



THE GCSL GROUP OF COMPANIES LIMITED

Guide to Hong Kong Companies

INTRODUCTION

Hong Kong is located in the South China Sea 100 miles south east of Guangzhou. As of 1 July 1997 under the Sino-British Agreement of December 1984, Hong Kong became a Special Administrative Region (HKSAR) of the People's Republic of China. Hong Kong is not normally regarded as an offshore country as it is well known for being a major financial center in the world.

LAW AND TAXATION

The legal system of Hong Kong is British Common Law supplemented by locally enacted Ordinances. There is a bilingual legal system with Ordinances being translated into Chinese but English will continue to prevail. Under the "One country – Two systems" philosophy, Hong Kong has executive, legislative and independent judicial power.

Hong Kong profits tax is only charged territorially on Hong Kong sourced income at a rate of taxation of 16.5%. There is no tax in Hong Kong on capital gains, dividends and interest earned.

STATUTORY REQUIREMENTS

Share Capital

There is no minimum or maximum authorized capital. However, no subscriber of the Memorandum of Association may take less than one share. The authorized capital of our shelf company is HK\$10,000. If a larger authorized capital is required, there will be additional capital fee of 0.1% on every or part of HK\$1,000, subject to a cap of HK\$30,000.

Directors

Following the implementation of the Companies (Amendment) Ordinance 2003, the new law permits a private company to have only one director who need not be local resident. Corporate directors are allowed for companies that are not subsidiaries of public listed companies.

Shareholders

The new law also permits a Hong Kong company to have only one shareholder. Corporate shareholders are allowed and anonymity can be achieved by the use of nominee shareholders.

Secretary and Registered Office

Every Hong Kong company must have a local resident secretary and a registered office in Hong Kong substantiated by a Business Registration Certificate. The business registration fee, currently HK\$2,600, is payable within one month of the date of incorporation and then due annually on the anniversary date of incorporation. GCSL can provide these services and the role of secretary includes annual compliance work such as holding of annual general meeting and filing of annual return for the company.

Auditor and Accounts

Every Hong Kong company, except for dormant cases defined as having no accounting transactions in the accounting period, must produce annual audited accounts and appoint an auditor, who must be a member of the Hong Kong Society of Accountants and hold a practicing certificate. The company must keep proper accounting records, which may be kept in Hong Kong or elsewhere at the discretion of the directors.



Tax Returns

Profits Tax Returns are normally issued to corporations in April. For newly registered company, the first Profits Tax Return will be issued 18 months after the date of incorporation or commencement of business. The basis period for the first Profits Tax Return should not be more than 18 months from the date of commencement of business to the accounting date selected by the company. Profits Tax Return must be filed upon receipt even if the company is inactive.

INCORPORATION PROCEDURE AND TIMING

Instructions can be provided on our Company Order Form, which is available on request. GCSL will need directors' and beneficial shareholders' full name, notarized passport copy and residential address proof, which can take the form of utility bill or bank statement issued within the last 2 months, authorized and paid up share capital and the proposed business of the company.

Once the incorporation documents are filed with the Companies Registry, it normally takes 6–10 working days to obtain the Certificate of Incorporation and another 1-2 working days to have the set-up documents prepared for directors' and shareholders' signature.

For further information, please contact Jack W. Flader, Jr at jack@gcsl.info

Global Consultants and Services Limited

Suite 18B, 148 Connaught Road Central, Hong Kong

G.P.O. Box 12290, Hong Kong

Tel: +852 3966 1800 Fax: +852 3966 1888 Email: hongkong@gcsl.info