

Setting up in Hong Kong

At the crossroads of finance, tax and accounting, our clients count on us to look out for their best interests. To develop and deliver the most relevant solutions to suit your particular goals, we work together with the finest lawyers and financial experts. With our roots in banking and a large international network, we have the global reach and local knowledge to help you succeed.

Hong Kong is an excellent choice to establish a business as it is one of the world's major trading and financial centres, has a simple tax system and a low tax rate. Hong Kong has a territorial system of taxes where only business and salary income with a Hong Kong source are subject to Hong Kong taxes. Profits tax (for corporations with onshore profits) is a low 16.5% and salaries tax only 15%. As income which does not have a Hong Kong source continues to be exempt from tax, the structuring benefits of Hong Kong are obvious.

To conduct business in Hong Kong one can either operate as a sole proprietorship, in a partnership or by registering a company in Hong Kong or branch of an overseas company in Hong Kong.

The most common form of business entity is private limited company. This form of business limits the liability of the shareholders to the capital subscribed. The incorporation of a tailor-made company takes eight to ten days, but a ready-made "shelf company" can be bought. The advantage of purchasing a shelf company is that business can commence immediately as the company has never traded since incorporation and, therefore, has no liabilities. Shelf companies normally have an authorised capital of HK\$10,000 with standard Memorandum and Articles of Association. One can change the name, amend the Memorandum and Articles of Association or increase the authorised capital at any time. Shelf companies are usually incorporated with

one founder share of HK\$1. There is no obligation to subscribe and pay up further capital.

The basic requirements of a limited liability company are:

Capital and shareholders

There is no specific capital requirement. It is common that a company is incorporated with an authorised capital of HK\$10,000 and an issued capital of HK\$1.00. The authorized share capital may be increased but capital duty at the rate HK\$1 per every HK\$1,000 above the existing authorized capital is payable.

Every Hong Kong company must have at least one shareholder, who does not need to be a Hong Kong resident and can be either an individual or a corporation. There is no specific requirement on the debt to equity ratio so a company can carry on business with as little as HK\$1.00 in issued capital.

Our nominee shareholder services are available where the beneficial owner wishes to remain anonymous.

Directors

Every Hong Kong company must have at least one director who does not need to be a Hong Kong resident and can be either an individual or a corporation.

We will be pleased to arrange for directors to act if needed.

Company Secretary

The company must have a company secretary who is either an individual who ordinarily resides in Hong Kong or a body corporate with its registered office or place of business in Hong Kong. The company must keep its statutory books such as the register of members and the register of directors, etc. together with minute books at its registered office or a place which the company needs to report to the Companies Registry. Each year, a company must record minutes of

its annual general meeting ("AGM") at which the audited accounts are presented, the directors re-elected and the auditors re-appointed, etc. It must also file a return ('the Annual Return') with the Companies Registry of its present company structure at the anniversary date of its incorporation.

Our company can act as the nominated secretary and attend to the preparation of the AGM documents and filing of the Annual Return.

Registered Office

A Hong Kong company must have a registered office in Hong Kong. Our office may be used as the company's registered office.

Accounting, Auditing and Tax Compliance

By law, a Hong Kong company is required to prepare annual accounts which must be audited by a Certified Public Accountant ("CPA"). It is also required to attend to various tax filing matters. We can assist with the preparation of statutory accounts. Our affiliated audit firm and our Taxation Services Division, can act as the auditor and tax representative respectively.

Business Registration

Every company must register with the Business Registration Office and pay the Business Registration Fee on the anniversary of its date of incorporation.


Other Services

In addition to statutory compliance services, we also provide the following:

- ▶ international tax structuring and planning consultancy
- ▶ trade documentation handling
- ▶ operation of bank accounts
- ▶ outsourcing administration and back office functions, including payroll
- ▶ concierge services

Please feel free to contact our team for further assistance.

Our clients come from every corner of the globe. Different countries, different cultures. Just like us. We have more than 1,000 professionals in more than 20 countries worldwide. So we have the local knowledge and sensitivity to see things from your point of view.

 **Setting the standard since 1952**

Alex Cho
alex.cho@intertrustgroup.com
tel (852) 2867 0352

Katherine Chiu
katherine.chiu@intertrustgroup.com
tel (852) 2867 0334

Alice Lau
alice.lau@intertrustgroup.com
tel (852) 2867 0339

Michelle Tang
michelle.tang@intertrustgroup.com
tel (852) 2867 0342

Wendy Kwok
wendy.kwok@intertrustgroup.com
tel (852) 2901 2121

Intertrust Hong Kong

38th Floor Central Plaza
18 Harbour Road
Wanchai, Hong Kong
tel (852) 2802 7711
fax (852) 2802 7733

hongkong@intertrustgroup.com

www.intertrustgroup.com