

The establishment of retails enterprise and wholesale enterprise with foreign investment

According to the Measures for the Administration on Foreign Investment in Commercial Fields (promulgated on Apr. 16th, 2004), and Measures for the Administration on Commercial Franchise (promulgated on Dec. 31st, 2004), foreign companies, enterprises and other economic organizations or individuals (hereinafter "foreign investors") are permitted to establish commercial enterprises within the China territory in the form of wholly foreign-owned enterprises, Chinese-Foreign contractual joint venture, and Chinese-Foreign equity joint venture, since Dec. 11th, 2004.

The "foreign-funded commercial enterprises" shall refer to the enterprises with foreign investment which engage in commission agency, wholesale, retail and franchising

Procedures for establishment of foreign-funded commercial enterprises are as follows:

I. The investor shall apply to industrial and commercial administrations for the registration of pre-approval of enterprise name and get the pre-approval notification.

II. The enterprise applying for opening shops shall submit the following documents to the Foreign Economy Department of Shanghai Economic Committee to get the document for explanation that the enterprise complies with the requirement of the urban development and the commercial development of the city:

1. Application form
2. Feasibility study report signed by all the investors
3. Contract and articles of association (Enterprises with 100% foreign investment only have to submit the articles of association) as well as the attachment
4. Certification of registration (copy) of both Chinese and foreign investors, bank certificates of credibility, and certificates of legal representatives (copy); On occasions of individual investment, the ID certification of the investor should be submitted
5. The report of audition by accounting firms of the recent year of the investors
6. The confirmation of the evaluation report of the planned investment of state-owned capital issued by the state-owned asset administrative organizations
7. The catalogue of the import & export commodities of the enterprise to be established;
8. The list of the board members of the enterprise to be established and the letters of appointment of the board members by all the joint investors
9. Approval notification of the name of the enterprise to be established
10. The certification (copy) of the land usage of the shop to be established or the rent contract of the house (copy)
11. Notification which shows that the establishment of the shop is accordance with the planning of the city and the planning of the economy of the city issued by the related economic administration of the region of the shop
12. The rent contract of the registration place and the property certificate of the lessor

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13. Other documents required by the approval organs

III. For those enterprises which have already established but plan to open new shops, the following documents should be submitted:

1. Application form
2. The modified contract and articles of association if there is any modification
3. Feasibility study report of the establishment of the new shop
4. The resolution of the board of directors about the establishment of the new shop
5. The auditing report of the recent year of the enterprise
6. The evaluation report of the capital of the enterprise (copy)
7. Certification of registration (copy) the investors, and certificates of legal representatives(copy)
8. The certification (copy) of the land usage of the shop to be established or the rent contract of the house (copy)
9. Notification which shows that the establishment of the shop is accordance with the planning of the city and the planning of the economy of the city issued by the related economic administration of the region of the shop

The original documents shall be submitted unless there is notice showing the copy. The authorization issued by legal representative shall be submitted enclosed with documents not signed by legal representative. The applier shall submit documents in Chinese, if the original document in English shall be translated into Chinese.

IV. The applier shall submit the above documents and the explanatory documents issued by Shanghai Economic Committee to Shanghai Foreign Investment Committee for application of the Certificate of Approval for the Establishment of Enterprise with Foreign Investment. On receiving the materials, Shanghai Foreign Investment Committee shall make the written decision on whether to approval or not, within the power of examination & approval corresponding to regulations related, after inquiring the opinions from Shanghai economic commission, and then issue the Certificate of Approval for the Establishment of Enterprise with Foreign Investment within a month.

V. For those projects which need the approval of the Ministry of Commerce, Shanghai Foreign Investment Committee shall conduct preliminary examination and approval, and then submit the application to the Ministry of Commerce. The Ministry of Commerce shall make a written decision concerning the approval, within 3 months from the date of receiving the materials, and then issue the Certificate of Approval for the Establishment of Enterprise with Foreign Investment.

VI. The enterprise shall, holding the Certificate of Approval for the Establishment of Enterprise with Foreign Investment, go the formalities of industrial and commercial registration and get the business license within 30 days after the issuance of the certificate.

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