



China-Britain  
Business Council  
英中贸易协会

# Incorporation

## What is the CBBC Incorporation Service?

Establishing an enterprise in China is the most effective means of taking full advantage of business opportunities there. With years of experience accumulated through its Launchpad and Rep Office services, China-Britain Business Council (CBBC) has now teamed up with leading British legal firm Stephenson Harwood, which has offered to provide, in partnership with CBBC, a cost effective route to incorporating a Wholly Foreign Owned Enterprise (WFOE) or Foreign Invested Commercial Enterprise (FICE) in China. The Incorporation Service is a one-stop shop for setting up in China and combines top drawer legal advice from Stephenson Harwood, with strategic advice and practical guidance from the China-Britain Business Council. CBBC's Incorporation Service is exclusive to CBBC members.

## Which is the right entry route for your company?

Choosing an appropriate entry route into China will depend on your overall strategic intentions. The joint venture mode is often selected for very sound commercial or regulatory reasons, but its non-standard nature requires a tailored approach that falls outside the scope of this service offering.

A WFOE is a limited liability company wholly owned by a foreign investor that can engage in manufacturing or consulting (but not trading activities). This is a relatively straightforward procedure. WFOEs are able to issue VAT invoices and receive payment for goods or services in Chinese currency and may convert RMB profits into foreign currency for remittance to their parent company. As such, they are suitable for a wide range of sectors and business needs. There can also be a number of other advantages relating to operational control and the protection of know-how and intellectual property. In practical terms, the minimum registered capital for a WFOE is RMB 100,000-200,000, though the actual amount will depend on working capital needs, local policies and regulations.

A FICE is essentially a category of WFOE that has the right to engage in the business activities of retailing, wholesaling, franchising or commission agency or vending business. This mode of entry allows a company to source Chinese products for export and/or distribute in China products that are not manufactured there. Any China purchasing centre set up to source goods for overseas customers will generally require a FICE. There are more steps in the approval and registration procedure and this kind of entity generally requires a higher level of minimum registered capital (RMB300,000 for FICEs engaged in retailing and RMB 500,000 for FICEs engaged in wholesaling).

## How does the service work?

Drawing on their considerable experience and network, CBBC's Chinese staff are involved at key points during the registration procedures (eg translation of key documents, name reservations, liaison with local authorities, the filing & collection of documents, registration with local bureaus etc), while all legal advice relating to the key areas of business scope,

capitalisation arrangements, business premises, customs and tax issues, preparation of articles of association, application forms and other documents is handled by the lawyers at Stephenson Harwood . This teamwork reduces the overall cost to the client by up to 25%, while still providing a top-notch service.

After incorporation, the CBBC and Stephenson Harwood teams will be on hand to deal with on-going queries and requirements, which will ensure vital continuity during the early stages of business development. The Incorporation service is designed to meet all of the legal and administrative requirements of setting up your business in China, freeing you and your colleagues to handle vital practical concerns such as site location, operational matters, marketing and liaising with customers and/or suppliers, as well as staff selection/recruitment. The Incorporation Service is intended to work in combination with or as an extension of other CBBC services, so if your company is already receiving guidance from the CBBC, you can benefit from this service as well.

## How long does it take?

The preparation of relevant documents for a WFOE can take several weeks. CBBC and Stephenson Harwood will work with you to ensure you are able to provide the correct documents in good time. After the submission of all relevant documents, it usually takes around 2 months to obtain a business license, though in some sectors and localities it may take longer due to additional licensing/approval requirements.

Owing to the more bureaucratic approvals process, registration of a FICE takes longer, normally at least 3 months after the submission of documents.

## What does the service include?

The service includes all steps in the company registration process (*see above: 'How does the service work?'*), as well as the usual post-registration formalities required in China, such as tax registration, customs and VAT registration.

The scope of the service does not cover preparation of any legal agreements or other work that is not directly related to the incorporation (eg. shareholders agreements; lease agreement for Chinese premises; due diligence; employment contracts; environmental impact assessment reports; intellectual property issues; opening bank accounts or establishment of offshore holding companies or trading companies if desired)

A quotation will be provided upon learning about your company's specific circumstances.

## Next steps

Contact CBBC for further discussion concerning your requirements. Thereafter the work may proceed on the basis of a service agreement with CBBC.

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## About Stephenson Harwood

Stephenson Harwood is a leading international business law firm with offices in London, Paris, Athens, Bucharest, Kuwait, Singapore, Hong Kong, Guangzhou and Shanghai. In China, Stephenson Harwood has more than 40 lawyers with local and overseas experience in key practice areas. The firm specialises in helping companies to enter and succeed in the China market. Its lawyers take time to understand their clients' China business objectives and provide results-oriented solutions. Stephenson Harwood provides all the expertise of an international law firm, combined with key local knowledge that spans a wide range of industries and geographical settings. Details of Stephenson Harwood and its services are available on its website: [www.shlegal.com](http://www.shlegal.com).