



## The Hong Kong Private Limited Company

### General

Hong Kong is one of the two special administrative regions of the Republic of China. Hong Kong was a crown colony of the United Kingdom until the transfer of its sovereignty to the Republic of China in 1997.

Hong Kong maintains a highly capitalist economy built on a policy of free market, low taxation and government non-intervention. It is an important centre for international finance and trade, with the greatest concentration of corporate headquarters in the Asia-Pacific region.

The legal system in Hong Kong is based on English common law and increasingly comprehensive body of statutory law passed by the local legislature. The currency used in Hong Kong is the Hong Kong dollar. Since 1983, it has been pegged at a fixed exchange rate to the USD. The currency is allowed to trade within a range between 7.75 and 7.85 HKD to 1 USD.





## Highlights of a Hong Kong Private Limited Company

General Provisions	Taxation in Hong Kong is based on the territorial source principle. A company pays no tax in Hong Kong on income derived from outside Hong Kong. Hong Kong companies are therefore ideal vehicles for international trading or consulting activities which are not sourced in Hong Kong and therefore can be conducted free of tax.
Name of the Company	The word "Limited" or "Ltd." should be used in a company's name. No names are permissible if the name resembles to another company already registered or the name appears to be misleading with the names of governmental organizations.
Authorized Capital	The law prescribes a minimum paid up capital of HKD 1.00.
Shareholder	Minimum of one shareholder is required by the Act. The shareholder may be a citizen of any country and may be resident of any country. Corporate Shareholders are permitted.
Shares	Only nominative shares are allowed.
Registered Office	The company must at all times have a registered office in Hong Kong.





Board of Directors

A Hong Kong incorporated company must have a minimum of 1 (one) director and 1 (one) reserve director (new title) who can act legally in case of the demise of the sole director. There are no nationality and residency requirements. Corporate Directors are permitted.

Furthermore, a Hong Kong private company must appoint a company secretary who is resident in Hong Kong and must be a different entity from the sole director and members.

Accounting

Annual audited accounts are being required. The accountant must be member of HK Society of Accountants (HKSA).

Annual Filling

The filling of annual returns is mandatory. The filling of an annual profit tax return is made on a request basis, but the company must be prepared to file it, if required.

Annual General Meeting

Annual General Meetings are required

Taxation

Only profits arising from business in Hong Kong subject to tax 17.5 % on net profit of the onshore activities. Full exemption from taxation for any business activity or transaction carried out outside Hong Kong. There is no tax on capital gain, dividend and interest income and no withholding tax (except on Royalties paid)





## Redomiciliation

A company incorporated under the laws of a foreign jurisdictions may continue its existence as a company registered under the act.

## Key Advantages of a Hong Kong Private Limited

- ✓ Excellent corporation law
- ✓ No taxation of Offshore-Business
- ✓ Stable political and economical environment
- ✓ Efficient Commercial Register
- ✓ Ranks among the top twenty trading economies in the world

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