

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)
Agreement on Trade in Goods (the Agreement)

Proforma Cost Statement for CO(CEPA) Application with Mainland Origin Raw Materials and Component Parts
Included in the Regional Value Content using Build-Up Method

CO(CEPA) UCR No. : _____
 Description of Goods : _____
 Mainland HS Code : _____
 Quantity of Goods : _____
 Reference No. (Note 1): _____

Regional value content	Costs incurred for the above goods (HK\$)		
1. Hong Kong origin raw materials and component parts (Note 2)	(a)		
2. Mainland origin raw materials and component parts (Note 3)	(b)		
3. Direct labour costs (Note 4)	(c)		
4. Product development costs (if applicable) (Note 5)	<i>Self-developed</i>	<i>Developed by or Purchased from a Third Party (Note 6)</i>	<i>Total</i>
			(d)
Amortisation method used (Note 7)			
Total cost [(a)+(b)+(c)+(d)]:			(e)
FOB value of the goods (HK\$) (Note 8):			(f)
Regional value content [(e)/(f) x 100%]:			%
Regional value content not taking into account the value of Mainland origin raw materials and component parts {(e)-(b)} / (f) x 100%}:			%

I _____
 (Name of signatory)

 (FR No.: _____) (hereinafter referred to as "the Factory")

 (Name of factory)

Proprietor
 Partner
 Director/ a responsible person (Note 9) of

am duly authorised to make this declaration for and on behalf of the Factory and hereby declare that:

- (a) this Cost Statement and its Appendix are prepared in accordance with the conditions for issuing CO(CEPA) as stipulated by the Director-General of Trade and Industry in the circulars on CO(CEPA);
- (b) the information provided in this Cost Statement and its Appendix are true and correct and that the goods described in the above CO(CEPA) application have fulfilled the regional value content requirement under CEPA and the Agreement;
- (c) the origin of the raw materials and component parts originating from the Mainland and the details as set out in the Appendix to this proforma is true and correct;
- (d) the above product development costs are exclusively incurred in Hong Kong for the goods described in the above CO(CEPA) application; and
- (e) the calculation of the regional value content, including the value of the raw materials and component parts, the direct labour costs and the product development costs, is consistent with generally accepted accounting principles.

I hereby undertake to have this Cost Statement and its Appendix audited by a Certified Public Accountant and make available the audited Cost Statement and its Appendix to any officer authorised by the Director-General of Trade and Industry and/or the Commissioner of Customs and Excise within 30 days upon request.

Stamped and Signed by (Note 9) : _____ (_____)
 (Office held)

Name of Signatory : _____
 (English) (Chinese) HKID Card/
 Passport No. : _____

Telephone No. : _____

Date : _____

Note:

1. If Hong Kong Manufacturers want to include the value of Mainland origin raw materials and component parts when calculating the “regional value content”, they have to submit to the Trade and Industry Department (TID) the additional Declaration and Undertaking Form (Form FRVAC 1) at least 7 working days before submitting CO(CEPA) applications. In addition, the cost statement should bear the reference number assigned by TID for the relevant Declaration and Undertaking Form.
2. Raw materials and component parts to be included in the regional value content must fulfil the originating goods requirement under CEPA and the Agreement.
3. When the value of raw materials and component parts originating from the Mainland are included in the calculation of the regional value content of goods in CO(CEPA) applications, manufacturers must provide details of these raw materials and component parts in the Appendix to this Cost Statement, including the names, specifications, model numbers, quantity and value, etc. A copy of the export declaration(s) or the filed goods list(s) for export covering the export of such raw materials and component parts originating from the Mainland to Hong Kong and the original of the Certificate(s) of Origin issued by the relevant Mainland Authorities covering such raw materials and/or component parts must be provided as supplementary documents to the proforma cost statement in support of the CO(CEPA) application as well as other supporting documents as may be required by the Director-General of Trade and Industry and the Commissioner of Customs & Excise.
4. Labour costs refer to wages related directly to the production of the goods. Costs such as employee transport and management wages may not be included in the regional value content.
5. Product development carried out in Hong Kong for the purposes of producing or processing the exporting goods. Development expenses should be related to the exporting goods and include:
 - (i) fees payable for the development of designs, patents, patented technologies, trademarks or copyrights (referred to as “rights” collectively) carried out by the manufacturer himself,
 - (ii) fees payable to a natural or legal person in Hong Kong for undertaking development of those rights, and
 - (iii) fees payable for purchasing those rights owned by a natural or legal person in Hong Kong.

Please state the type of product development costs involved (designs, patents, patented technologies, trademarks or copyrights) and provide information for each type of cost.

6. Please also specify the name of the third party in this column. The third party must be a legal person or a natural person in Hong Kong, who has already made and submitted a Declaration and Undertaking (Form FRD2) to the Trade and Industry Department under the Factory Registration of the factory named in this Cost Statement.
7. Please state the accounting method (e.g. straight line, diminishing balance or unit of products) used for allocating the factory's product development costs to the goods covered in this Cost Statement.
8. FOB value as declared on the CO(CEPA). FOB value refers to the cost of the goods to the Mainland buyer abroad up to and including the loading of the goods on to the exporting vessel, vehicle or aircraft.
9. The person signing for and on behalf of the factory must be an authorised signatory under Factory Registration.

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Proforma Cost Statement using Build-Up Method – Appendix

Value of the Materials (including Raw Materials and Component Parts) Originating from the Mainland

CO(CEPA) UCR No. : _____

Reference No. :

Item No.	Name of Materials (including Raw Materials and Component Parts) originating from the Mainland, Specification, Model No., etc.	Quantity used (Unit)	Value (HK\$)	Corresponding Number of the Mainland Export Declaration /Filed Goods List for Export	Corresponding Number of the Certificate of Origin issued by the relevant Mainland Authorities
Total Value:					