

## Retail franchise shops

Q: Hello. Can someone please give me some answers? I am a European and i want to open a franchise retail outlet or boutique in mainland china. The mother company is from Italy and their agency is in Hong Kong. Can I as a European buy a franchise of that Italian company and open two outlets in mainland china. What is the setup of such a thing? What is the registered capital? I have been told that it is extremely difficult for a foreigner to do this and will be a very long procedure. Is this true? Also what kinds of lawyers or professionals that I should use and how much money do they charge? Also how much time does it take to get this done? Thank you very much

A: One must meet the following requirements as set out in the PRC Franchise Law:

1. The company that grants the franchise must be a legal entity duly set up in accordance with the PRC law;
2. It must own its own trademark, own brand, own trade name, or own business models and possess sufficient financial resources;
3. It can provide guidance and training to the franchisees in the long term;
4. The franchisor must have set up 2 shops in China for over one year, or 2 shops that are owned by its subsidiary company;
5. The franchisor must have set up the system that provides the goods with guaranteed quality on a regularly basis, and related services;
6. The franchisor should have good reputation without any past records for having been engaged in franchise-related frauds.

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