

Procedures and Fees for the Registration of a Guangzhou WFOE

Unless otherwise indicated, the WFOE mentioned in this quotation refer to a limited liability company formed and registered in Guangzhou, 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 wholly foreign owned enterprise (WFOE) in Guangzhou, China to carry out business of a service nature, for example, management, consultancy, R&D, other business services and that no special licence or permit other than the business licence is required.

Our fees for handling the formation and registration of a service WFOE in Guangzhou, China are USD2,300 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 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 Guangzhou, China takes around 2 months. 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, we may need to adjust our fees and the time required may need to be extended accordingly.

SHENZHEN 深圳

Rooms 1203-06, 12/F.
Di Wang Commercial Centre
5002 Shennan Road East
Luohu District, Shenzhen, China
中國深圳市羅湖區深南東路5002號
地王商業中心12樓1203-06室
T: +86 755 8268 4480

SHANGHAI 上海

Room 1201, 12/F., Tower A
Guangqi Culture Plaza
2899A Xietu Road, Xuhui District
Shanghai, China
中國上海市徐匯區斜土路2899甲號
光啟文化廣場A座12樓1201室
T: +86 21 6439 4114

BEIJING 北京

Room 303, 3/F.
Interchina Commercial Building
33 Dengshikou Street
Dongcheng District, Beijing, China
中國北京市東城區燈市口大街33號
國中商業大廈3樓303室
T: +86 10 6210 1890

TAIPEI 台北

Room 303, 3/F., 142 Section 4
Chung Hsiao East Road
Daan District, Taipei
Taiwan 10688
台灣台北市大安區忠孝東路四段
142號3樓之3
郵編: 10688
T: +886 2 2711 1324

TOKYO 東京

308 BIZMARKS Akasaka
2-16-6 Akasaka, Minato-Ku, Tokyo
Japan 107-0052
日本東京都港區赤坂二丁目16番6號
BIZMARKS赤坂308室
郵編: 107-0052
T: +81 3 5776 2637

SINGAPORE 新加坡

138 Cecil Street, #13-02 Cecil Court
Singapore 069538
T: +65 6438 0116

KUALA LUMPUR 吉隆坡

Menara Suezcap, Tower 2
E-13A-3A, No. 2 Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur, Malaysia
T: +60 19 2177 344

NEW YORK 紐約

202 Canal Street, Suite 303, 3/F.
New York, NY 10013, USA
T: +1 646 850 5888

LONDON 倫敦

Room 319, 3/F., One Elmfield Park
Bromley, Greater London
BR1 1LU, UK
T: +44 20 8176 3860

1. Estimated Service Fees and Costs

1.1 Registration Service Fees

Our fees for handling the registration of a WFOE in Guangzhou, China are USD2,300. 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) Filing of initial report on foreign investment;
- (6) Carving of company chops and personal chop of the legal representative;
- (7) Setting up one RMB basic bank account;
- (8) Application for online banking facility
- (9) Handling foreign exchange registration;
- (10) Setting up one capital account.

In any case where the products to be traded by the WFOE requires special permit or licence, we may need to revise 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 Legalisation or Apostillization Costs

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

1.4 Additional Foreign Currency Account

Our service fees stated in Section 1.1 cover the setting up of a RMB basic bank account and a capital account for the new WFOE. However, it does not cover the setting up of any additional accounts. If the WFOE 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.

1.5 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 WFOE in Guangzhou

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

- (1) One shareholder, one director, one legal representative and one finance controller
- (2) Shareholder can be natural person or corporation
- (3) Director must be a natural person with no restriction on nationality
- (4) Legal representative must be a natural person with no restriction on nationality
- (5) Legal representative shall be served by the executive director or general manager
- (6) Natural person shareholder can be appointed as director
- (7) Finance controller must be a natural person with no restriction on nationality, however, legal representative cannot serve as finance controller at the same time

4. Required Documents and Materials

The following materials are required for the registration of a WFOE in Guangzhou:

(1) Name of the company to be registered

The name of company to be registered in Guangzhou must follow the format “Business Name + (Guangzhou) + Principal Business Activity + Limited” or “Business Name + Principal Business Activity + (Guangzhou) + Limited” or “Guangzhou + Business Name + Principal Business Activity + Limited”. For example, “Kaizen (Guangzhou) Services Limited” or “Kaizen Services (Guangzhou) Limited” or “Guangzhou Kaizen Services Limited”.

The name of the company must be in Chinese. The English name cannot be registered. Please provide the proposed name and at least 2 alternatives.

(2) Tenancy Agreement

One set of original Tenancy Agreement and photocopy of the ownership certificate of the premises to be used by the proposed WFOE.

(3) Particulars of the Shareholder

If the shareholder of the Guangzhou WFOE is another company, please provide the particulars of that company, including the principal business activities, business address, contact numbers and name and nationality of its managing director.

(4) Legalised or Apostilled Identification Documents of the Shareholder

One set of legalised or apostilled identity documents of the foreign shareholder of the proposed WFOE. If the shareholder is a corporation, the identity documents required to be legalised or apostilled are its incorporation documents. In the case the shareholder is an individual, the identity document required to be legalised or apostilled is his/her passport (for foreigner) or mainland travel permit (for Hong Kong, Macau and Taiwan resident).

(5) Shareholding Structure and Ultimate Beneficial Owner

A shareholding structure and particulars (including ID or passport copy, mobile or telephone number, residential or business address) of the ultimate beneficial owner of the WFOE.

(6) Particulars of the Management

A photocopy of the identification document (i.e., passport for foreigner or identity card for Chinese citizen), email address, China mobile number and full

residential address of the legal representative, director, supervisor (if any), general manager (if any) and finance controller of the Guangzhou WFOE.

If you want to set up a board of directors, then you shall appoint at least three directors and one of them shall be elected as the chairman. If you choose not to set up a board, then you shall appoint one executive director.

The legal representative shall be either the executive director or general manager. The supervisor cannot act as the legal representative, director and general manager at the same time.

(7) Registered Capital

Please provide the amount of total investment, registered capital, method and time limit of capital contribution of the WFOE.

According to the revised Company Law, the registered capital subscribed by the shareholders shall be fully contributed within 5 years upon the establishment of the company.

(8) Scope of Business

A summary of the scope of business and the scale of business of the proposed WFOE, including the business model, locations of suppliers and customers etc.

(9) Particulars of Preferred Bank

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

Please note that the legal representative of the WFOE is required to visit the bank in person to open the bank account. And the bank officers will go to your registered address 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 2 months, subject to the schedule of the investor and also the approval by the various registration authorities in Guangzhou.

6. Certificates and Materials obtained after Registration

After the WFOE is officially registered, it will obtain the following certificates and documents to prove its legal existence and to carry out its daily operation.

- (1) Business Licence (Original, Duplicate)
- (2) Bank Account Stuffs
- (3) Company Seal, Financial Seal, Legal Representative Seal

7. Compliance Requirements of a WFOE in Guangzhou

Immediately after a WFOE is officially registered in Guangzhou, 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 Guangzhou State Administration of Taxation and filing of annual reports to the competent government authorities 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 registry office.

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

E: info@kaizencpa.com

T: +852 2341 1444

M: +852 5616 4140, +86 152 1943 4614

WhatsApp/ Line/ Wechat: +852 5616 4140

Skype: kaizencpa

Schedule 1 – Summary of Costs

Item	Description	Amount USD
1	Service fees for company registration (Note 1)	2,300
2	Official filing fees and other expenses for company registration (Note 2)	400
3	Application for an additional foreign currency account (Note 3)	300
4	Legalization or apostillization fees for the investor	TBC
5	Translation fees	TBC
TOTAL		3,000

Note:

1. If the business to be conducted by the WFOE in Guangzhou 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 WFOE.
3. Item 3 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 7.5% would be applicable.