investment Visa
 Immigration
 Post Landing Support

PERSONNEL

Staff Hiring
 Labor Displacement
 Payroll Processing
 Human Resource
 Labor Law Advisory

INTELLECTUAL PROPERTY

Trademark Registration & Renewal
 Trademark Infringement
 Trademark Watch
 Design Registration
 Patent Registration
 Domain Name Registration

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