

Shanghai WFOE (Service) Registration Procedures and Fees

Unless otherwise indicated, the WFOE mentioned in this quotation refer to a limited liability company formed and registered in Shanghai, 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.

This quotation applies to situations where a foreign investor intends to set up a company (WFOE) in Shanghai, China to carry out business of a service nature, including management consultancy and information technology and that no special licence or permit other than the business licence is required.

Our fee for handling the formation and registration of a WFOE in Shanghai, China are USD2,700 which cover the services listed in Section 1 of this quotation. Our fee, however, does not include legalisation of identity documents of the shareholder/member of the WFOE.

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

The whole process for the registration of a WFOE in Shanghai, China takes 4 to 6 weeks. It should however be noted that most of the procedures are subject to approval by the government departments and 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.

The fee stated in the quotation are for general reference only and is subject to change from time to time.

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 603, 6/F., Tower B
Guangqi Culture Plaza
2899A Xietu Road, Xuhui District
Shanghai, China
中國上海市徐匯區斜土路2899甲號
光啓文化廣場B座6樓603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

SINGAPORE 新加坡

138 Cecil Street, #13-02 Cecil Court
Singapore 069538
新加坡絲絲街138號
絲絲閣13樓1302室
郵政編碼: 069538
T: +65 6438 0116

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
郵政編碼: 10688
T: +886 2 2711 1324

NEW YORK 紐約

202 Canal Street, Suite 303, 3/F.
New York, NY 10013, USA
美國紐約州紐約市
堅尼路202號3樓303室
郵政編碼: 10013
T: +1 646 850 5888

LONDON 倫敦

Room 319, 3/F., One Elmfield Park
Bromley, Greater London
BR1 1LU, UK
英國倫敦布羅姆利
雅茅菲爾德公園一號3樓319室
郵政編碼: BR1 1LU
T: +44 20 8176 3860

1. Estimated Service Fees and Costs

Our fee for handling the registration of a WFOE (the principal business activities of which includes general management consultancy or other activities of a service nature) in Shanghai, China is USD2,700. In particular, our fee covers the following services:

(1) Registration Service Fees

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

In any case where the products to be traded by the FICE requires special permit or licence, we may need to revise our fees accordingly.

(2) Corporate Bank Account

Kaizen will help you to open a corporate bank account for your Shanghai WFOE in with a bank (in Shanghai) of your choice. Please note the bank requires a legal representative to visit their branch personally for the purpose of identity verification. 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 you (your legal representative).

Our service fee stated above cover the setting up of a basic RMB bank account and a capital account for the new WFOE. If your WFOE will receive foreign currency payment from overseas, then you must open a foreign currency general settlement account accordingly. We can help you to open such an account and our service is detailed in 2(1).

Note:

- (1) Our fees stated above cover all official filing fees incurred for the registration of the company and the application for the VATS licence but does not cover courier charges.
- (2) If Chinese Fapiao is required, an VAT at 7.5% will be charged.

2. Additional Services (Optional)

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

No	Description	Fees (USD)
1	Real Name Authentication of the Legal Representative and Finance Controller (Note 1)	250
2	Internet banking facility application (Note 2)	300
3	Additional foreign currency account (Note 3)	300
4	Identification documents legalisation (Note 4)	TBA
5	Translation (Optional) (Note 5)	TBC

Note:

- (1) In the case where the legal representative or finance controller of a WFOE 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 or his identification document. This is what is being called real-name authentication with the tax bureau. If client want us to send our staff to go to the SAT with the foreign legal representative or finance controller, we can also arrange for it accordingly.
- (2) Our fee in Section includes the setting up of a corporate account for the FICE. However, Internet banking facility is not included. We can arrange to set up Internet banking facility upon request.
- (3) Our fee stated in Section 1 cover the setting up of a basic RMB bank account and a capital account for the new WFOE. If the WFOE will receive foreign currency payment from overseas, then you must open a foreign currency general settlement account accordingly.
- (4) Our fee stated in Section 1 does not cover legalization of the identification documents of the member of the Shanghai FICE. Kaizen can arrange the legalisation of identification 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. Our fee for legalisation will be quoted upon request.
- (5) Our fees stated in Section 1 also 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. We can perform the required translation with fees to be determined upon review the documents to be translated.

3. Payment Terms and Methods

Upon receipt of your confirmation of engagement, we will issue and send an invoice together with the wiring instructions to you for your settlement. When you arrange the payment, please put our invoice number of account number in the message section and then send email a copy of the remittance receipt to us for our records. Because of the nature of service, we require full payment in advance. And once the service is commenced, no refund of service fee will be made.

We accept cash, HKD check, TT and credit card through Paypal. An extra handling fee of 5% will be charged if paid by Paypal.

4. Basic Structure of a WFOE in Shanghai

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

- One member, one director, one legal representative, one supervisor and one financial controller
- Member can be natural person or corporation and no restrictions on nationality
- Director 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.
- Finance controller must be a natural person with no restriction on nationality, however, legal representative cannot serve as finance controller at the same time

5. Required Materials for Shanghai WFOE Registration

- (1) Legalised identification documents of the member

One set of legalised identification documents of the foreign shareholder/member of the intended WFOE. If the shareholder is a corporation, the identification documents would normally include its Certificate of Incorporation, Articles of Association and the latest Annual Return (or document of a similar nature). In the case the shareholder is an individual, the identification 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.

(2) Group Chart and Beneficiary Owner

A group chart illustrating clearly the relationship between the proposed WFOE in Shanghai and its ultimate beneficiary owner and the identification documents of the beneficiary owner(s).

(3) Legal Representative

A photocopy of the identification document (i.e. passport for foreigner or national identity card for Chinese citizen) and residential address of the legal representative. In most of the case, the director of a WFOE will also act as the legal representative.

(4) Supervisor and Financial Controller

A photocopy of the identification document (i.e. passport for foreigner or national identity card for Chinese citizen) of the supervisor and the financial controller.

(5) Director(s)

A photocopy of the identification document (i.e. passport for foreigner or national identity card for Chinese citizen) and full residential address in respect of each director.

(6) Tenancy agreement

A tenancy/lease agreement of the office premise to be used by the proposed WFOE. Please note the agreement shall be registered with local estate leasing administration authority and the agreement shall clearly indicate the premise is for office use only and the lease term shall not be less than 12 months.

(7) China WFOE Registration Order Form

A duly completed “China WGOE Registration Order Form” (provided by Kaizen). The form covers information about the investor, the structure of the intended WFOE, the particulars of its member and director.

The identification documents of the member of the intended WFOE will need to be legalised by the Chinese Embassy or Consulate General in the place where the member is registered/resided.

If any of the materials provided is not in Chinese, a Chinese translated copy (certified by qualified translator) must be provided.

6. Shanghai WFOE Registration Procedures and Time Frame

The whole registration process of a WFOE in Shanghai would take around 4 to 6 weeks after we receive all materials required for the registration of the company. The table below shows the estimated time frame for each of the steps for the registration process.

Step	Description	Time (Day)
Preliminary		
1	Client determines structure of the WFOE in Shanghai, including its name, amount of capital, shareholder/member, director, legal representative, supervisor and collects the consent and identification document from each of the office holder.	Client's schedule
2	Client locates the office space and arranges tenancy agreement (for the office to be used by the WFOE)	Client's schedule
3	Client confirms engagement of Kaizen of the registration of the WFOE in Shanghai (and legalisation of documents); Kaizen issues an invoice to client.	1
4	Client delivers the materials listed in Section 5 to Kaizen and at the same time settles Kaizen's invoice.	Client's schedule
Application for Registration		
5	Kaizen performs name availability search and confirms with client of its availability.	1-2
6	Kaizen files application for approval and reservation of the proposed company name	3-5
7	Kaizen then files application for Business Licence for the WFOE from the AIC	10
8	Upon receipt of business license, Kaizen will then arrange the registration record filing with MOFCOM.	10
Post-registration Procedures		
9	Kaizen applies for Approval for making of Office Stamp (Office Seal) from the Public Security Bureau and arranges the carving the company seal and chops	3
10	Kaizen proceeds to bank account opening (RMB basic account)	5
11	Kaizen performs registration with the Administration Bureau for Foreign Exchange	5
12	Kaizen proceeds to bank account opening (capital account)	10
Total: around 4 - 6 weeks		

Note: at the time of bank account opening, the legal representative of the Shanghai WFOE may need to visit the bank in person so as to allow the bank to verify his/her identity.

7. Certificates and Materials obtained after Registration

After the Shanghai 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) Record-filing Certificate
- (3) Articles of Association
- (4) Company Seal, Financial Seal, Legal Representative Seal
- (5) Bank Account Opening Permit and Other Materials

8. Compliance Requirements of a WFOE in Shanghai

After a WFOE 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 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 AIC.

Kaizen is well equipped with experienced personnel and capable of providing all the services that your Shanghai 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. please contact one of our professional accountants for details.

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

T: +852 2341 1444

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

WhatsApp/Line/Signal/WeChat: +852 5616 4140

Skype: kaizencpa

E: info@kaizencpa.com