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Procedures and Fees for the Registration of a Haikou FICE

Unless otherwise indicated, the FICE mentioned in this quotation refer to a limited liability company 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 Haikou, China 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 Haikou, China are USD2,300 and our fees cover the services listed in Section 1(1) of this quotation. Our service fees, however, do not include the payment of official registration charges, setting up internet banking facility, legalisation of identity documents of the shareholder/member of the FICE.

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

The whole process for the registration of a FICE in Haikou, China takes 6 to 12 weeks. It should however be noted that most of the procedures are subject to approval granted 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. Registration Cost

(1) Our Service Fees

Our fees for handling the registration of a FICE (the principal business activities of which includes general management consultancy or other activities of a service nature) in Haikou, China are USD2,300. In particular, our fees cover the following services:

- (1) Performing name availability search;
- (2) Application for approval of name;
- (3) Application for business licence;
- (4) Filing of initial report on foreign investment;
- (5) Carving of company chops and personal chop of the legal representative;
- (6) Setting up one RMB basic bank account;
- (7) Handling foreign exchange registration;
- (8) Setting up one capital account.

If the business activity to be conducted by the FICE requires special licence or permit, we may need to adjust 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) 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.

(4) Legalisation Fees

Our fees stated above also do not cover the legalization of the identity documents of the shareholder/member of the Haikou 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.

(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 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.

(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.

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 and costs is provided in Schedule 1 to the 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 Haikou

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

- (1) One shareholder, one director, one general manager, one legal representative, one supervisor 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) General manager must be a natural person with no restriction on nationality
- (5) Legal representative must be a natural person with no restriction on nationality
- (6) 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
- (7) Natural person shareholder can be appointed as director
- (8) Supervisor must be a natural person with no restriction on nationality, however, director or general manager cannot serve as supervisor at the same time
- (9) Finance controller must be a natural person with no restriction on nationality, however, legal representative and supervisor cannot serve as finance controller at the same time

4. Required Documents and Materials

The following materials are required for the purpose of application for registration of a FICE in Haikou, China:

- (1) Name of the Company to be Registered

The name of company to be registered in Haikou must follow the format "Business Name + (Haikou) + Principal Business Activity + Limited" or "Business Name + Principal Business Activity + (Haikou) + Limited" For example, "Kaizen (Haikou) Service Limited" "Kaizen Services (Haikou) Limited" or "Haikou Kaizen Service 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 photocopy of the property ownership certificate of the office premise to be used by the proposed FICE.

(3) Particulars of the Shareholder/Member

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

(4) Legalised Identification Documents of the Shareholder

One set of original 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 China's 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

Pictures 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)

Pictures 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

Pictures 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) Liaison Officer of Business Registration

Pictures of the identity card, email address, China mobile number and full residential address of the liaison officer of business registration, who shall be the permanent resident in Hainan Free Trade Zone.

(10) Amount of Investment/Registered Capital of the FICE

The total amount of investment in the FICE, including:

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

(11) Scope of Business

A summary of the scope of business and the scale of business of the proposed FICE, including the business model, locations of suppliers and customers etc.

(12) Particulars of Preferred Bank

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

Please note the legal representative of the FICE is required to visit Haikou to open the bank account.

5. Certificates and Materials obtained after Registration

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

- (1) Business Licence (Original, Duplicate)
- (2) Bank Stuffs
- (3) Company Seal, Financial Seal and Legal Representative Seal
- (4) Foreign trade operator registration related certificates

6. Estimated Time Frame

It is estimated that the whole registration process would take around 6 to 12 weeks, subject to the schedule of the investor and also the approval by the various registration authorities in Haikou.

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 Incorporation Documents	Investor	Investor's schedule
2	Tenancy (Lease) Agreement	Investor	Investor's schedule
3	Natural person shareholders, directors, supervisors, managers, liaison officers of the FICE shall register the account of Hainan Commercial Subject Registration Platform (Hainan e Registration) and authenticate with their real names. (shall be done in China)	Investor	Investor's schedule
Application for Registration			
4	Name availability search	Kaizen	1
5	Application for approval and reservation of the proposed company name	Kaizen	1
6	Application for business license	Kaizen	3-5
7	Filing of initial report on foreign investment	Kaizen	3-5
Post Registration Procedures			
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 6-12 Weeks			
Additional Registration Procedures			
12	Foreign trade operator registration	Kaizen	20

7. Annual Compliance Requirements in China

Immediately after a FICE is officially registered in Haikou, 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 Haikou 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 Haikou 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.

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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Schedule 1 – Summary of Costs

Item	Description	Amount USD
1	Service fees for Company Registration (Note 1)	2,300
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	Legalisation fees for the investor (Optional)	TBC
7	Translation fees (Optional)	TBC
8	Application for Foreign Trade Operator Registration	800
9	Official filing/registration fees for Foreign Trade Operator Registration (estimated)	250
TOTAL		4,430

Note:

1. If the business to be conducted by the FICE in Haikou 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.