

Company Formation in China

Wholly Foreign Owned Enterprise (“WFOE”)

Quick Reference

(November 2010)

Capital Requirements

RMB

Minimum capital requirement: 100,000

Remarks: Different requirements for some special industries, such as investment companies, banks, etc.

Debt Equity Requirements

Total Investment USD	Registered Capital USD
Below 3,000,000	At least 70% of total investment
3,000,000 – 4,200,000	At least 2.1 million
4,200,001 – 10,000,000	At least 50% of total investment
10,000,001 – 12,500,000	At least 5 million
12,500,001 – 30,000,000	At least 40% of total investment
30,000,001 – 36,000,000	At least 12 million
Above 36,000,000	At least one-third of total investment

Registrations

Remarks: Please note that we have prepared the list mainly based on the requirements in Beijing. Different cities may have some particular requirements.

Procedures

Actions / Documents

Step 1

Identify office address

- Understand which government authorities to contact in the same district as the office

Step 2

Pre-approval of Company Name

(Outcome: Receive the Notice on the Pre-approval of Company Name from the Administration of Industry and Commerce)

- Application Form for Pre-approval of Company Name
- Power of Attorney (“POA”) of Investors
- Incorporation certificates (for legal entity) or identity document (for natural person) of the investors
- Other documents may be required upon request

Step 3

Leasing Agreement for the office address

- Sign lease contract for a proper business address
- Obtain copies of property certificate

Registrations (Cont'd)

Procedures

Actions / Documents

Step 4

Open a temporary bank account (if needed)

(Outcome: Opening of an expense account. For opening of non-expense accounts, please contact us for details.)

- Application letter with relevant details prepared
- Incorporation certificates (for legal entity) or identity document (for natural person) of the investors
- The Notice on the Pre-approval of Company Name or certificate from Step 2
- Notarized authorization letter from the overseas investor to authorize a PRC individual or entity to open the account
- Other documents may be required upon request

Step 5

Pre-approval by relevant authorities if applicable

- For example, Public Hygiene, Food Hygiene, or Environmental Protection license issue by competent government authorities

Step 6

Approval on foreign investment and FIE Certificate

(Outcome: An approval letter and FIE Certificate from the Ministry of Commerce ("MOC"))

(Remark: For the documents on the right side, where signature is required but not signed by the legal representative, an authorization letter that appoints the signer should be submitted)

- Letter of commitment for submitting legal documents; application letter for administrative licensing items; Power of Attorney authorizing a person to exchange legal documents with MOC and ID copy of the person
- Application form for FIE

Registrations (Cont'd)

Procedures

Actions / Documents

Step 6 (Cont'd)

- Feasibility study report
- Articles of Association ("AOA")
- Name list and ID copies of legal representatives, board of directors and board of supervisors plus letter of appointment signed by the legal representative of the investor
- Qualification certificate or identity document of investor:
 - > From Hong Kong, Macau, or Taiwan – notarized by local notary public in accordance with the law
 - > Others – notarized by the notary public of its home country and certified by the Chinese Embassy (Consulate) in that country
- Qualification certificate of legal representative of foreign investor
- Bank Reference Letter
- Natural person investor should provide resume and credit certificate besides identity document
- For FICE, all investors need to provide last year's audited financial statements
- Asset Appraisal report on the non-cash capital contribution, if applicable
- List or Catalog of goods to be imported and exported, if applicable
- The Notice on the Pre-approval of Company Name from Step 2
- One of the following: Certificate of Using the Domicile, Certificate of House Property, or Land Use Certificate; if property is leased, provide lease agreement with leasing term not less than 1 year

Registrations (Cont'd)

Procedures

Actions / Documents

Step 6 (Cont'd)

- Other documents that might be required by the MOC
- For FICE, provide letter regarding to the opening of shops in-line with city's development and local commercial development issued by local competent authorities

Step 7

Business License Application

(Outcome: Business License from the Administration of Industry and Commerce)

- Application forms, including registration application form; A name list of investors; registration form of the legal representative; office-holding certificate of directors, managers, and supervisors; certificate of place of business, etc.
- The approval letter and FIE Certificate from Step 6
- AOA
- Same as Step 6, qualification certificate or identity document of investor:
 - > From Hong Kong, Macau, or Taiwan – notarized by local notary public in accordance with the law
 - > Others – notarized by the notary public of its home country and certified by the Chinese Embassy (Consulate) in that country
- Same as Step 6, qualification certificate or identity document of legal representative of foreign investor

Registrations (Cont'd)

Procedures

Actions / Documents

Step 7 (Cont'd)

- Natural person investor should provide resume and credit certificate besides identity document
- Same as Step 2, POA of investors
- Registration form of Company's secretary (contact person)
- If there is any pre-approval obtained from competent authorities in Step 5, submit any approval letter issued
- POA authorizing a person to exchange documents with the MOC together with that person's ID copy
- Same as Step 6, name list and ID copies of legal representatives, board of directors and board of supervisors plus letter of appointment signed by the legal representatives
- The Notice on the Pre-approval of Company Name from Step 2
- Other documents may be required upon request

Step 8

Post registration

- Complete all post-registration formalities with various government authorities such as tax, foreign exchange, finance, customs, public security, etc.

Further Help

JFU Consultants Group specializes in helping foreign companies set up business in China. We have offices in Hong Kong, Beijing, and Shanghai.

For more information or Chinese version, please contact our Hong Kong office at (852) 3719-6000.

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