



THE GCSL GROUP OF COMPANIES LIMITED

Guide to Formation of a Representative Office (RO) in China

INTRODUCTION

As the name suggests, this type of entity is set up to represent a foreign parent company. It is the easiest and least costly method for foreign enterprises to establish an initial presence in China. One or more representative offices can be set up in major cities, such as Shanghai, Beijing, Shenzhen, Guangzhou and Tianjin.

BUSINESS SCOPE

A RO is not allowed to conduct profit making activities, whereas non-profit making activities are permissible. Permitted non-profit making activities include

1. liaison with clients,
2. market research,
3. quality control,
4. technology exchange, and
5. marketing and sales administration.

TAXATION AND FUNDING

A RO is taxed on declared expenses at a rate of 10%, and must file monthly and quarterly Business Tax and enterprise Income Tax returns, respectively. The declared expenses include but are not limited to: salary, rental, operational and other expenses in relating to the RO.

Funds for a RO must be transferred directly from the parent company; using other source of income will be considered "doing business". A RO must have a foreign currency bank account (capital account) and a RMB bank account (operating account). The RO's bank accounts can be established once all registrations are completed.

DOCUMENTS REQUIRED FOR APPLICATION

Enterprises wishing to set up a RO must submit a record of legal registration in their home country for no less than 12 months. In practice, a newly incorporated company can set up as a RO. All documents filed with the licensing authority must be translated into Simplified Chinese. Corporate documents have to be notarised, apostilled and authenticated by a China embassy. GCSL can assist with the preparation of these documents, and will provide a quote for the same upon request.

1.	GCSL RO Order Form	Completed and Signed
2.	Certificate of Incorporation, Business Registration License, Memorandum & Articles of Association, Appointment of Director(s)	1 copy notarised, apostilled and China Embassy authenticated
3.	Resolution of Board of Directors from Parent Company concerning RO establishment (<i>in Simplified Chinese</i>)	3 originals
4.	Credibility Statement issued by bank / Bank Reference Letter (<i>in Simplified Chinese or translated into Simplified Chinese</i>) (The bank letter is a short credibility or reference letter from the bank with which the company has a business relationship. The Letter should have the name of the company, account number, average balance per half year or year, and an assessment comment by the bank)	2 originals
5.	Specific Power of Attorney to authorize GCSL personnel to assist to establish the RO and handling other registrations (<i>in Simplified Chinese</i>)	3 originals
6.	Director(s) of Parent Company: i. Passport Copy	1 copy



7.	Chief Representative and Other Representative(s) of RO: i. Passport Copy ii. CV (<i>in Simplified Chinese</i>) iii. Passport size color photo	1 copy 1 original 12 originals
8.	Business Scope of Parent Company and detailed information on RO (<i>in Simplified Chinese</i>)	Details in GCSL RO Order Form
9.	Registered Office in China: i. Lease Agreement ii. Certificate of Property Right iii. Office Residence Certificate iv. Certificate of Authorized Office Building	2 originals 2 copies with seal of owner 2 copies 2 copies with seal of owner
For Hong Kong Incorporated Parent Company ONLY		
10.	Annual Return	1 copy - notarised, apostilled and China Embassy authenticates
11.	Business License and Business Registration Certificate (MUST be notarized by a Hong Kong Public Notary and then verified and signed by "China Legal Services (Hong Kong) Ltd.")	1 copy - notarised, apostilled and China Embassy authenticates
<i>NOTE: The authorities may require additional documents depending on the City and the Regulations applied to the applicant's industry.</i>		

PROCEDURE AND TIMING

Setup Registered Office

A RO must be registered in an "A" class building. GCSL can introduce and liaise with real estate agents to locate an office. We can assist you with negotiating a lease agreement and seeking legal advice when necessary. Additional assistance with setting up the office or other commercial support is also available on request.

Application

By completing and signing GCSL's RO Order Form, you will have provided GCSL with enough information to complete the Official Chinese documents for setting up a RO in China. The completed application documents including the Application Letter to be signed by Legal Representative, Application Form and Official Appointment Letter for Chief Representative will be sent to you to sign before submitting to the licensing authority. To speed up the process, you may want to authorize someone in China to sign on your behalf. In the alternative, these documents will be sent to you by courier for signature.

Name Registration

The name should be comprised of four parts: county of incorporation (parent company) + company name + location in China + type of entity. For example: Hong Kong + XYZ Limited + Shanghai + Representative Office. GCSL will assist in converting the name into simplified Chinese characters. Name registration and approval process will take about 5 working days and should be processed before making the application.

Government Agent

GCSL will work with a local government authorized agent in China to submit the application to the licensing authority for the initial registration. GCSL is not a government authorized agent, but maintains excellent relationships with such firms in most cities in China.

Registration Certificate

After receipt of the application with all required documents (see list above), the Administrative Bureau for Industry and Commerce will issue a Registration Certificate of Foreign Enterprises Permanent Office in China (RC) normally within 2 weeks.



Follow-up Registrations

After obtaining the RC, follow-up registrations must be finalized as soon as possible. GCSL can also organize all these registrations, which include the following:

1. Engraving of 3 official rubber seals,
2. Enterprise Code Registration,
3. Company Identification Code Certificate,
4. Statistic Registration Certificate,
5. Statement from Statement Administration of Foreign Exchange (SAFE) Registration,
6. State and Local Tax Registrations, and
7. The opening of corporate bank accounts.

TERM AND RENEWAL OF REGISTRATION

Term of registration is granted for a period between one to three years. Application for renewal must be made 30 days prior to expiration of the current term.

EMPLOYMENT OF REPRESENTATIVES

A RO is allowed to employ one or more representatives through its parent company. The application in this respect can be processed either after setting up the RO or simply together with the same registration. The Chief Representative must be submitted with the RO registration application.

SPECIAL APPROVAL

The following industries are required to obtain a formal approval from the licensing authorities prior to registration:

1. Finance
2. Insurance
3. Sea Transportation
4. Forwarding Aviation
5. Others (subject to the discretion of the authorities)

For further information, please contact Johnson Chien at Johnson@gcsl.info

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