The information below will provide you an idea of the general requirements for the constitution of a Hong Kong company and its maintenance.

1. BRIEF INTRODUCTION

Hong Kong is comprised of a group of islands less than 100 miles south of the Tropic of Cancer and is the Special Administrative Region of the People's Republic of China since 1997. This explains why the legal system is based on English Common Law.

2. INCORPORATION

The organization and operation of Hong Kong companies are governed by the Hong Kong Companies Ordinance (Chapter 32) as amended, which is based on the United Kingdom Companies Act.

A brand-new company may be properly incorporated within 3 to 4 weeks.

3. CORPORATE REQUIREMENTS

I. Name

The name of the Hong Kong company must contain the word "Limited" at the end and must not be identical or nearly resemble name(s) already incorporated.

It is worth mentioning that, except with the consent of the Governor, the name of the Hong Kong company may not contain words such as "British", "Chambers of Commerce", "Chartered", "Imperial", "Royal", "Trust", etc. The name of the Hong Kong company may be changed within 2 to 3 weeks.

II. Registered Office

The Hong Kong company must have a registered office situated in Hong Kong. Please be advised that we can provide the registered office service.

III. Capital

The authorized capital may be denominated in Hong Kong dollars, but may create a separate class of capital in any currency.

Bearer shares are not permitted and shares must have a par value.

IV. Shareholders

The Hong Kong company may have a minimum of one (1) shareholder. Such shareholders may be corporations and do not have to be domiciled or resident in Hong Kong.

The names and particulars of the shareholders are required to be registered at the Hong Kong Companies Registry on an annual basis and are available for public inspection.

V. Transfer of Shares

Shares may be transferred by having a written instrument of transfer containing the name and address of the transferee signed by the transferor and the transferee.

VI. Directors

The Hong Kong company should have a minimum of one (1) director, at least one natural person. Also, it is permitted that corporations act as directors, and need not to be domiciled or resident in Hong Kong.

First directors are nominated by the subscribers to the Memorandum and the Articles of Association.

As the names and particulars of shareholders, the names and particulars of directors are required to be registered annually at the Hong Kong Companies Registry and are open to public inspection.

VII. Officers

The Hong Kong Company must appoint a local secretary. Also, other officers may be appointed, such as Managing Director or Chairman. Please be advised that we can provide the company secretary services.

VIII. Books and Accounts

Register of Directors, Secretaries, Members, Transfers and Charges, Minute Book of General Meetings and Directors' Meetings ("statutory records"), should be kept at the Registered Office unless directors otherwise resolve but in any event must be in Hong Kong and if kept otherwise, notices need to be filed at the Hong Kong Companies Registry.

Accounting records should be kept in Hong Kong and if kept outside Hong Kong, should be sent to and kept in Hong Kong at a six-month interval. Audited accounts are required to be prepared annually by licensed accountant(s) in Hong Kong.

IX. Significant Controllers Register

The Hong Kong company must have and keep a Significant Controllers Register that contains the information of the name, correspondence address, identity card number, or passport number, for a registrable person and the name, registration number, registered office address and the legal form for a registrable legal entity.

A person is considered a significant controller if one or more of the specified conditions are met, which include holding directly or indirectly more than 25% of the issued shares (or voting rights) in the Hong Kong company, having the right to exercise or actually exercising significant control over the Hong Kong company.

X. Annual Filing

An annual return is required to be filed with the Hong Kong Companies Registry. Also, an annual meeting of directors is required to be held.

XI. Tax

Hong Kong has a two-tiered profits tax rate regime which is payable in respect of assessable profits derived from business activities carried out in Hong Kong. Companies will be taxed at 8.25% for the first HK$2 million of their profits whilst the remaining profits will be taxed at 16.5%. Offshore profits are not considered taxable; however, the Inland Revenue Department in Hong Kong will conduct an assessment and determine whether or not the offshore profits are taxable.

An annual filing of a profit tax return is required by the Hong Kong company, unless the Inland Revenue Department confirms in writing that said filing is not required.

Do not hesitate in contacting us for any further questions or comments.