

Procedures and Fees for the Registration of a Shenzhen FICE

Unless otherwise indicated, the FICE mentioned in this quotation refer to a foreign invested commercial enterprise formed and registered in Shenzhen, China 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 Shenzhen, China to carry out business of a trading nature, including retailing, wholesaling, import and export of goods. A foreign invested commercial enterprise 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 Shenzhen, China are USD2,300 which cover the services listed in Section 1.1 of this quotation. Our service fees, however, do not include the payment official registration charges, legalisation of identity documents of the shareholder/member of the FICE.

The materials required for the registration of a FICE in 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 2 months. 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.

SHENZHEN 深圳

Rooms 1203-06, 12/F.
Di Wang Commercial Centre
5002 Shennan Road East
Luohu District, Shenzhen, China
中國深圳市羅湖區深南東路5002號
地王商業中心12樓1203-06室
T: +86 755 8268 4480

SHANGHAI 上海

Room 1201, 12/F., Tower A
Guangqi Culture Plaza
2899A Xietu Road, Xuhui District
Shanghai, China
中國上海市徐匯區斜土路2899甲號
光啓文化廣場A座12樓1201室
T: +86 21 6439 4114

BEIJING 北京

Room 303, 3/F.
Interchina Commercial Building
33 Dengshikou Street
Dongcheng District, Beijing, China
中國北京市東城區燈市口大街33號
國中商業大廈3樓303室
T: +86 10 6210 1890

TAIPEI 台北

Room 303, 3/F., 142 Section 4
Chung Hsiao East Road
Daan District, Taipei
Taiwan 10688
台灣台北市大安區忠孝東路四段
142號3樓之3
郵編: 10688
T: +886 2 2711 1324

TOKYO 東京

308 BIZMARKS Akasaka
2-16-6 Akasaka, Minato-Ku, Tokyo
Japan 107-0052
日本東京都港區赤坂二丁目16番6號
BIZMARKS赤坂308室
郵編: 107-0052
T: +81 3 5776 2637

SINGAPORE 新加坡

138 Cecil Street, #13-02 Cecil Court
Singapore 069538
T: +65 6438 0116

KUALA LUMPUR 吉隆坡

Menara Suezcap, Tower 2
E-13A-3A, No. 2 Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur, Malaysia
T: +60 19 2177 344

NEW YORK 紐約

202 Canal Street, Suite 303, 3/F.
New York, NY 10013, USA
T: +1 646 850 5888

LONDON 倫敦

Room 319, 3/F., One Elmfield Park
Bromley, Greater London
BR1 1LU, UK
T: +44 20 8176 3860

1. Estimated Service Fees and Costs

1.1 Registration Service Fees

Our fees for handling the registration of a FICE in Shenzhen, China are USD2,300. 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 business licence;
- (5) Filing of initial report on foreign investment;
- (6) Carving of company chops;
- (7) Setting up one RMB basic bank account;
- (8) Application for online banking facility
- (9) Handling foreign exchange registration;
- (10) Setting up one 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.

1.2 Official Filing Fees

Our service fees stated in Section 1.1 do not cover any official filing fees and other expenses. The estimated official filing fees and other expenses shall be around USD400. The official filing fees and other expenses will be billed with supporting official receipts.

1.3 Legalisation or apostillization Costs

Our fees stated above also do not cover the legalization or apostillization of the identity documents of the shareholder/member of the Shenzhen FICE. Kaizen is able to arrange the legalisation apostillization 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 or apostillization will be quoted upon request.

1.4 Additional Foreign Currency Account

Our service fees stated in Section 1.1 cover the setting up of one basic RMB bank account and one capital account for the new FICE. However, it does not cover the setting up of any additional accounts. If the FICE 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.

1.5 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.

1.6 Import and Export Registration Fees

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

- (1) Handling customs registration;
- (2) Handling inspection and quarantine registration;
- (3) Handling E-Port registration procedures;
- (4) Handling foreign exchange registration for trading.

The whole procedures will be completed within 2-3 weeks if everything runs smoothly. Our fees for the above services are USD800.

1.7 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 USD150.

All the fees quoted above do not include the Value Added Tax and Surcharges of 7.5% if Chinese tax invoice (Fapiao) is required.

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's mainland 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:

- (1) One shareholder, one director, one legal representative and one finance controller
- (2) Shareholder can be natural person or corporation
- (3) Director must be a natural person with no restriction on nationality
- (4) Legal representative must be a natural person with no restriction on nationality
- (5) Legal representative shall be served by the executive director or general manager
- (6) Natural person shareholder can be appointed as director
- (7) 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 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" or "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) Legalised or Apostilled Identification Documents of the Shareholder

One set of legalised or apostilled identity documents of the foreign shareholder of the proposed FICE. If the shareholder is a corporation, the identity documents required to be legalised or apostilled are its incorporation documents. In the case the shareholder is an individual, the identity document required to be legalised or apostilled is his/her passport (for foreigner) or mainland travel permit (for Hong Kong, Macau and Taiwan resident).

(3) Shareholding Structure and Ultimate Beneficial Owner

A shareholding structure and particulars (including ID or passport copy, mobile or telephone number, residential or business address) of the ultimate beneficial owner of the FICE.

(4) Particulars of the Management

A photocopy of the identification document (i.e., passport for foreigner or identity card for Chinese citizen), email address, China mobile number and full residential address of the legal representative, director, supervisor (if any), general manager (if any) and finance controller of the Shenzhen FICE.

If you want to set up a board of directors, then you shall appoint at least three directors and one of them shall be elected as the chairman. If you choose not to set up a board, then you shall appoint an executive director.

The legal representative shall be either the executive director or general manager. The supervisor cannot act as the legal representative, director and general manager at the same time.

(5) Registered Capital

Please provide the amount of total investment, registered capital, method and time limit of capital contribution of the FICE.

According to the revised Company Law, the registered capital subscribed by the shareholders shall be fully contributed within 5 years upon the establishment of the company.

(6) Tenancy Agreement

One set of original tenancy agreement and leasing certificate of the office premise to be used by the proposed FICE.

(7) Scope of Business

Please provide a summary of the scope of business and the scale of business of the FICE.

(8) Particulars of Preferred Banker

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

Please note the legal representative of the FICE is required to visit the opening bank 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. Estimated Time Frame

It is estimated that the whole registration process would take around 2 months, subject to the schedule of the investor and also the approval by the various registration authorities in 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	Name availability search	Kaizen	1
5	Name pre-registration	Kaizen	1
6	Application for business license	Kaizen	1-3
7	Filing of initial report on foreign investment	Kaizen	1-3
8	Application for approval and carving of company seals	Kaizen	2
9	Opening of RMB basic account	Kaizen	10
10	Perform foreign exchange registration	Kaizen	10
11	Opening of capital account	Kaizen	10
			Around 2 months
Additional Registration Procedures			
12	Import and export registration	Kaizen	10
13	Application for VAT general taxpayer qualification	Kaizen	5

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) Bank Account Stuffs
- (3) Company Seal, Financial Seal, Legal Representative Seal

7. 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 registry office.

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.

8. Real Name Authentication of the Legal Representative and Finance Controller

Provided the legal representative or finance controller of a WFOE is a foreigner, 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 her or his Passport. This is what we called real-name authentication with the tax bureau. Failure to complete the real-name authentication 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 authentication, 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 USD150 (tax exclusive) per time.

Schedule 1 – Summary of Costs

I. Registration of a FICE in Shenzhen

Item	Description	Amount USD
1	Service fees for company registration (Note 1)	2,300
2	Official filing fees and other expenses for company registration (Note 2)	400
3	Application for an additional foreign currency account (Note 3)	300
4	Legalization or apostillization fees for the investor	TBC
5	Translation fees	TBC
TOTAL		3,000

II. Additional Registration Procedures

Item	Description	Amount USD
1	Application for import and export registration	800
2	Application for VAT general taxpayer qualification	150
3	Real-name authentication of the legal representative / finance controller	150/time
TOTAL		1,100

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 official filing fees and other expenses will be collected before the commencement of services and any shortfall will be billed after completion of registration of the FICE.
3. Item 3 to 5 of table I 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.

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:

E: info@kaizencpa.com

T: +852 2341 1444

M: +852 5616 4140, +86 152 1943 4614

WhatsApp/ Line/ Wechat: +852 5616 4140

Skype: kaizencpa