

GENERAL INFORMATION

Location

Hong Kong is on the south east coast of China and consists of a large number of islands and a part of the mainland totalling approximately 1,025 sq. km. The principal areas are Hong Kong Island, Kowloon and the New Territories. These areas were ceded to Britain in perpetuity in 1842 under the treaty of Nanking, and in 1898, the New Territories were leased by Britain from China for a period of 99 years. On 1 July 1997 all of Hong Kong reverted back to China and became a Special Administration Region within the People's Republic of China.

Population

The population of Hong Kong is currently 7 million made up mainly of people of Chinese origin and is one of the most densely populated areas in the world.

Political Structure

Until 1 July 1997, Hong Kong was a British Crown Colony. A governor appointed by the Queen presided over the Hong Kong government, which consisted of the executive and legislative councils.

On 1 July 1997 Hong Kong elected its own legislature and maintained its court structure. The head of the government of the Hong Kong Special Administrative Region is the Chief Executive Officer. The Legislative Council is the legislature of the Hong Kong.

Infrastructure and Economy

Separating Hong Kong Island and the Kowloon peninsular is Victoria Harbour, which is recognised internationally as one of the world's perfect natural harbours. It varies in width from two to ten kilometres. An additional 13,517 sq. km of land has been reclaimed in the New Territories to provide additional dockyard and warehousing facilities. It is estimated that well over 100,000 containers per month pass through the port.

Hong Kong is the leading South East Asian centre for both finance and commerce and ranks as the world's third largest financial centre after New York and London. There are more than 160 licensed banks with more than 130 foreign banks having representative offices in Hong Kong and a further 225 licensed deposit taking finance companies all of which play an active role in the financing of international trade and commerce.

Language

The official languages are English and Chinese, with English being used in the commercial and political context and Cantonese and Mandarin Chinese used widely in industry and domestic trade.

Currency

The Hong Kong Dollar which is officially pegged to the US Dollar at USD1.00=HK\$7.8.

Exchange Control

None.

Type of Law

Common Law based on English Common Law.

Principal Corporate Legislation

Companies Ordinance (Cap 32).

COMPANY INFORMATION

Type of Company for International Trade and Investment

Private company limited by shares.

Procedure to Incorporate

Submission of Memorandum and Articles of Association and a Declaration of Compliance. A Notice of Situation of Registered Office is also required to be filed. This can either be done at the time of filing the Memorandum and Articles of Association and Declaration of Compliance, or within fourteen days of the date of incorporation (please refer to Schedule 1 for a detailed description of the registration procedures).

Restrictions on Trading

Cannot undertake banking or insurance or financial activities unless relevant licences are obtained.

Powers of Company

A Hong Kong limited liability company has all the powers of a natural person.

Language of Legislation and Corporate Documents

Both Chinese and English, and either one of the two languages can be used in the corporate documents.

Registered Office Required

Yes, a company must maintain a registered in Hong Kong where the correspondence from Hong Kong Government can be served.

Name Approval Required

Name needs not be approved and it is not possible to reserve a name too. It is essential to check that there is no similar or identical name on the Register maintained by Companies Registry, which would prevent the company being incorporated.

Shelf Companies Available

Yes, shelf companies are available for immediate delivery.

Time to Incorporate

Approximately two weeks from the submission of documentation and payment of statutory filing fees.

Name Restrictions

A name that is too similar to or identical to an existing company. A name that constitutes a criminal offence or is otherwise contrary to the public interest. A name that implies government patronage.

Names Requiring Consent or Licence

Building society, Chamber of Commerce, chartered, co-operative, mass transit, municipal, savings, tourist association, trust, trustee, underground railway, bank, insurance, assurance, reinsurance, fund management, asset management and investment fund.

Suffixes to Denote Limited Liability

Limited or Ltd.

Disclosure of Beneficiary Ownership to Authorities

No. Nominee structure is commonly used.

COMPLIANCE

Authorised and Issued Share Capital

The standard authorised share capital is HK\$10,000. The minimum issued capital is two shares of HK\$1 each.

Classes of Shares Permitted

Ordinary shares, preference shares, redeemable shares and shares with or without voting rights.

Bearer Shares Permitted

No.

Taxation

The principle of Hong Kong income tax is that it is a tax on income that has its source in Hong Kong rather than a tax based on residence. Hong Kong does not therefore impose tax on non-Hong Kong source income even when remitted to Hong Kong. Consequently, if a Hong Kong company's trading or business activities are based outside Hong Kong no taxation will be levied. 2019 onwards, profit tax is 8.25% on assessable profits up to \$2,000,000; and 16.5% on any part of assessable profits over \$2,000,000.

There is no tax on capital gains. Interest income and dividend income is also tax free. There are no withholding taxes. The local currency is the Hong Kong Dollar which is freely interchangeable but has a pegged exchange rate against the US Dollar. There are no exchange controls.

One of the major advantages of utilising a Hong Kong company is that there is no immediate suggestion that the company is a tax avoidance vehicle as Hong Kong is major trading entity in its own right. Hong Kong is one of the world's largest importer and also one of the world's largest exporter. The vast majority of the 50,000 Hong Kong companies incorporated annually are local trading companies doing real business in the region.

Double Taxation Agreements

Hong Kong has no double tax agreement with any country, with the exception of a limited treaty with the United States of America relating to shipping matters only.

Licence Fee

The Business Registration Fee, currently USD32 (HK\$250, **after 01/04/2019**), is due and payable within one month of the date of incorporation and then annually on the anniversary of the first payment.

Financial Statement Requirements

Hong Kong companies are required to prepare full audited accounts under the company laws. Also, a copy of the audited financial statements is to be furnished with Inland Revenue Department together with Profits Tax Return. The audited financial statements are not available to the public or to the foreign authorities except those of a listed company.

Directors

A minimum number of one director is required and full details of these must be filed with the Public Registry. The director can be of any nationality and be resident anywhere. There is no requirement for board meetings to be held within Hong Kong and directors may be resident anywhere in the world. Corporate nominee directors are permitted.

Company Secretary

A Hong Kong company must appoint a company secretary, who may be a natural person or a body corporate, but the company secretary must be resident in Hong Kong.

Shareholders

A minimum number of one shareholder is required whose details is filed on the public register. Corporate shareholder is permitted and anonymity can be achieved by the use of nominee shareholders. The shareholders can be of any nationality and be resident anywhere in the world and meetings can take place anywhere.

REGISTRATION FEE AND MAINTENANCE FEE

Registration Fee

With a standard share capital of less than or of HK\$10,000, the registration fee is USD1,428, which includes the following items:

- (1) One brand new or one shelf company
 - ~ Search for the availability of proposed company name (applicable to formation of new company)
 - ~ Application for Certificate of Incorporation and Business Registration Certificate
 - ~ Printing 10 copies of M&A; printing share certificates and statutory book
 - ~ Manufacturing of common seal, authorisation chop
 - ~ Appointment and filing of first directors secretary and filing of registered address
 - ~ Preparation of bank account opening documents; preparation of minutes for first board meeting
 - ~ Preparation and execution of share transfer documents (applicable to shelf company)
 - ~ Increase of share capital and allotment of shares (applicable to shelf company)
- (2) Application and collection of Business Registration Certificate and payment of first year business registration fee
- (3) Provision of registered office and forwarding of government mails for one year
- (4) Provision of company secretary for one year

Annual Maintenance Fee

The annual maintenance fee for a company with minimum activity is estimated at USD600, which includes annual license fee, company secretary and registered office fees.

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| 1. Business registration fee: | USD32 (after 01/04/2019) |
| 2. Registered office: | USD300 |
| 3. Company secretary: | USD360 |
| 4. Annual Return filing fee: | USD60 |

Optional

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| 1.. Annual statutory audit: | from USD1200 (depends on your turnover) |
| 2. Filing of Profits Tax Return: | USD180 |
| 3. Filing of Employee Return: | USD80 |
| 3. Book keeping , the charge depends on volume of transaction | |

Documents and Information Required

1. Proposed company name, either in English only or Chinese only or both;
2. One photocopy of Hong Kong Identity Card and addresses of the shareholders, if they are Hong Kong residents; One photocopy of passport and address of all the shareholders, if they are not Hong Kong Residents;
3. One copy of Hong Kong Identity Card and addresses of all the directors, if they are Hong Kong residents; One copy of passport and address of all the directors, if they are not Hong Kong Residents;
4. Amount of share capital, both authorised and issued and allotments, if standard capital not applied;

Documents Given to Clients after Registration

1. Original copy of Certificate of Incorporation
2. Original copy of Business Registration Certificate
2. Ten (10) copies of Memorandum and Articles of Association
3. Ten (20) copies of share certificate
4. Register of Members and Register of Directors
5. Common Seal and company chop
6. Minutes for the appointment of first director(s)
7. Documents pertaining to the appointment of directors.

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