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Fees and Procedures for Setting up a Travel Agency WFOE in Beijing

Unless otherwise indicated, the WFOE mentioned in this quotation refer to a limited liability company formed and registered in Beijing, China in accordance with the China Company Law and the related regulations and wholly owned by one or more foreign companies or individuals. 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 travel agency in Beijing, China to carry out business of China domestic tourism and inbound tourism and that no special licence or permit other than the permit for operating as travel agency is required.

Our fees for handling the formation and registration of a travel agency WFOE in Beijing, China are RMB 20,000 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 and legalisation of identity documents of the shareholder/member of the WFOE.

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

The whole process for the registration of a WFOE 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 permit for operating as travel agency, 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 travel agency WFOE (the principal business activities of which includes China domestic tourism and inbound tourism of a service nature) in Beijing, China is RMB20,000. In particular, 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) Application for travel agency operation permit;
- (8) Setting up basic RMB bank account;
- (9) Handling foreign direct investment registration;
- (10) Setting up foreign currency capital account;
- (11) Setting up a special account for deposit of quality guarantee funds

(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 RMB2,500.

(3) Office On-site Inspection

There are cases that the Beijing Administration for Market Regulation (BAMR) or other government authorities may conduct an on-site inspection of the premise to be used as the business address by the WFOE. If an on-site inspection is required, we can act for the client to attend the inspection for a fee of RMB2,000 per time.

(4) Legalisation Fees

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

(5) Internet Banking Facility

Our service fees stated in Section 1 (1) cover the setting up of a bank account for the new WFOE, however, it does not cover the application of internet banking facility. Should you decide to engage us for the above service, we will charge a fee of RMB2,000.

(6) Translation Costs

Our service fees stated in Section 5.1 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 Travel Agency WFOE in Beijing

The minimum requirements of a travel agency 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
- Natural person shareholder can be appointed as director
- Supervisor must be a natural person with no restriction on nationality, however, director or general manager cannot serve as supervisor at the same time
- At least one management personnel with working experience in travel agency or with relevant professional experience
- With prescribed number of tour guides registered in Beijing

Note: Expats serving as legal representative, general manager or management personnel shall apply for work license and permit.

4. 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) Travel Agency Limited” or Kaizen Travel Agency (Beijing) Limited or Beijing Kaizen Travel Agency Limited.

(2) Particulars of the Shareholder/Member

If the shareholder of the Beijing travel agency 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 travel agency 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 identity documents of the foreign shareholder/members of the proposed WFOE. If the shareholder is a corporation, the identity documents required to be legalised are its incorporation documents. In the case the shareholder is an individual, the identity document required to be legalised is his/her passport (for foreigner) or mainland travel permit (for Hong Kong, Macau and Taiwan resident). The investor’s identity or incorporation document 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 travel agency 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) 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) and 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) Particulars of Management Personnel

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national) and full residential address of management personnel.

(9) Particulars of Tour Guides

Copy of employment contracts and electronic version of tour guide certificate

(10) Amount of Investment/Registered Capital of the Travel Agency

The total amount of investment in the WFOE, including:

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

As per the new company law, there is no limit on minimum registered capital for common WFOEs. However, for travel agency engaging into China domestic tourism and inbound tourism business, the registered capital shall be not less than RMB300,000. In spite of 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 of the travel agency.

(11) Tenancy agreement

A tenancy/lease agreement of the 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) Scope of Business

The main business activities of a travel agency WFOE are China domestic tourism and inbound tourism.

(13) 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.

5. Procedures for Establishing a Travel Agency 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.

(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 Travel Agency 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 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 for making of Office Stamp (Office Seal) from the Public Security Bureau and arrange the carving the company seal 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.
 - (e) **Application for Travel Agency Operation Permit**
Application with Beijing Tourism Bureau for travel agency operation permit.
- (3) **Post Registration Stage**
- (a) **Foreign Direct Investment Registration**
Application for registration with the Administration Bureau for Foreign Exchange.
 - (b) **Opening Bank Account**
Opening one capital account and one RMB basic account with a bank of your choice in Beijing, China.
 - (c) **Opening Quality Guarantee Funds Special Account**
Opening a special account to deposit quality guarantee funds. For travel agency engaging into China domestic tourism and inbound tourism business, the guarantee fund to be deposited is RMB200,000.

6. Estimated Time Frame

It is estimated that the whole registration process would take around 14 to 18 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	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 business license	Kaizen	5-7
7	Application for approval and carving of company seals	Kaizen	3
8	Project Registration and Record	Kaizen	3
9	Application for travel agency operation permit	Kaizen	20
Other Registration Procedures			
10	Opening of RMB basic account	Kaizen	10-15
11	Performing foreign direct investment registration	Kaizen	7-10
12	Opening of capital account	Kaizen	7-10
13	Opening of quality guarantee funds special account	Kaizen	7-10
Around 14 - 18 Weeks			

7. Certificates and Materials obtained after Registration

After the 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) WFOE Registration Record Receipt
- (3) Articles of Association
- (4) Company Seal, Financial Seal, Legal Representative Seal (optional), and Contractual Seal (optional)
- (5) Bank Account Opening Permit and Other Bank Stuffs
- (6) Travel Agency Operation Permit

8. Annual Compliance Requirements in China

Immediately after a travel agency 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 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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Schedule 1 – Summary of Costs for Registration of a Travel Agency WFOE in Beijing

A summary of costs related to the registration of a travel agency WFOE in Beijing, China are listed in the table below:

Item	Description	Amount (RMB)
1	Service fees for Travel Agency Registration (Note 1)	20,000
2	Official filing fees (Note 2)	2,500
3	Disbursements	500
4	Office address on-site inspection (Optional)	2,000
5	Legalization Fees (Optional)	TBA
6	Foreign Legal Representative Working Permit Application (Optional)	TBA
7	Translation fees (Optional)	TBA
	TOTAL	25,000

Note:

1. If the business to be conducted by the travel agency in Beijing requires special licence or permit other than the permit for operating as a travel agency, Kaizen will handle the application and our fees will be quoted upon request.
2. The government fees are estimated amount. We will collect it before the commencement of services and any shortfall will be billed after completion of registration of the WFOE.
3. Item 4 to 7 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.