

Limited Company

Key Facts

INTRODUCTION

Hong Kong is a former British colony which was officially handed over to the People's Republic of China in 1997. It is now officially a "Special Administrative Region" of the PRC. Hong Kong is annually ranked as one of the top jurisdictions in the World Bank's "Doing Business" guide. Hong Kong is the 5th largest financial centre in the world and has the largest stock exchange outside of Japan in Asia.

GENERAL

- Location – Hong Kong comprises a group of islands as well as part of the mainland on the southeast coast of China
- Legal System - Common Law based on English Common Law
- Population - 7 million
- Official Languages - Chinese and English
- Political Stability - Excellent
- Hong Kong is a "Special Administrative Region" of the People's Republic of China
- Hong Kong elects its own legislature and has its own court system

COMPANY LEGISLATION

- Companies Ordinance (Cap32)

TYPE OF COMPANY

Limited Company

NAMES

A name that is 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 gives the impression of which it is connected with the Government of PRC, the Government of HKSAR or any departments of either Governments.

NAMES REQUIRING CONSENT OR A LICENSE

Building society, Chamber of Commerce, co-operative, Kaifong, mass transit, municipal, savings, tourist association, trust, trustee, underground railway, bank, insurance, assurance, reinsurance, etc.

TAXATION

16.5% income tax on Hong Kong sourced income only. Even income remitted to Hong Kong but from a source outside Hong Kong is not taxed. No capital gains, dividends or interest tax. The locality of the source of profits is the place where contracts are "executed" and not necessarily where they are signed. Income earned as a "commission agent" based in Hong Kong if operating from Hong Kong would be taxable.

Withholding taxes on Hong Kong sourced income are generally payable on royalties, dividends and interest at a rate of 4.95% if paid to an unrelated party or 16.5% if paid to a related party.

BI-LATERAL TREATIES

Hong Kong has entered into comprehensive Double Tax Avoidance Agreements with several countries including China, Luxembourg, Thailand and Belgium as well as a number of others for relief of double taxation of shipping and airline income.

SHARE CAPITAL

- Standard “authorized capital” is HK\$10,000
- Minimum issued capital is HK\$1.00
- May be any currency

SHAREHOLDERS

- A minimum of one shareholder is required
- May be a natural person or legal entity
- Nominee shareholders permitted
- May be any nationality
- Bearer shares are not allowed
- Ordinary shares, preference shares, redeemable shares and shares with or without voting rights are allowed

DIRECTORS

- A minimum of one Director is required
- May be a natural person or legal entity
- May be of any nationality
- Meetings may be held anywhere in the world, including Hong Kong and may be conducted by telephone or electronic means

COMPANY SECRETARY

- May be a natural person or company
- Must be resident in Hong Kong
- A Company Secretary is mandatory

PUBLIC FILINGS

- Identities of Shareholders and Directors are in the public record
- Memorandum and Articles of Association and other corporate filings must be filed with the registrar and are generally part of the public record
- Annual audited accounts must be filed on a yearly basis but are not part of the public record

REGISTERED OFFICE

- Hong Kong Registered Office is required

REDOMICILIATION

- No incoming or outgoing redomiciliation allowed

GOVERNMENT COSTS

Government licensing fees are a flat \$350 each year and are due on the anniversary date of the incorporation of the company on a yearly basis

CORPORATE BOOKS & RECORDS

- Companies must maintain a Register of Directors, Register of Shareholders, Minute Book and copies of Resolutions; if maintained at a location other than the Registered Office
- Statutory requirement to file annual returns and audited accounts
- Company Seal is required

TIME TO INCORPORATE

- Incorporation can usually be completed in 5 Days
- Shelf Companies are allowed and available for immediate delivery

STANDARD DOCUMENTS & SERVICES

- Certificate of incorporation
- Business registration certificate
- Formation documents and minutes
- Minute booklet
- Share certificate booklet
- Two chops (stamps) and one metal Common Seal
- One certified copy of formation documents by Hong Kong CPA
- Provision of a HK resident company secretary for 1 year
- Provision of a HK business address for 1 year
- Banking Resolution (if applicable)
- Declaration of Trust (with nominee shareholders)
- Power of Attorney (with nominee directors)
- "Green Box" Company Kit

Fees & Services

FORMATION FEES	US\$
Initial Consultation (up to 1 hour)	FREE
Due Diligence Up to 2 connected individuals; each additional party is \$200 and unusually complex requirements will be billed at hourly rates	FREE
Formation Fees Checking availability of the company name, preparation and filing of all statutory forms, drafting and preparation of formation documents.	600
ANNUAL FEES	
Registered Office & Company Secretary Providing the statutorily required Registered Office & Company Secretary inclusive of safekeeping of the registers, paying annual Government fees, preparation and filing of annual returns.	800
Government Licensing/Filing Fees	350
TOTAL	1750
Special: Hong Kong Company + HK Resident Individual Nominee Director (inclusive of Power of Attorney) & Shareholder (w/ Declaration of Trust) + <u>100% Guaranteed</u> HSBC Hong Kong Bank Account + Courier Deliver documents	2995/ 1950 from 2nd year
<ul style="list-style-type: none"> • No notarization of documents required • No visit required • Bank reference required • Client is sole signatory on bank account (HSBC HK is very familiar with nominee structures and will only change a signatory with the permission of the current signatory to protect the client) 	
Optional Additional Ownership Holding Structures	
<ul style="list-style-type: none"> • Add a Seychelles IBC Holding Company • Add a Seychelles Foundation w/ full nominees • Add a Seychelles Trust 	990 1925 2500
Optional Hong Kong Virtual Office	80/month
<p>Hong Kong dedicated telephone number with calls forwarded to most major countries for no extra charge + Hong Kong dedicated fax number and faxes forwarded as a PDF attachment by email to a designated email address + Hong Kong business address with mail scanned and forwarded as a PDF attachment by email to a designated email address</p>	

Fees & Services

OTHER SERVICES	US\$
HK Resident Individual Director (basic appointment)	500
HK Resident Individual Nominee Shareholder	300
Company Secretary	Included
Notarisation of documents (1 or 1 set with a single cover page)	200
Apostille of documents (1 or 1 set with a single cover page)	300
Issuance of a Notarized Limited Power of Attorney (1 included w/ nominees)	250
Issuance of a Certificate of Good Standing (from Registrar)	200
Preparation and submitting documents for opening of a HSBC Hong Kong bank account	800
Voluntary Liquidation - subject to assets involved and complexity	From 1200
Resolutions - standard, template driven; otherwise hourly rates	75
Bank Administration - charged on an hourly basis	
Company Administration - charged on an hourly basis	
Accounting and Auditing Fees	From 1000

GENERAL FEE INFORMATION

- Basic fees billable in advance upon formation and annually thereafter
- Fees are generally not refundable due to the nature of the services
- Work performed in addition to the items listed is generally billed at our hourly rates in 6 minute increments. Time spent is billed in arrears either monthly, quarterly, semi-annually or annually depending on the scope and volume of work
- Hourly Rates
 - Senior Personnel - US\$200/hour
 - Junior Personnel - US\$100/hour
- Disbursements (telephone calls, courier, postage, etc.) billed in addition
- Special transaction fees may be applicable for work of a particularly onerous, time critical, high value or otherwise exceptional nature
- All fees are subject to annual review and may be changed with 30 days notice

Note: *as a general rule, any special fees outside of the normal agreed scope of work will be discussed with each client prior to work performed*