

Think of Doing Business with China Think of Hong Kong

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Date: 28 September 2012



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Outline

1. Tax
2. Currency Control
3. Repatriation
4. CEPA
5. Setting Up
6. Easy Transfer of Ownership
7. Conclusion

1. Tax

- a) No Capital Growth Tax
- b) No Dividend Tax
- c) No Estate Duty Tax
- d) No Interest Tax
- e) No Withholding Tax

ONLY

- Profit Tax: 16.5%
- Income Tax: 15%
- Property Tax (personally owned and leased out)

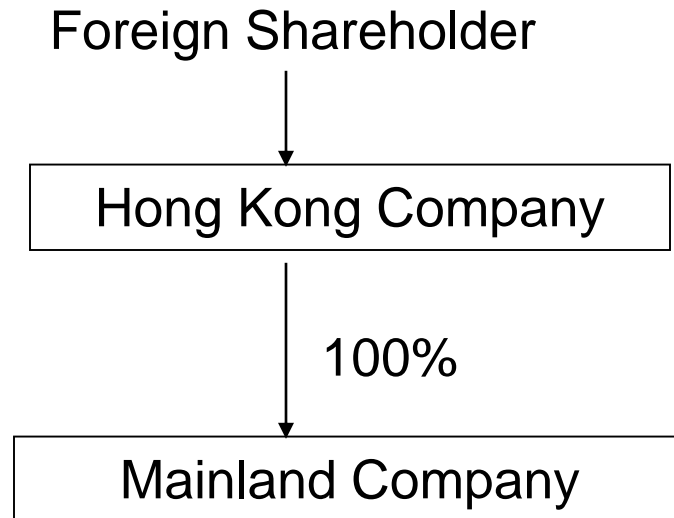
2. No Currency Control

- Free flow of Information
- Healthy legal system
- Comprehensive Double Tax Relief

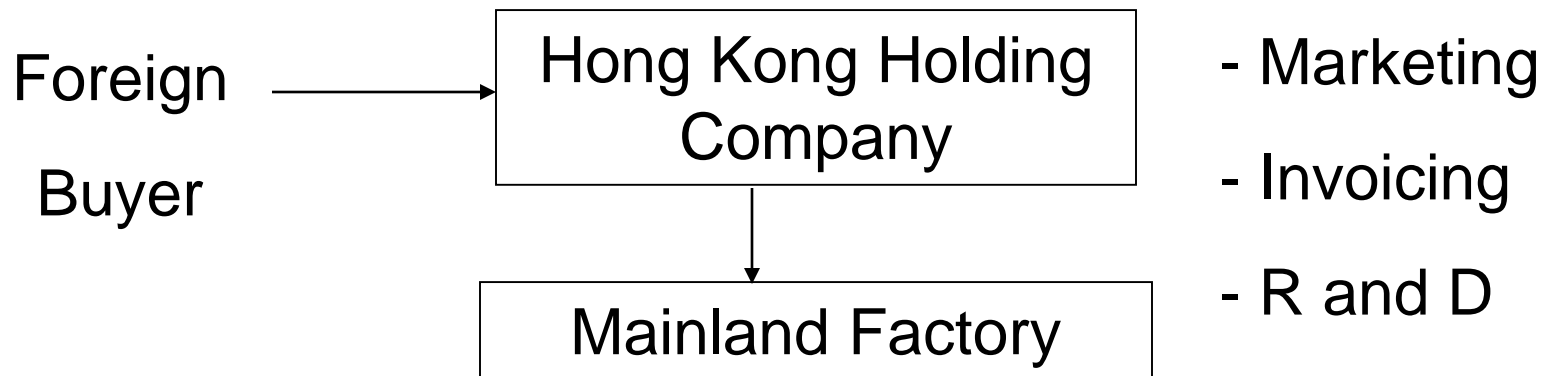
No Currency Control

- Resident / Non – resident
- Hong Kong Company / Foreign Company
- Foreign Profit exempted
- No world-wide tax

3. Investment Structure



Repatriation Structure



4. The CEPA

Mainland and Hong Kong

Closer Economic Partnership Agreement

The CEPA Objectives

1. To reduce or eliminate tariff
2. To promote trade and investment facilitation between Hong Kong and China
3. “One country, two systems”
4. Consistent with rules of WTO

CEPA Benefits

Trade in Goods

- CEPA zero tariff preference
 - Rules of Origin
 - What is it for:
 - Manufacturer / Trader
- http://www.tid.gov.hk/english/cepa/tradegoods/files/mainland_2009.pdf

CEPA Benefits

Trade in Services

- Hong Kong Service Supplier “natural person” or “corporation” which has engaged in substantial business operations in Hong Kong for 3 years

5. Setting Up

(A)

“Limited liability” company in Hong Kong

Setting Up

(B)

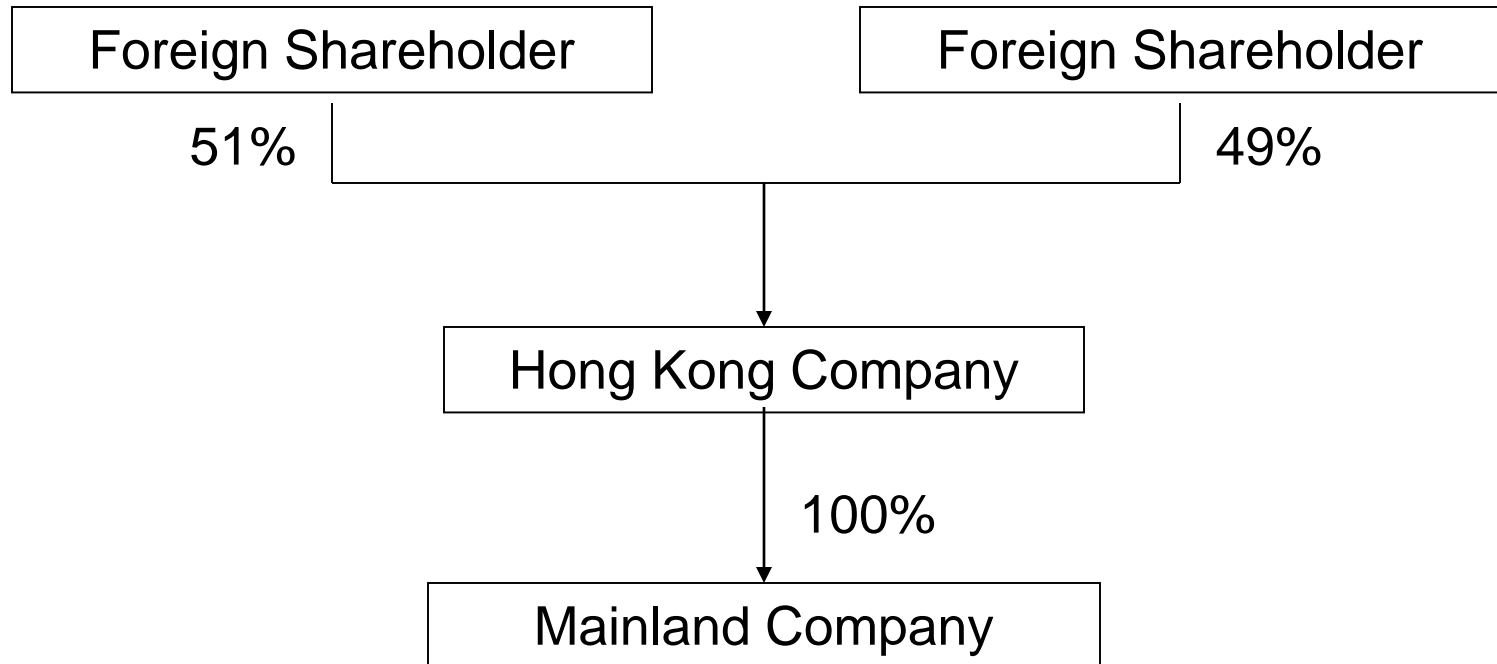
- No paid up capital required
- One shareholder (Nominee can be provided)
- One director (Nominee can be provided)
- Company Secretary (Can be provided)
- Address in Hong Kong for registered office (can be provided)

Setting Up

(C)

- Opening of bank account
- Internet transfer

6. Easy Transfer of Ownership



7. Conclusion - Case Study

Share Restructuring in Hong Kong

- 1 day
- 0.02% S. D. on Instrument of Transfer

Share Restructuring in PRC

- 3 months
- Letter from Bank of Good Standing
- Commerce Department approval
- Foreign Investment Department vetting
- Trade and Industry Department Registration
- Foreign Exchange Approval
- S. D. / and Other Tax

Q & A

Note: The Information presented is for discussion purpose only. Before making any decision, please obtain specific professional advice that takes into account your specific circumstances.

THANK YOU

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PLEASE NOTE

The law and procedure on this subject are very specialised. This article is a general explanation for your reference only and should not be relied on as legal advice for any specific case. If legal advice is needed, please contact our solicitors.

請注意

本題目之法律及程序十分專門。此文章只屬一般性之解釋，供你參考，而不應被依賴為關於任何特定事件之法律意見。如需法律意見，請與我所律師聯絡。

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