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Registration of a Qianha FICE - Procedures and Fees

Unless otherwise indicated, the FICE mentioned in this quotation refer to a limited liability company formed and registered in Qianhai, Shenzhen in accordance with the China Company Law and the related regulations and wholly owned by one or more foreign companies or individuals. A FICE in the form of a limited liability company is by far the most popular investment vehicles in China amongst foreign investors.

Summary

This quotation applies to situations where a foreign investor intends to set up a company in Qianhai, Shenzhen to carry out business of a trading nature, including retailing, wholesaling, import and export, distribution and agency and that nothing special licence or permit other than the business licence is required. A foreign invested company registered in China for the purpose of carrying out the fore-mentioned activities is commonly known as a “FICE”.

Our fees for handling the formation and registration of a FICE in Qianhai, Shenzhen are USD2,000 which cover the services listed in Section 1(1) of this quotation. Our service fees, however, do not include the payment official registration charges, setting up Internet Banking Facility, legalisation of identity documents of the shareholder/member of the FICE.

The materials required for the registration of a FICE in Qianhai, Shenzhen mainly include legalised identity documents of the shareholder/member, a lease agreement of the office space to be used by the FICE. A detailed list of the materials is detailed in Section 4 of the quotation.

The whole process for the registration of a FICE in Shenzhen, China takes 12 to 18 weeks. It should however be noted that most of the procedures are subject to approval by the government departments and therefore some of the procedures may take longer than expected.

If the business activity to be conducted by the FICE requires special licence or permit, we may need to adjust our fees and the time required may need to be extended accordingly.

1. Estimated Service Fees and Costs

(1) Registration Service Fees

Our fees for handling the registration of a FICE in Qianhai, Shenzhen are USD2,000. In particular, our fees cover the following services:

- (1) Preparation of registration application documents;
- (2) Performing name availability search;
- (3) Application for approval of name;
- (4) Application for registered address with Qianhai Administration Bureau;
- (5) Application for MOFCOM registration;
- (6) Application for business licence;
- (7) Carving of company chops and personal chop of the legal representative;
- (8) Setting up a basic RMB bank account;
- (9) Handling foreign exchange registration;
- (10) Setting up a capital account.

In any case where the products to be traded by the FICE requires special permit or licence, we may need to revise our fees accordingly.

(2) Official Filing Fees

Our service fees stated in Section 1 (1) do not cover any official filing fees. The estimated official filing fees shall be around USD400. The official filing fees will be billed with supporting official receipts.

(3) Legalisation Costs

Our fees stated above also do not cover the legalization of the identity documents of the shareholder/member of the Shenzhen FICE. Kaizen is able to arrange the legalisation of identity documents for company or individual registered or resided in Hong Kong, Singapore, Taiwan, British Virgin Islands, Cayman Islands and Bermuda and a few other countries. Fees for legalisation will be quoted upon request.

(4) Internet Banking Facility

Our service fees stated in Section 1 (1) cover the setting up of a bank account for the new FICE, however, it does not cover the application of internet banking facility. Should you decide to engage us for the above service, we will charge a fee of USD300.

(5) Additional Foreign Currency Account

Our service fees stated in Section 1 (1) cover the setting up of a basic RMB bank account and a capital account for the new WFOE. However, it does not cover the setting up of any additional accounts. If the WFOE will receive foreign currency payment from overseas, then you must open a foreign currency general settlement account accordingly. Should you decide to engage us to set up an additional account, we will charge a fee of USD300.

(6) Translation Costs

Our service fees stated in Section 1 (1) do not cover translation costs for translating the documents prepared by you from English to Chinese or translation of registration documents from Chinese to English. If so required, we will charge an extra amount of USD55 per page of A4 size paper for the translation services.

(7) Foreign Trade Operator Registration Fees

A FICE is required to complete the following Foreign Trade Operator Registration procedures before it is allowed to conduct import and export business in its own name. Our scope of services:

- (a) Handling customs registration procedures;
- (b) Filing Foreign Trade Operator Registration Form with the Commerce Bureau;
- (c) Handling E-Port registration procedures;
- (d) Handling registration with Administration Bureau for foreign exchange;
- (e) Handling inspection and quarantine registration.

The whole procedures will be completed within one month if everything runs smoothly.

Our fees for the above services are USD800, which do not cover government charges estimated to be around USD250.

(8) VAT General Taxpayer Qualification Application Fees

A FICE is considered as a VAT small scale taxpayer when it is incorporated. If you want to be treated as a VAT general taxpayer, then you shall apply for VAT general taxpayer qualification accordingly. Kaizen could also help you to apply for such qualification. Our fees for handling the application for VAT General Taxpayer Qualification are USD550.

A summary of the fees stated above is provided in Schedule 1 to this quotation.

2. Payment Terms and Methods

Upon receipt of your order, we will issue an invoice to you for your settlement. We require full payment in advance.

If China or Taiwan official tax invoice is required, Value-Added Tax or Business Tax at the prevailing rate in the respective jurisdiction will be charged.

3. Basic Structure of a FICE in Shenzhen

The minimum requirements of a FICE in Shenzhen, China are as follows:

- One shareholder, one director, one general manager, one legal representative, one supervisor and one finance controller
- Shareholder can be natural person or corporation
- Director must be a natural person with no restriction on nationality
- General manager must be a natural person with no restriction on nationality
- Legal representative must be a natural person with no restriction on nationality
- Legal representative shall be served by chairman of the board (if board of directors is set up), or executive director (if it is sole director), or general manager
- Natural person shareholder can be appointed as director
- Supervisor must be a natural person with no restriction on nationality, however, director or general manager cannot serve as supervisor at the same time
- Finance controller must be a natural person with no restriction on nationality, however, legal representative cannot serve as finance controller at the same time

4. Required Documents and Materials

The following materials are required for the registration of a FICE in, Qianhai, Shenzhen:

- (1) Name of the company to be registered

The name of company to be registered in Shenzhen must follow the format “Business Name + (Shenzhen) + Principal Business Activity + Limited” or “Business Name + Principal Business Activity + (Shenzhen) + Limited” or “Shenzhen + Business Name + Principal Business Activity + Limited”. For example, “Kaizen (Shenzhen) Trading Limited”, “Kaizen Trading (Shenzhen) Limited” or “Shenzhen Kaizen Trading Limited”.

The name of the company must be in Chinese. The English name cannot be registered. Please provide the proposed name and at least 2 alternatives.

(2) Tenancy Agreement

One set of original Tenancy Agreement and Leasing Certificate of the office premise to be used by the proposed FICE.

(3) Particulars of the Shareholder

If the shareholder of the Shenzhen FICE is another company, please provide the particulars of that company, including the principal business activities, business address, contact numbers and name and nationality of its managing director.

(4) Legalised identification documents of the shareholder

One set of legalised identity documents of the foreign shareholder/members of the proposed FICE. If the shareholder is a corporation, the identity documents required to be legalised are its incorporation documents. In the case the shareholder is an individual, the identity document required to be legalised is his/her passport (for foreigner) or mainland travel permit (for Hong Kong, Macau and Taiwan resident). The investor's identity or incorporation document shall be legalised by the Chinese Embassy or Consulate in the country where the investor is resided or registered.

(5) Shareholding Structure and Ultimate Beneficiary Owner

A shareholding structure and particulars of the ultimate beneficiary owner of the FICE.

(6) Legal Representative

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), email address, China mobile number and full residential address of the legal representative.

(7) Director(s)

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), email address, China mobile number and full residential address in respect of each director.

(8) Supervisor, Finance Controller and General Manager

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), email address, China mobile number and full residential address of the supervisor, finance controller and the (general) manager.

(9) Amount of Investment/Registered Capital of the Shenzhen Company

The total amount of investment of the FICE, including:

- (a) the amount of registered capital.;
- (b) method and time limit of contribution of capital.

Note :The minimum registered capital required in Qianhai is RMB5 million. However, the above minimum capital requirement has been abolished for a FICE with Hong Kong investment. The investors from Hong Kong SAR may decide on the capital amount, method and deadline for capital contributions at its own discretion

(10) Scope of Business

A summary of the scope of business and the scale of business of the proposed FICE, including its business model, locations of suppliers and customers, products to be imported, exported or distributed.

(11) Particulars of Preferred Banker

Please provide the name of preferred bank and the designated branch at which the bank accounts of the Shenzhen FICE is to be established.

Please note the legal representative of the FICE is required to visit Shenzhen to open the bank account. The bank officers will go to your office to conduct a site inspection when you submit the application to them.

5. Procedures for Establishing a Qianhai FICE

(1) Preliminary

(a) Lease of Office Space

Firstly, the investor will have to enter into a tenancy agreement in relation to the office space to be used by the FICE for a term of not less than 12 months. The office must be located in a commercial building.

(b) Legalisation of Identity Documents of the Shareholder

The investor is also required to arrange to have the identity documents of the shareholder legalized by the Chinese Embassy or Consulate in the country where the shareholder is registered/resided.

(c) Other Documentation

The investor at the same time needs to prepare other documents, such as photocopies of the passport / identity card / China's mainland travel permit of the director, supervisor, legal representative, finance controller and (general) manager.

(2) Application for Registration of FICE

(a) Name Search and Reservation

The registration process of a FICE starts with name availability search. Kaizen will perform a name availability search with Shenzhen Market Supervision Administration (MSA). If the search indicates that the preferred company name is available for registration, Kaizen then apply for the reservation of the preferred name with Shenzhen MSA. This is called "Name Pre-registration" in China.

(b) Application for registered address with Qianhai Administration Bureau

Upon receipt of the approval for reservation of the preferred name of the FICE, Kaizen will apply for registered address with Qianhai Administration Bureau as required.

(c) Registration Record Filing with MOFCOM

Upon completion of the registered address application, Kaizen will then arrange the registration record filing with MOFCOM. MOFCOM local branch will usually issue a registration record receipt within 3-6 working days after receiving all required documentation.

(d) Registration for Business License

Upon receipt of registration record receipt, Kaizen will then apply for a Business Licence for the FICE with Shenzhen MSA. It will usually issue the Business Licence within 3-5 working days after receiving all the required documentation. Once the business license is issued, the FICE is deemed to be a legal person duly organised and existing under PRC law and will have full operational rights to operate its business in China within its scope.

(3) Post Registration Stage

(a) Carving of Company Seal and Chops

Application for Approval for making of Office Stamp (Office Seal) from the Public Security Bureau and arrange the carving the company seal and chops.

Please note the original identity certificate of the legal representative of the FICE is required to be provided when applying for the carving of seals.

(b) Foreign Exchange Registration

Application for registration with the Administration Bureau for Foreign Exchange.

(c) Opening of Bank Account

Opening of one capital account and one RMB basic account with the bank selected by client.

(4) Extra Procedures for FICE

(a) Foreign Trade Operator Registration

The FICE is required to complete Foreign Trade Operator Registration procedures before it can conduct import and export business in its own name.

(b) VAT General Taxpayer Qualification

A FICE is considered as a VAT small scale taxpayer when it is incorporated. If you want to be treated as a VAT general taxpayer, then you shall apply for VAT general taxpayer qualification accordingly.

6. Certificates and Materials obtained after Registration

After the FICE is officially registered, it will obtain the following certificates and documents to prove its legal existence and to carry out its daily operation.

- (1) Business Licence (Original, Duplicate)
- (2) FICE Registration Record Receipt
- (3) Bank Account Opening Permit and Other Bank Stuffs
- (4) Foreign Exchange Registration Permit
- (5) Company Seal, Financial Seal, Legal Representative Seal, Customs Seal and Fapiao Seal
- (6) Foreign trade operator registration related certificates and cards.

7. Estimated Time Frame

It is estimated that the whole registration process would take around 12 to 18 weeks, subject to the schedule of the investor and also the approval by the various registration authorities in Qianhai, Shenzhen. The table below shows the estimated time frame for each of the steps for the registration.

Step	Description	Who is Responsible	Working Days
Preliminary			
1	Legalisation of identity documents of the investor	Investor	Investor's schedule
2	Tenancy agreement (for the office to be used by the FICE)	Investor	Investor's schedule
3	Other documents	Investor	Investor's schedule
Application for Registration			
4	Perform name availability search	Kaizen	1
5	Name pre-registration	Kaizen	1
6	Application for registered address with Qianhai Administration Bureau	Kaizen	3
7	MOFCOM Registration and Record	Kaizen	3-6
8	Application for FICE business licence	Kaizen	3-5
Post Registration Procedures			
9	Application for approval and carving of company seals	Kaizen	2
10	Opening of RMB basic account	Kaizen	20
11	Perform foreign exchange registration	Kaizen	10
12	Opening of capital account	Kaizen	10
			Around 12-18 weeks
Additional Registration Procedures			
13	Foreign trade operator registration	Kaizen	20
14	Application for VAT general taxpayer qualification	Kaizen	5

8. Compliance Requirements of a FICE in Shenzhen

Immediately after a FICE is officially registered in Shenzhen, it is required to comply with various monthly, quarterly and annually filing and reporting requirements. These filing requirements include monthly tax filing, filing of annual audit report, which has to be issued and signed off by a local CPA firm, filing of annual tax reporting to the Shenzhen State Administration of Taxation and filing of annual reports to the competent government authorities etc. In any case if any of these annual compliances are not handled in a timely manner, the FICE may subject to penalties or at the risk of getting their license suspended or cancelled by the MSA.

Kaizen is well equipped with experienced personnel and capable of providing all the services that your Shenzhen FICE may need, including but not limited to monthly book-keeping, preparation of tax computation and filing of various tax returns and also performing annual tax clearance and etc.

9. Real-Name Certification of the Legal Representative and Finance Controller

Provided the legal representative or finance controller of a FICE is a foreigner or Hong Kong/Macau/Taiwan resident, then s/he is required to visit the local office of State Administration of Taxation (SAT) in person so as to enable the SAT to verify their travel document. This is what we called real-name certification with the tax bureau. Failure to complete the real-name certification will affect the company's tax related matters, such as purchase of Fapiao and application for tax rebate, or in the worst scenario, may not be able to file tax returns, with the SAT.

Since the legal representative or finance controller is required to visit the SAT in person to perform the real-name certification, we would recommend that s/he should be accompanied by a local staff, so as to avoid any language or communication problems. If you want us to send our staff to go to the SAT with your foreign legal representative or finance controller, we can also arrange for it accordingly. Our fees for the foregoing service are USD250 (tax exclusive).

10. Application for Food Business License

In accordance with PRC regulations on food safety, a company engaged in trading and distribution of food products must apply for a food business license before it is allowed to carry relevant business activities. Kaizen could also help you to apply for such license. Our fees for handling the application for food business license (for pre-package food) in Shenzhen are USD700. The time frame required is around 10-20 working days.

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

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Tel: +852 2341 1444

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Schedule 1 – Summary of Costs for Registration of FICE in Qianhia, Shenzhen

I. Registration of a FICE in Qianhai, Shenzhen

Item	Description	Amount (USD)
1	Service fees for Company Registration (Note 1)	2,000
2	Official filing fees for Company Registration (Note 2)	400
3	Disbursements	80
4	Service fees internet banking facility application (Optional)	300
5	Application for an additional foreign currency account (Optional)	300
6	Legalization fees for the investor (Optional)	TBC
7	Translation fees (Optional)	TBC
TOTAL		3,080

II. Additional Registration Procedures

Item	Description	Amount USD
1	Application for Foreign Trade Operator Registration	800
2	Official filing/registration fees for Foreign Trade Operator Registration (estimated)	250
3	Application for VAT General Taxpayer Qualification	550
4	Real-name Certification of the Legal Representative / Finance Controller	250
5	Application for Food Business License (for pre-package food)	700
TOTAL		2,550

Note:

1. If the business to be conducted by the FICE in Shenzhen requires special licence or permit, Kaizen can handle the application and our fees will be quoted upon request.
2. The government fees will be collected before the commencement of services and any shortfall will be billed after completion of registration of the FICE.
3. Item 4 to 7 will only be incurred if we are being engaged for such services.
4. If Chinese tax invoice is required, a Value Added Tax and Surcharges of 7.5% would be applicable.