

**Hong Kong, HongKong (Xianggang Tebie Xingzhengqu) located in East Asia, on the coast of the South China Sea, includes Hong Kong Island, Kowloon Peninsula and other islands (the name adopted in China - Hong Kong) and is not an offshore under the tax laws of most countries.**

- Area - 1.092 sqm. km.
- Population - 7,041,000 (2005)
- Official languages - English and Chinese
- Legislation is based on British common law
- Major export items - clothing, jewelry and toys.
- Major imports - raw materials and equipment.
- The turnover of Hong Kong's currency market - 50 billion U.S. dollars daily. Most international banks conducting operations in the Hong Kong
- Currency - the Hong Kong dollar (Hk \$).

After the accession of Hong Kong to China in 1997, administrative and legal system of jurisdiction remained almost unchanged and, more importantly, it had no impact on Hong Kong's legislation on companies and their taxation. Therefore, Hong Kong remains a very attractive and popular offshore jurisdiction in the area.

### **Corporate law**

- Decree of the Companies (Companies Ordinance), 1933
- Decree on Taxation (Inland Revenue Ordinance), 1947
- Registration Ordinance of business (Business Registration Ordinance), 1959
- The decree of perpetual rent and capital accumulation (Perpetuities and Accumulation Ordinance), 1970
- Ordinance on stamp duty (Stamp Duty Ordinance), 1981

### **Form of**

- Public company with limited liability (Public company limited by shares)
- Private limited company (Private company limited by shares)
- Limited Liability Partnership (Limited partnership)
- In addition, in Hong Kong can check the following activities: branch of a foreign company (Branch), Entrepreneur (Sole Proprietorship), Trust (Trust).

### **Permitted activities**

- Public company with limited liability (Public company limited by shares)> - Any activity not prohibited by law.
- Private limited company (Private company limited by shares) - Any activity not prohibited by law.
- Limited Liability Partnership (Limited partnership) must obtain approval to operate, otherwise it loses the status of a limited and already all the partners are liable for the debts and liabilities.

### **The deadline for registration**

21 days from the date of submission of all required documents to register.

### **Opportunity to purchase ready-made companies**

Law is not forbidden by the acquisition of already registered companies. In certain cases, may

require changes to the database of the national registry of companies.

Moving Companies Act does not provide, however, there is the possibility of liquidation and re-registration of companies.

### **Company Name**

Can be written in any language that uses the Latin alphabet.

The name must end with the word "Limited" or the abbreviation "LTD" denoting the legal form the company.

Name should not coincide with the already registered in the Register of Companies. Special permission  
require

title: "British", "Building Society", "Chamber of Commerce", "Chartered", "Co-operative", "Imperial", "Kaifong", "Mass Transit", "Municipal", "Royal", "Savings", "Tourist Association", "Bank", "Insurance", "Assurance", "Re-Insurance", "Fund Management", "Asset Management Investment Fund".

### **Necessary documents for registration**

- Memorandum of Association which shall contain the name of the company, legal address, purpose of establishment of the company, the fact that the liability of members is limited, the value of equity.
- Minutes of the constituent assembly of which must be information about the company's

internal regulations, meetings, directors, secretary, dividends, income capitalization.

- Confirmation of the formation of capital.
- Petition for Appointment of Directors.

## **Legal address**

Provided registered agent and must be located within the administrative territory of jurisdiction.

Used only for e-mail correspondence from state authorities.

- Share capital
- For a public company with limited liability (Public company limited by shares) the minimum amount of share capital - 1 \$ Hk.      □ Recommended - 1000 \$ Hk
- For a private limited company (Private company limited by shares) the minimum amount of share capital - 1 \$ Hk.      Recommended - 1000 \$ Hk
- Limited Liability Partnership (Limited Partnership) does not require capital.

## **Shares**

Allowed to issue shares and preferred shares with an indication of nominal value, as well as requiring the repurchase of shares and shares with or without voting rights. Shares of no par value is prohibited.

Public company with limited liability (Public company limited by shares) has the right to issue bearer shares. Minimum emission capital - two shares at par value to 1 Hong Kong dollar each. Public subscription for shares is allowed, but before that the company must publish a prospectus, the announcement of their release. For the transfer of shares does not necessarily have the approval of the general meeting of shareholders.

Private limited company (Private company limited by shares) denied issuance of bearer shares. Minimum emission capital - two shares at par value to 1 Hong Kong dollar each. Also banned open sale of shares, transfer of shares may be effected only with the approval of the general meeting of shareholders.

### Shareholders

Shareholders of the company can be both legal and natural persons who are residents of any country in the world. Permitted to hold shares in the company's fiduciary (trust) contract. No minimum shareholders are not prohibited.

For a public company with limited liability (Public company limited by shares) the minimum number of shareholders - one, the maximum - not limited.

Private limited company (Private company limited by shares) may have a minimum of two shareholders, the maximum - 50. If the number of shareholders is reduced to a single person, in this case, the remaining shareholder shall bear full responsibility over the property belonging to him on the charges debts or legal claims the company.

Limited Liability Partnership (Limited partnership): a minimum of 2 partners, maximum - 20 partners. Partnership established by two individuals or entities of any residence. Responsibility of all partners except the General is limited to their own share in the partnership, they have no right to pick up until the partnership exists.

Also, they have no right to participate actively in the management of a partnership or entrust it to others.

## **Director**

For a public company with limited liability (Public company limited by shares) the minimum number of directors - two legal entities or natural persons who are residents of any country in the world. Availability of nominee director in the company is not prohibited. With an open subscription for shares of the company legal entities must be withdrawn from the directors.

For a private limited company (Private company limited by shares) the minimum number of directors - one person or entity who is a resident of any country in the world. Availability of nominee director in the company is not prohibited.

With an open subscription for shares of the company legal entities must be withdrawn from the directors.

Limited Liability Partnership (Limited partnership) requires at least one partner with unlimited liability for the debts and obligations of the partnership. It was he who becomes the General Partner, which manages the company.

## **Company secretary**

Each company must have a corporate secretary, who must be resident in Hong Kong and can be both physical and legal entity. Also, there may be a nominee secretary.

## **Holding of a meeting of shareholders / directors**

The directors and shareholders are required and must be held annually in the territory of any state. Not later than 21 days before the date of notification should be sent to the meeting. In addition to meetings of shareholders are allowed extraordinary general meetings.

## **Requirements for Financial Accounting**

All companies must keep financial and accounting records of the statutory rules. Mandatory annual filing of financial statements in the bodies for control over the payment of taxes and providing the results of the audit activities of the Company, an authorized auditor, a certified member of the Hong Kong Society of Accountants.

### **Information available on request of third parties**

Details of the directors and shareholders (names, addresses, the proportion of equity).

### **Taxation**

If the source of the company's revenues are outside the administrative territory of Hong Kong, the commercial activities of this company is not subject to taxation on profits. Not collected as VAT, taxes on dividends and interest.

The company pays only the annual state fee for renewal of business license (Business Registration Fee), Cawthra paid within one month from the date of registration and annually thereafter on the day of the first payment.

Income from sources in Hong Kong are taxable at a rate of 17.5% from net income. Also, with non-residents of Hong Kong - copyright owners will be charged-back the income tax at a rate of 5.25%.

No exchange controls.

### **Documents stored in the registration office**

Financial statements, incorporation documents in the original.

### **Bank account**

The law does not restrict the company in choice of banks and countries of their location, as well as the total number of accounts required for its own commercial purposes. Law, the privacy of banking companies.

### **Treaty on Avoidance of Double Taxation**

Now operate full and limited agreement on avoidance of double taxation (by air and begin voyages) with the following countries: Australia, Austria, Bahrain, Belgium, Burma, Brazil, Brunei, United Kingdom, China, Germany, Israel, India, Indonesia, Italy, Canada Qatar, China, Luxembourg, Malaysia, Mauritius, Nepal, Netherlands, New Zealand, Norway, UAE, Oman, Pakistan, Russia, Singapore, USA, Thailand, Turkey, Philippines, Poland, Switzerland, Sri Lanka, Estonia, South Korea , Japan.