

Information on Opening of the Representative Office in the People's Republic of China

Opening of the representative office in China is the simplest form of organization of the business structure for entry and work in the Chinese market. Taking into account the experience, registration of the representative office in China takes approximately one month (after the preparation of legalized constituent documents of the parent company).

The existing Belarusian representative offices in China, mainly perform the following functions:

- representing the interests of the parent company in China;
- local market research, conducting marketing research, the results of which can be used in the interests of the parent company, search for goods (manufacturers, prices);
- placing orders of the parent company at the manufacturing enterprises of China and tracking the process of order executions;
- quality assurance of the ordered goods;
- negotiations, establishment and maintenance of relations between the parent company and local business (suppliers, manufacturers, buyers) in China; advertising and promotion of services and products of the parent company (without the right to sell).

Prior to the registration procedure, the representative office is required to legalize the documents of the parent company and rent an office. The term of existence of the parent company must be at least 2 years.

1. The copies of the following documents of the parent company with translation into Chinese (note: translation of all documents into Chinese is a part of the legalization process at the Chinese Consulate), legalized at the Chinese Consulate in the country of issue of documents:

- the certificate on registration; the document confirming the existence of the other important constituent data; the Charter of the parent company (in Chinese or accompanied by a translation into Chinese) (to be certified by the notary in presence of the director of the parent company); a power of attorney from the parent company for the right to sign documents on behalf of the parent company (certified by a notary in presence of the director of the parent company);
- orders for the appointment of the General representative and ordinary representatives (usually notarized in the personal presence of the director of the parent company, as the orders require the signature of the director);

- Bank letter-recommendation from the Bank in which the account of the parent company is opened. Note: the Bank must be in the same country where the company is registered.

2. Questionnaires and copies of passports of the General representative and ordinary representatives.

3. Lease agreement for the office in China — the original, concluded for a period of not less than 1 year, as well as copies of the lessor's documents: certificate of ownership of the office space, identification card of an individual or certificate of registration of a legal person, if necessary power of attorney for the right to sign the contract.

No more than 3 representatives (one General representative, two representatives) may be registered for one representative. The restriction applies only to foreign persons (there is no restriction on employment of Chinese citizens).

According to the Chinese side, the terms of registration of the representative office (after providing all the necessary documents) are about 2 weeks, post-registration procedures (printing, opening a Bank account) will take approximately 2 weeks, processing visa documents of representatives (work permits and residence permits) after the registration of the representative office and the provision of all necessary documents will take two to three months.

Preliminary list of expenses for the maintenance of the representative office including free rent of the office and accommodation of the representative:

1. Accounting services: approximately RMB 1500 yuan / monthly.
2. Taxes representation (approximately 10-20% of the costs), payment of taxes is made monthly and quarterly.
3. Expenses for monthly payment of employees' social insurance and insurance agent of the representative office (approximately RMB 1200 yuan / per month / person)
4. Other annual expenses (are paid once a year):
 - a) annual audit report to the tax authorities: depends on the size of the representative office's expenses (approximately RMB 1500 yuan).
 - b) annual audit report for the registration chamber: depends on the amount of expenses of the representative office or on the assets of the representative office (approximately RMB 2000 yuan).
 - c) annual re-registration of documents representation in administrative bodies: 1000 yuan / once a year.

Work on legal support of opening the representative office in the Contact office of the Republic of Belarus in Qingdao is ready to take over the international center for cooperation of the silk road countries (partner).

The following English-speaking employees are assigned to work in the Belarusian direction:

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Regulation «On registration of representative offices of foreign enterprises in China» (as amended in 2013)

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Chapter I. General Provisions

Article 1. The present Regulation is adopted for the purpose of legal regulation of the establishment and operation of permanent representative structures of foreign enterprises.

Article 2. Permanent representative structures of foreign enterprises in the present Regulation (hereinafter referred to as representative offices) structures established in the territory of the PRC by foreign enterprises in accordance with the Regulation and conducting non-commercial activities related to the activities of the relevant foreign enterprise. Representative offices do not have the status of a legal entity.

Article 3. Representations are obliged to comply with the legislation of the PRC and have no right to harm the state security of the PRC and public interests.

Article 4. When creating, changing data and termination (closing) of the representative office, it is necessary to register in accordance with the present Regulation.

When applying for registration of the representative office, a foreign company is responsible for the accuracy of the submitted documents and materials.

Article 5. The bodies of commercial and industrial administration of people's governments of provinces, autonomous regions and cities of central subordination are the bodies of registration of representative offices and management in the sphere of activity of representative offices (hereinafter — registration bodies).

Registration authorities are required to establish a mechanism for sharing information with other relevant agencies to provide each other with information relevant to the missions.

Article 6. Representative offices are required to submit annual reports to the registration authorities annually from March to June, 30.

The content of the annual statements includes: information on the legal existence of a foreign company, information on the conduct of representative activities, as well as information on the income and expenses of the representative office, audited by the accounting firm, and other relevant information .

Article 7. In accordance with the legislation, representative offices are obliged to create accounting books, reliably reflect the receipt of funds from the foreign enterprise and the expenditure of funds by the representative office, as well as to place accounting books at the location of the representative office.

Representative offices are not entitled to use bank accounts of other enterprises, organizations or individuals.

Article 8. General representatives and representatives appointed by foreign enterprises, as well as the staff of the representative office, are obliged to comply with the provisions of laws and administrative legal acts on entry and exit, residence, employment, payment of taxes, currency control; in case of violation of the provisions, the relevant authorities shall apply penalties on the basis of the relevant provisions of laws and administrative legal acts.

Chapter II. Registration

Article 9. Registration data of the representative office: name of the representative office, name and surname of the General representative, subject of activity, location, accreditation period, name and location of the foreign company.

Article 10. The name of the representative office shall consist of the following parts in the specified order: the state ownership of the foreign enterprise, the name of the foreign enterprise in Chinese, the name of the city of location, as well as the designation «representative office» (daibyaochu). The name of the representative office may not include the following words and symbols: 1) causing harm to state security or public interests; 2) names of international organizations; 3) prohibited by the provisions of laws, administrative legal acts or the of the PRC.

The representative office is obliged to operate under the name registered with the registration authority.

Article 11. The foreign enterprise is obliged to appoint one General representative, who, in accordance with the limits of powers determined by the foreign enterprise in writing, has the right to sign documents for the registration of the representative office of the foreign enterprise.

A foreign company may appoint from one to three representatives in case of business necessity.

Article 12. Persons who: 1) have been held criminally liable for causing harm to the state security or public interests of the PRC; 2) have held the position of General representative or representative in the representative office, the registration of the establishment or the certificate of registration of which has been canceled or which have been closed by the order of the relevant authority within 5 years from the date of cancellation of the registration, cancellation of the registration certificate or the issuance of the order of closure; 3) in the presence of other circumstances established By the main state administration of the commercial and industrial administration of the PRC.

Article 13. The representative office has no right to conduct commercial activities.

If international treaties and agreements concluded by the PRC or in which the PRC is a party provide for special provisions, the provisions of the relevant international treaties and agreements shall apply, but except where the PRC has made a reservation.

Article 14. The representative office has the right to conduct the following activities related to the activities of the foreign enterprise: 1) marketing research, exhibition activities and activities for the promotion of goods related to the goods and services of the foreign enterprise; 2) networking related to the sale of goods, services, procurement and investment in China by the foreign enterprise.

If the activities of the representative office provided for in the previous part, in accordance with the provisions of laws, administrative legal acts and

provisions of the State Council of the PRC require approval, it is necessary to obtain approval.

Article 15. The location of the representative office is chosen by a foreign company.

In accordance with the requirements of state security and in the public interest, the relevant authorities have the right to require the representative office to change its location, as well as to notify the registration authority in a timely manner.

Article 16. Accreditation of the representative office cannot exceed the term of reference for the activities of the foreign enterprise.

Article 17. The registration authorities are obliged to enter the registration data of the representative offices in the register of representative offices, which is made available to the public for review and copying.

Article 18. The certificate of registration of the representative office of the foreign enterprise (hereinafter the certificate of registration) issued by the registration authority shall be placed in a prominent place at the location of the representative office.

Article 19. Forgery, modification, transfer of a lease or a loan or sale of certificates of registration, the identity of the General representative and the identity of the representatives of any organizations or individuals is prohibited.

In case of loss or loss of the certificate of registration or certificate of representation is obliged to publish the announcement of recognition of the document invalid in the specified mass media, and also to address for reissue of the document.

When the registration authority makes a decision on registration of changes, deregistration, cancellation of registration of changes, cancellation of the certificate of registration, previously issued certificate of registration, certificate of the General representative and certificate of representatives are automatically invalidated.

Article 20. When creating or changing the representative office, the foreign enterprise shall be obliged to make an announcement to the specified registration authority in the mass media.

When removing the representative office from the registration, cancellation of registration of creation or certificate of registration of the representative office, the registration authority shall make an announcement.

Article 21. If the representative office is suspected of carrying out activities that violate the present Regulation, the registration authority for the purpose of inspection has the right to: 1) conduct an inspection and apply for information to the relevant organizations and individuals; 2) read, make

copies, seal and retain contracts, payment documents, books and other materials related to the offense; 3) seal or retain used for the Commission of the offense tools, equipment, materials, goods and other property; 4) check the Bank accounts of the representative office that committed the offense, as well as accounting documents, books, Bank statements.

Chapter III. Registration of creation

Article 22. When creating the representative office, you must apply to the registration authority with an application for registration of the establishment.

Article 23. When applying for registration of the establishment of the representative office, the foreign enterprise is obliged to submit the following documents and materials to the registration authority: 1) application for registration of the establishment of the representative office; 2) confirmation of the legal existence of the foreign enterprise for more than two years and confirmation of the location of the foreign enterprise; 3) Charter or agreement on the organization of the foreign enterprise; 4) documents on the appointment of a General representative and representatives of the foreign enterprise; 5) identity cards and biographies of the General representative and representatives; 6) confirmation of creditworthiness issued by a financial institution providing services for the foreign enterprise; 7) confirmation of the legal use of the location of the representative office.

If the establishment of the representative office in accordance with the provisions of laws, administrative legal acts or the provisions of the State Council of the PRC is subject to approval, the foreign enterprise is obliged to apply to the registration authority for the establishment of the representative office within 90 days from the date of approval, as well as submit permits.

If, under an international Treaty or agreement concluded by or in which China is a Party, it is permitted to establish the representative office that can conduct commercial activities, the relevant documents must be submitted in accordance with the provisions of laws, administrative legal acts or provisions of the State Council of the People's Republic of China.

Article 24. The registration authority shall be obliged to make a decision on registration or refusal of registration within 15 days from the date of receipt of the application; before making a decision, the registration authority may, if necessary, request the views of the relevant authorities. When making a decision on registration, the registration certificate and certificates are issued to the applicant within 5 days from the date of the decision; when making a decision to refuse registration, it is necessary to send a notification of refusal to the applicant within 5 days from the date of the decision to explain the reason for refusal.

The date of establishment of the representative office is the date of issue of the certificate of registration.

Article 25. Representation, the General representative and representatives on the basis of the certificate of registration and identity documents apply for residence permits, employment, payment of taxes, currency control and completion of other formalities.

Chapter IV. Registration of changes

Article 26. In case of changes in the registration data of the representative office, the foreign company is obliged to apply to the registration authority for registration of changes.

Article 27. In case of changes in the registration data, it is necessary to apply for registration of changes within 60 days from the date of the changes.

If, in accordance with the provisions of laws, administrative legal acts or the provisions of the State Council of the PRC, approval is required before registration, it is necessary to apply for registration of changes within 30 days from the date of approval.

Article 28. If it is necessary to continue the activity after the expiry of the accreditation period of the representative office, the foreign company is obliged to apply to the registration authority for registration of changes within 60 days before the expiration of the accreditation period of the representative office.

Article 29. When submitting an application for registration of changes, it is necessary to submit an application for registration of changes, as well as relevant documents that must be submitted in accordance with the provisions of The State Administration for Industry & Commerce of the People's Republic of China.

If, in accordance with the provisions of laws, administrative legal acts or the provisions of the State Council of the PRC, approval is required prior to registration, the relevant permits must be submitted.

Article 30. The registration authority is obliged to make a decision on registration of changes or refusal to register changes within 10 days from the date of receipt of the application. When making a decision on registration within 5 days from the date of the decision there is an exchange of certificate of registration and identity; when making a decision about the refusal in registration is required within 5 days from the date of the decision to send the applicant a notice of refusal to register amendments with an explanation of the reasons for the refusal.

Article 31. In the event of changing of a person entitled to sign documents on behalf of the foreign enterprise, the legal form of the enterprise, capital (assets), the subject of activity or representative, the

foreign enterprise is obliged to notify the registration authority within 60 days from the date of one of the above changes.

Chapter V. The withdrawal from the register

Article 32. If any of the following circumstances apply, the foreign enterprise is obliged within 60 days from the date of occurrence of the circumstance to apply to the registration authority for the withdrawal of the representative office from the registration: 1) withdrawal of the representative office by the foreign enterprise; 2) failure to continue the expiration of accreditation of the representative office; 3) withdrawal of the foreign enterprise; 4) cancellation of the regulations or order for closing of the representative office.

Article 33. When applying on the withdrawal of the mission from registration the foreign enterprise shall be submitted to the registration body the following documents: 1) application for the withdrawal of the representative office registration; 2) confirmation of withdrawal of representation from the tax records; 3) confirmation of execution formalities or non-compliance of formalities by the representative office issued by customs bodies, bodies of currency control; 4) other documents that are submitted in accordance with the provisions of the The State Administration for Industry & Commerce of the People's Republic of China.

If the termination of the activities of the representative office in accordance with the provisions of laws, administrative legal acts or provisions of the State Council of the PRC requires approval, it is necessary to submit the relevant permits.

Article 34. The registration authority is obliged to take a decision on the removal of the representative office from the registration or refusal to withdraw from the registration within 10 days from the date of receipt of the application.

When making a decision on deregistration within 5 days from the date of the decision the applicant shall be notified of deregistration and withdrawn certificate of registration and certificate; when making a decision to refuse deregistration must be within 5 days from the date of the decision to send the applicant a notice of refusal to deregister with explanation of the reason for refusal.

Chapter VI. Legal responsibility

Article 35. The registration authority issues a termination order and imposes a fine of RMB 50,000 to RMB 200,000 yuan in case of the unauthorized establishment of the representative office and the conduct of activities without registration.

The registration authority shall issue an order for the elimination of violations, confiscate illegally obtained income and tools, equipment, raw materials, goods and other property used for commercial activities, as well as impose a fine in the amount of RMB 50,000 yuan to RMB 500,000 yuan, if the representative office conducts commercial activities in violation of the present Regulation; if there are aggravating circumstances, the registration authority shall cancel the registration certificate.

Article 36. The registration authority shall issue an order for the elimination of violations and shall impose a fine of RMB 20,000 to RMB 200,000 yuan on the mission and on managers and other persons directly responsible in the amount of RMB 1,000 yuan to RMB 10,000 yuan in the event of the submission of false materials or concealment of reliable information using other fraudulent means; in the presence of aggravating circumstances, the registration authority shall cancel the registration or certificate of registration and withdraw certificates.

The registration authority shall issue an order for the elimination of violations and impose a fine of RMB 20,000 yuan to RMB 200,000 yuan on the representation in the case of submission of false information and concealment of reliable information when submitting reports; in the presence of aggravating circumstances, the registration authority shall cancel the registration certificate.

The registration authority shall impose a fine of RMB 10,000 to RMB 100,000 yuan on the mission and on managers and other directly responsible persons, a fine of RMB 1,000 yuan to RMB 10,000 yuan in the event of forgery, modification, leasing or loan, sale of the certificate of registration or certificate; if there are aggravating circumstances, the registration authority shall revoke the certificate of registration and withdraw the certificates.

Article 37. The registration authority shall issue an order for the elimination of violations within the prescribed period in the case of conducting activities by the mission in violation of article 14 of the present Regulation; in case of non — compliance with the order, the registration authority shall impose a fine in the amount of RMB 10 000 yuan to RMB 100 000 yuan; in the presence of aggravating circumstances-cancel the registration certificate.

Article 38. The registration authority shall issue an order for the elimination of violations within the prescribed period and impose a fine in the amount of RMB 10 000 yuan to RMB 30 000 yuan in the presence of one of the following circumstances; in the presence of aggravating circumstances, cancel the registration certificate: 1) failure to submit annual reports in violation of the present Provision; 2) conduct of activities under the name that

has not been registered with the registration authority; 3) a waiver of the domicile change at the request of the relevant government authority of the PRC, 4) failure to file the announcement of the establishment or change occurs in violation of the present Regulation; 5) the non-discharge of the registration of changes or withdrawal of registration or notice registration authority in violation of the present Regulation.

Article 39. The registration authority shall revoke the certificate of registration if the activity of the representative office threatens or harms the state security, the public interests of the PRC and other significant offenses.

In case of cancellation of the registration of the establishment, certificate of registration or issuance of an order to close the representative office by the relevant government body of the PRC, the foreign enterprise that created this representative office shall not be entitled to re-establish representative offices in the PRC within 5 years from the date of cancellation of the registration of the establishment, certificate of registration or issuance of the order to close the representative office.

Article 40. In the case of registration in violation of the present Regulation, illegal inspections, support, cover-up or connivance of illegal activities as a result of abuse of official authority, negligence, acts of selfish motives of the registration authority and its employees, in accordance with the law, disciplinary sanctions are applied.

Article 41. If the violation of the present Regulation constitutes a violation of public order, the guilty person shall be held liable in accordance with the law of the PRC «on penalties for violation of public order»; if the violation constitutes a crime, the guilty person shall be held criminally liable.

Chapter 7 Additional provision

Article 42. Foreign enterprises in this Regulation, commercial organizations established outside the PRC in accordance with foreign law.

Article 43. Types of fees for registration of representative offices are established in accordance with the provisions of the competent financial and price departments of the of the PRC; the size of fees for registration of representative offices are established in accordance with the provisions of the competent price and financial departments of the State Council of the PRC.

Article 44. Registration of representative offices established in China by enterprises from Hong Kong SAR, Macau SAR and Taiwan is subject to the present Regulation.

Article 45. The present Regulation shall apply from 1 March 2011, at the same time «Rules of registration of representative offices of foreign enterprises» lapse, approved on March 5, 1983 by the State Council of the

PRC and published on 15 March 1983 by The State Administration for Industry & Commerce of the PRC.