

HONG KONG

<p>1. Company law:</p>	<p>Originally modeled on English company law. Principal Ordinances include but are not limited to: Companies Ordinance, Cap 32; Business Registration Ordinance, Cap 310; Partnership Ordinance, Cap 38; Limited Partnerships Ordinance, Cap 37; Societies Ordinance, Cap 151; Inland Revenue Ordinance, Cap 112. Limited companies and Branches of foreign Companies must register with the Companies Registry. All businesses/companies must register for a Business Registration Certificate at the Inland Revenue Department. Exchange rate is pegged at approx. USD 1.00 = HKD 7.8 . The new Companies Ordinance (CO) was gazetted on 10 August 2012 and will commence operation on a date to be appointed by the Secretary For Financial services and the Treasury.</p>
<p>2. Types of company:</p>	<p>Public Limited Company (PLC); Private Limited Company; Company Limited by Guarantee without a share capital; Limited Partnership; Partnership; Sole Proprietorship; Club/Society (a) Type of company preferred for International transactions: Limited companies having share capital (i) Private Limited Companies with less than 50 members; (ii) Public Limited Companies. Tax Rate for Limited companies; 16.5% (b) Shareless companies: Company limited by guarantee; limited partnership; partnership; sole proprietorship; club/societies.</p>
<p>3. Capital requirements:</p>	<p>No minimum capital stipulated but must have a nominal share capital if a limited company having shares. NB: minimum share capital for IPOs. The abolition of nominal value for the shares of all HK companies regardless of whether the companies are formed before or after the commencement date of the new CO will take effect immediately upon commencement of the new CO expected in 2014 after enactment of subsidiary legislation.</p>
<p>4. Costs to incorporate, excluding government fees:</p>	<p>Approximately HKD 5.000. This may or may not include some or all government fees depending on incorporation agent.</p>
<p>5. Fees paid to authorities to Incorporate:</p>	<p>Company Registration fee: HKD 1.720. The Companies Ordinance (Amendment of Eighth Schedule) Order 2012 to abolish capital but levied on Hong Kong companies under the Company ordinance came into operation on 1 June 2012.</p>

6. Annual fees paid to authorities:	Inland Revenue Department: Business Registration fee HKD 2.600: one year HKD 7.000 three years, Business Registration fee and levy HKD 450 on or after 1 April 2012 for one year and HKD 4.550 for three years. Companies Registry: Annual Return HKD 105 within 42 days of anniversary of incorporation (late filing subject to penalties and possible prosecution).
7. Taxation rates applied to companies generally:	Corporate tax is 16.5% with various allowances for costs and depreciation (a) Taxation rate for companies in 2(a) above: 16.5%
8. Method of Incorporation	One subscriber/shareholder signs Incorporation Form and the memorandum & Articles of Incorporation which are submitted to the Companies Registry with payment of Registration.
9. Who may incorporate – are local professionals required?	Anyone. No local representative or agent is required to incorporate a limited company. Club/Society officers must be HK residents. Company Secretary of a Limited Company must be Hong Kong Resident. (a) are ready made/shelf companies available? Yes
10. Length of time to incorporate:	Six working days for a new limited company. Already incorporated unused “shelf” companies are available.
11. Minimum number of members:	One for a private limited company incorporated on or after 13 February 2004. All other limited companies must have at least two members. In all cases, the secretary must be a Hong Kong resident. Private limited companies are limited to 50 shareholders maximum.
12. Directors and secretary:	(a) Must there be a resident director/secretary? Director need not be resident. Secretary must be a HK resident. Secretary of Private Limited Company may be a HK corporation. All other corporations must have a natural person resident in Hong Kong as their Secretary. The new Companies Ordinance expected to come into operation in 2014 requires every private company to have at least one director who is a natural person. (b) Are corporate directors allowed? Yes (c) Is a local registered agent required? No. But the Registered Office must be a physical address in Hong Kong not a PO Box and the secretary must be a Hong Kong resident (d) Are “shadow” directors required to be registered? “Shadow” directors not recognized.
13. Amount of fees payable to appointee directors/ secretary:	By negotiation

14. Annual Meetings:	One AGM with a minimum of 21 days written notice; member may call EGMs with a minimum of 14 days written notice. Notice can be shortened by consent of all Members.
15. Is an annual return filed with details of directors and members?	Yes – filed annually with the Companies Registry.
16. Accounts:	Annual Profits Tax Return must be filed with the Inland Revenue Department. (a) Must financial statements of a company be audited? Yes, Annual Profits Tax Return with financial statements and audited accounts must be filed with the Inland Revenue Department. But IRD may discretionarily waive the requirement if profits are less than HKD 500,000. (b) Are annual accounts filed with annual returns? Only a non-private company need file annual accounts with the Company Registry Annual Return.
17. Are there any exchange control or other financial restraints?	No, Hong Kong is a free port. Note: Share capital can only be altered by statutory procedures.
18. Is migration of companies permitted?	Hong Kong companies may establish overseas subsidiaries, Branch Offices and Representative Offices and under the Closer Economic Partnership Agreement (CEPA) with China this can have significant benefits. Companies cannot migrate to or from HK. But foreign companies may establish Branch Offices which operate as a Hong Kong company or they can have a Representative Office under the Inland Revenue Ordinance which may not trade, or they may be established under Part XI of the Companies Ordinance.
19. Must foreign companies administered locally be registered?	Yes, immediately at the Companies registry and Inland Revenue Department.
20. Are protected cell companies permitted?	No
21. Are civil-law type foundations possible?	No. But trusts and equitable arrangements are permitted.

22. Are common-law foundations possible?	Yes, only for charitable purposes. No longer possible to form new companies limited by guarantee having a share capital but existing companies are grandfathered. LLPs are being introduced, but only for lawyers.
23. Can LLCs be formed?	No
24. Are regulators empowered to request the production of:	a) Information on the identity and background of beneficial owners and officers? Yes b) Accounting information on companies? Yes
25. Can such information be exchanged with other jurisdictions?	Yes, subject to certain conditions being met.
26. Any amendments to company law over the last 12 months?	The Companies Ordinance (Amendment of Eighth Schedule) Order 2012 to abolish capital duty currently levied on Hong Kong companies under the Companies Ordinance came into operation on 1 June 2012.
27. Anticipated amendments to company law in 2013?	The new Companies Ordinance was gazetted on 10 August 2012 and is expected to come into operation in 2014 after enactment of all subsidiary legislation. One of the major changes that will be implemented upon commencement of the new CO is the abolition of nominal value of shares.