

Introduction

Hong Kong is famous for its open economy system and it is one of the world's premiere financial centres. Its freedom of capital movement, sound legal system, efficient transportation system, state-of-the-art telecommunication backbones and the wide use of English in business have contributed to its success.

Hong Kong was ruled by the British Government, but it became the Special Administrative Region of the People's Republic of China (PRC) on 1 July 1997. The British introduced the English legal system to Hong Kong. As a result, English common law and rules of equity apply. Laws in Hong Kong have also developed through the Legislative Council enacting its own statute law (i.e. Ordinance). After 1997, the laws in Hong Kong remain basically unchanged and Basic Law serves as the constitutional legislation.

General Information.

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| Currency: | Hong Kong Dollar. |
| Minimum Capital: | The standard share capital in Hong Kong is HK\$1000 of which two shares must be issued at par value. |
| Capital duty: | 300HK\$ for share capital over HK\$1,000. |
| Availability of shelf Co's: | Yes available on request. |
| Type of Company: | Private Companies, limited by shares. |
| Bearer / nil par value shares: | Ordinary shares, preference shares, redeemable shares and shares with or without voting rights. Bearer shares are not permitted. |
| Shareholders: | There must be a minimum of two shareholders. |
| Directors: | There must be a minimum of two Directors, but they can be individuals or corporate bodies. |
| Secretaries: | A company Secretary must be a resident of Hong Kong. |
| Company Registers / Records: | Registered office and registered agent together with details of the Director, Secretary and Shareholders. |
| Registered Office: | The Registered Office must be maintained in Hong Kong. |
| Statutory Submissions: | Each company is required to file the annual return at the company's registry and a set of accounts at the Tax Authorities |
| Double Taxation Treaties: | None to date. |
| Directors Meetings / AGM's | No restrictions or requirements upon where meetings are held. |
| Public Records: | Details of the Directors must be disclosed to the companies registry although beneficial owners do not. |
| Annual Government Fees/Duties: | There is small fee of HK\$14 for filing of the annual return. |
| Advantages: | There is no capital gains tax and dividend income tax. The standard tax rate of 15.5% and corporation profits tax rate of 17.5% are relatively low compared with other developed countries. Full exemption from taxation for any business activity or transaction carried out outside Hong Kong. |

Disadvantages:

Hong Kong companies cannot undertake banking activities or solicit funds or sell its shares to the public. Hong Kong can be seen as more expensive compared with most jurisdictions and can also take twice as long to register a limited company.

The disclosure requirements are far greater than any other jurisdiction so anonymity is little or non-existent.

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