

## Shanghai FICE Registration Procedures and Fees

*Unless otherwise indicated, the FICE mentioned in this quotation refer to a limited liability company formed and registered in Shanghai, 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.*

This quotation applies to situations where a foreign investor intends to set up a company in Shanghai, 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. This type of company is commonly known as a “FICE”.

Our fees for handling the formation and registration of a FICE in Shanghai, China are USD2,850 which cover the services listed in Section 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 Shanghai 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 Shanghai, China takes 6 to 8 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.

The fees stated in the quotation are for general reference only and is subject to change from time to time.

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## 1. Shanghai FICE Registration Service and Fees

Our fee for handling the registration of a FICE (the principal business activities of which includes retailing, wholesaling, import and export) in Shanghai, China is USD2,850. In particular, our fee covers the following services:

### (1) Registration Service Fees

- (1) Preparation of registration application documents;
- (2) Performing name availability search;
- (3) Application for approval of name;
- (4) Application for business licence;
- (5) Application for MOFCOM registration;
- (6) Carving of company chops and personal chop of the legal representative;
- (7) Setting up basic RMB bank account;
- (8) Handling foreign exchange registration;
- (9) Setting up foreign currency 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) Corporate Bank Account

Kaizen will help client to open a corporate bank account for the new Shanghai FICE with a bank (in Shanghai). Please note the bank requires the legal representative of the FICE to visit their branch personally for the purpose of identity verification. Our services are limited to providing assistance, including preparation of incorporation documents as required by the bank, pre-screen of account application documents, liaison with the bank and arrangement appointment with the bank for you (your legal representative).

Our service fee stated above covers the setting up of a basic RMB bank account and a capital account for the new FICE. If the new FICE will receive foreign currency payment from overseas, then the FICE must open a foreign currency general settlement account accordingly. We can help client to open such an account and our service is detailed in Section 2.

Note:

- (1) Our fee stated above cover all official filing fees incurred for the registration of the FICE and the application for the VAT licence but does not cover courier charges.
- (2) If Chinese Fapiao is required, an VAT at 7.5% will be charged.

## 2. Additional Services (Optional)

In addition to the FICE registration services set out in Section 1, Kaizen can also provide the following relevant services upon request:

No	Description	Fees (USD)
1	Import and Export Qualification/License (Note 1)	950
2	VAT General Taxpayer Qualification Registration (Note 2)	550
3	Real Name Authentication of the Legal Representative and Finance Controller (Note 3)	250
4	Internet banking facility application (Note 4)	300
5	Additional foreign currency account (Note 5)	300
6	Identification documents legalisation costs (Note 6)	TBA
7	Translation fees (Optional) (Note 7)	TBA

### Note:

- (1) A FICE is required to complete the following procedures before it is allowed to commence its import and export business. 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.
- (2) A FICE is by default an VAT small scale taxpayer when it is incorporated. If the FICE is to issue VAT general tax invoice, then the FICE shall apply for VAT general taxpayer qualification. Kaizen could also help you to apply for such qualification.
- (3) Where the legal representative or finance controller of a FICE is a foreigner or Hong Kong/ Macau/Taiwan resident, then he is required to visit the local office of State Administration of Taxation (SAT) in person so as to enable the SAT to verify his China's mainland travel permit. 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 recommend that he should be accompanied by a local staff, so as to avoid any language or communication problems. We can accompany the legal representative/finance controller to perform the real-name certification upon request.

- (4) Our fee in Section 1 includes the setting up of a corporate account for the FICE. However, Internet banking facility is not included. We can arrange to set up Internet banking facility upon request.
- (5) As stated in Section 1, our registration fee includes the setting up of a basic RMB bank account and a capital account for the new FICE. If the Shanghai FICE will receive foreign currency payment from overseas, then it must apply to open a foreign currency general settlement account before it is able to do so.
- (6) Our fee stated in Section 1 does not cover legalization of the identification documents of the member of the Shanghai FICE. Kaizen can arrange the legalisation of identification documents for company or individual registered or resided in Hong Kong, Singapore, Taiwan, British Virgin Islands, Cayman Islands and Bermuda and many other countries. Our fee for legalisation will be quoted upon request.
- (7) Our fee stated in Section 1 also do not cover translation service. If the materials provided by client are not in Chinese, a Chinese translated copy is needed, or if client needs us to provide a copy of the FICE registration application documents in other languages for reference or record keeping purpose, we can perform the required translation with fees to be determined upon review the documents to be translated.

### **3. Payment Terms and Methods**

Upon receipt of your confirmation of engagement, we will issue and send an invoice together with the wiring instructions to you for your settlement. When you arrange the payment, please put our invoice number of account number in the message section and then send email a copy of the remittance receipt to us for our records. Because of the nature of service, we require full payment in advance. And once the service is commenced, no refund of service fee will be made.

We accept cash, HKD check, TT and credit card through Paypal. An extra handling fee of 5% will be charged if paid by Paypal.

#### 4. Basic Structure of a FICE in Shanghai

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

- One member, one director, one legal representative, one supervisor and one financial controller
- Member can be natural person or corporation and no restrictions on nationality
- Director 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
- 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

#### 5. Required Materials for Shanghai FICE Registration

(1) Legalised identification documents of the member

One set of legalised identification documents of the foreign shareholder/member of the intended FICE. If the shareholder is a corporation, the identification documents would normally include its Certificate of Incorporation, Articles of Association and the latest Annual Return (or document of a similar nature). In the case the shareholder is an individual, the identification 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.

(2) Group Chart and Beneficiary Owner

A group chart illustrating clearly the relationship between the proposed WFOE in Shanghai and its ultimate beneficiary owner and the identification documents of the beneficiary owner(s).

(3) Legal Representative

A photocopy of the identification document (i.e. passport for foreigner or national identity card for Chinese citizen) and residential address of the legal representative. In most of the case, the director of a WFOE will also act as the legal representative.

(4) Supervisor and Financial Controller

A photocopy of the identification document (i.e. passport for foreigner or national identity card for Chinese citizen) of the supervisor and the financial controller.

(5) Director(s)

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

(6) Tenancy agreement

A tenancy/lease agreement of the office premise to be used by the proposed FICE. Please note the agreement shall be registered with local estate leasing administration authority and the agreement shall clearly indicate the premise is for office use only and the lease term shall not be less than 12 months.

(7) China WFOE Registration Order Form

A duly completed “China WFOE Registration Order Form” (provided by Kaizen). The form covers information about the investor, the structure of the intended WFOE, the particulars of its member and director.

The identification documents of the member of the intended FICE will need to be legalised by the Chinese Embassy or Consulate General in the place where the member is registered/resided.

If any of the materials provided is not in Chinese, a Chinese translated copy (certified by qualified translator) must be provided.

## 6. Shanghai FICE Registration Procedures and Time Frame

The whole process for the registration of a FICE in Shanghai would take around 6 to 8 weeks after we receive all materials required for the registration of the company. The table below shows the estimated time frame for each of the steps for the registration process.

Step	Description	Time (Day)
<b>Preliminary</b>		
1	Client determines structure of the FICE in Shanghai, including its name, amount of capital, shareholder/member, director, legal representative, supervisor and collects the consent and identification document from each of the office holder.	Client's schedule
2	Client locates the office space and arranges tenancy agreement (for the office to be used by the FICE).	Client's schedule
3	Client confirms engagement of Kaizen of the registration of the FICE in Shanghai (and legalisation of documents); Kaizen issues an invoice to client.	1
4	Client delivers the materials listed in Section 5 to Kaizen and at the same time settles Kaizen's invoice.	Client's schedule
<b>Application for Registration</b>		
5	Kaizen performs name availability search and confirms with client of its availability.	1-2
6	Kaizen files application for approval and reservation of the proposed company name.	3-5
7	Kaizen then files application for Business Licence for the FICE from the AIC	10
8	Upon receipt of business license, Kaizen will then arrange the registration record filing with MOFCOM.	10
<b>Post-registration Procedures</b>		
9	Kaizen applies for Approval for making of Office Stamp (Office Seal) from the Public Security Bureau and arranges the carving the company seal and chops.	3
10	Kaizen proceeds to bank account opening (RMB basic account)	5
11	Kaizen performs registration with the Administration Bureau for Foreign Exchange	5
12	Kaizen proceeds to bank account opening (capital account).	10
<b>Additional Registration Procedures</b>		
13	Kaizen performs Foreign Trade Operator Registration for the FICE.	20
14	Kaizen proceeds to application for VAT general taxpayer qualification.	10
<b>Around 6 - 8 weeks</b>		

Note: at the time of bank account opening, the legal representative of the Shanghai FICE may need to visit the bank in person so as to allow the bank to verify his/her identity.

## 7. 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) Record-filing Certificate
- (3) Articles of Association
- (4) Company Seal, Financial Seal, Legal Representative Seal
- (5) Bank Account Opening Permit and Other Bank Stuffs
- (6) Import and Export Qualification Certificates (if engaged)

## 8. Compliance Requirements of a FICE in Shanghai

After a FICE is officially registered in Shanghai, 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 State Administration of Tax Bureau and filing of annual report to the business licensing bureau 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 AIC.

Kaizen is well equipped with experienced personnel and capable of providing all the services that your Shanghai 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. please contact one of our professional accountants for details.

*If you wish to obtain more information or assistance, please visit our official website at [www.kaizencpa.com](http://www.kaizencpa.com) or contact us through the following:*

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