

Shanghai RO Registration Procedures and Fees

This quotation applies to situations where a foreign company intends to set up a representative office in Shanghai, China to carry out market surveys, products displays and marketing activities related to the products and business of the foreign enterprise (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 fee for handling the formation and registration of a representative office in Shanghai, China are USD2,250 and our fees cover the services listed in Section 1 of this quotation. Our fee, however, does not include legalisation of incorporation documents of the foreign enterprise (the head office) of the representative office.

The materials required include legalised incorporation documents of the foreign enterprise, 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 5 of the quotation.

The whole process for the registration of a representative office in Shanghai, 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, due to the limitation of foreign investor 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. Shanghai RO Registration Services and Costs

Our fee for handling the registration of a representative office of a foreign enterprise in Shanghai, China is USD2,250. In particular, our fee covers the following services:

(1) RO Registration

- (a) Preliminary consultation in respect of the registration and maintenance of a representative office in Shanghai, China;
- (b) Liaising and providing advice to as to legalisation of corporate documents for the registration of the representative office in Shanghai;
- (c) Preparation of registration application documents;
- (d) Application for RO registration certificate and representative certificate;
- (e) Carving chops for the RO;
- (f) Setting up a CNY basic bank account;

(2) Corporate Bank Account

Kaizen will help client open a corporate account in Renminbi in Shanghai for client's representative office. Our services are limited to providing assistance, including preparation of incorporation documents as required by the bank, pre-screen of account application documents, liaison with the bank and arrangement appointment with the bank for the chief representative.

Note:

- (1) Our fee stated above does not cover the application for special licence or permit (if the activities of foreign enterprise results in the need of any licence or permit). Kaizen can handle the application of licence and permit and our fees will be quoted upon request.
- (2) Our fee stated above does not cover legalisation of corporate documents of the foreign company applying to set up the representative office;
- (3) The fee include official filing fees, but does not cover courier fees. Courier fee, if any, will be charged and billed separately.
- (4) If Chinese tax invoice is required, a Value Added Tax and Surcharges of 7.5% will be charged.

2. Additional Services (Optional)

In addition to the RO registration services set out in Section 1, Kaizen can also provide the relevant services listed in the following table upon request:

No	Description	Fees (USD)
1	Internet Banking Facility (Note 1)	160
2	Real-name authentication of the chief representative (Note 2)	250
3	Legalization fees for the foreign enterprise (Note 3)	TBC
4	Translation fees (Note 4)	TBC

Note:

- (1) Our service fees stated in Section 1 cover the setting up of a bank account for the new representative office, however, it does not cover the application of internet banking facility.
- (2) In the case where the chief representative of a RO 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/his passport or Hong Kong/Macau/Taiwan resident's mainland travel permit. 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. Upon request, we can arrange to send a staff to accompany your chief representative to perform the verification.
- (3) Our fees stated in Section 1 do not cover the legalization of the identification documents, bank reference letter and other documents of the foreign enterprise. Kaizen is capable to arrange the legalization of incorporation documents for foreign enterprises registered in Hong Kong, Singapore, Taiwan, British Virgin Islands, Cayman Islands and Bermuda and a few other countries. Fees for legalization will be quoted upon request.
- (4) Our fee stated in Section 1 does not cover the translation costs for translating the documents prepared by you from English to Chinese or translation of registration documents from Chinese to English. Fees for translation will be quoted upon request.

3. Payment Terms and Methods

Upon receipt of your confirmation of engagement, we will issue and send an invoice together with the wiring instruction to you for your settlement. After you arrange the payment, please kindly send a copy of the remittance receipt to us so as to enable us to track your payment. Because of the nature of service, we require full payment in advance, and once service is commenced, refund is not available.

We currently only accept check, cash or TT and credit card through Paypal. A 5% handling fee will be charged if payment is made by Paypal.

4. Basic Structure of a RO in Shanghai

The basic requirements of a representative office in Shanghai, China are as follows:

- One chief representative
- The investor foreign enterprise must be established for more than two years
- No more than three general representative
- Chief representative or general representative must be natural person with no restriction on nationality

5. Required Materials

(1) Name of the Representative Office

The name of representative office to be registered in Shanghai, China must be in Chinese and must follow the format “Name of Origin Country + Chinese Translation of Name of the Foreign Enterprise + Shanghai Representative Office”.

(2) Identification Documents of the Foreign Enterprise

One set of identification documents of the foreign enterprise (investor of the proposed representative office). These include the Certificate of Incorporation and/or Business Registration Certificate, and articles of association (or document of similar nature).

(3) Power of Attorney

One copy of power of attorney issued to the person who will sign all the application documents on behalf of the foreign enterprise.

(4) Legalised Bank Reference Letter

A copy of bank reference letter in the name of the foreign company. The reference letter should state clearly the type of banking relationship, length of such a relationship and the bank's comment on the credibility of the foreign company.

(5) Legalised Letter of Appointment for the Chief Representative

A letter for the appointment of the Chief Representative and his/her identity documents.

(6) Chief Representative and General Representative (if any)

Please provide particulars of the chief representative and general representative, including name, China mobile number, email address, residential address in China, arrival date in China and personal resume. Please also provide a photocopy of the passport and two passport-size colour photos with white background of the chief representative and general representative, if any.

(7) Particulars of Preferred Bank

If client has particular preference as to which bank to open the bank account for the representative office, please also provide the name of preferred bank and the designated branch at which the bank account of the representative office is to be established. Otherwise, we will set up the bank account with any bank in the area where the office of the representative office is situated.

(8) Tenancy Agreement

One set of original Tenancy Agreement and Leasing Certificate of the office premise to be used by the proposed representative office. the lease agreement should be for a period not less than 12 months and The office premise must be located in a commercial building.

Note:

- (1) The identification documents of the foreign company, power of attorney, chief representative appointment letter shall be legalised by the Chinese Embassy or Consulate or an attesting officers authorised by the Chinese Government in the country/district where the foreign company is registered.
- (2) If any of the documents listed above is not in Chinese, a Chinese translation copy must be provided.

6. RO Registration Procedures and Estimated Time Frame

It is estimated that the whole registration process for the registration of a representative office in Shanghai would take around 4 to 6 weeks, subject to the schedule of client and also the approval by the various registration authorities in Shanghai. The table below shows the estimated time frame for each of the steps for the registration.

Step	Description	Time (Day)
Preliminary Stage		
1	Client confirms with Kaizen the engagement of registration of RO (and legalisation of corporate documents) in Shanghai, China; Kaizen issues an invoice to client for settlement.	1
2	Client delivers the materials listed in Section 4 to client, at the same time settles Kaizen's invoice.	Client's schedule
3	Client arranges and enters into a lease agreement of the office premise to be used by the representative office	Client's schedule
4	At the same time, Kaizen arranges the legalisation of corporate documents of the foreign company (if also being engaged).	7-28
Application for Registration		
5	Kaizen prepares RO registration application documents and deliver them to client for signing.	1
6	Client signs off the application documents and return the same to Kaizen by courier.	Client's schedule
7	Kaizen will apply for Registration Certificate for the representative office with AIC.	1
8	AIC reviews the application and issues the Certificate of Registration	14
Post-registration		
9	Kaizen processes the application for representative certificate	5
10	Application for approval for making of Office Stamp (Office Seal) with the Public Security Bureau and arranging the carving the company seal and chops.	3
11	Kaizen proceeds to open RMB basic account with the bank chosen by client.	10-15
Total: 6 weeks up		

Note: The chief representative will need to visit the bank in person for bank account opening. Therefore, the availability of the chief representative in China will affect the time frame.

7. Certificates and Materials obtained after Registration

After the representative office is officially registered, Kaizen will deliver the following materials to client for record keeping purpose:

- (1) Registration Certificate
- (2) Working card of chief representative and other representatives
- (3) Representative Office's chop, financial chop, name chop of the chief representative (optional)
- (4) Bank Account Opening Permit and Other Bank Stuffs

8. Annual Compliance Requirements in China

Immediately after a representative office is officially registered in Shanghai, 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 Shanghai State Administration of Taxation 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 representative office may subject to penalties or at the risk of getting their license suspended or cancelled by the AIC.

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

If you wish to obtain more information or assistance, please visit our official website at www.kaizencpa.com or contact us through the following means:

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