

# Setting Up a Business in China

## Hong Kong's Position

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# Outline

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1. Tax
2. Currency Control
3. Repatriation
4. CEPA
5. Setting Up
6. Conclusion

# 1. Tax

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

# Tax Deductions

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- Pre – Commencement business expense
- Group Tax Relief

# Tax Deductions

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- Profit Tax: 16.5%
- Income Tax: 15%

## 2. No Currency Control

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

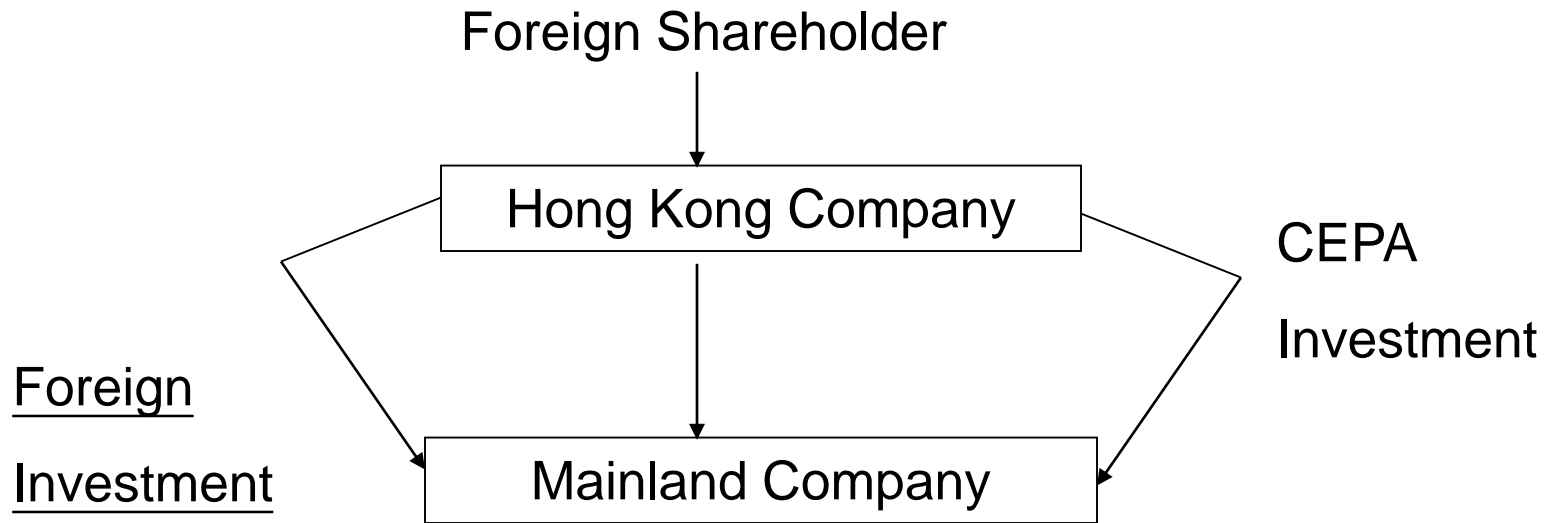
# No Currency Control

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

# 3. Investment Structure

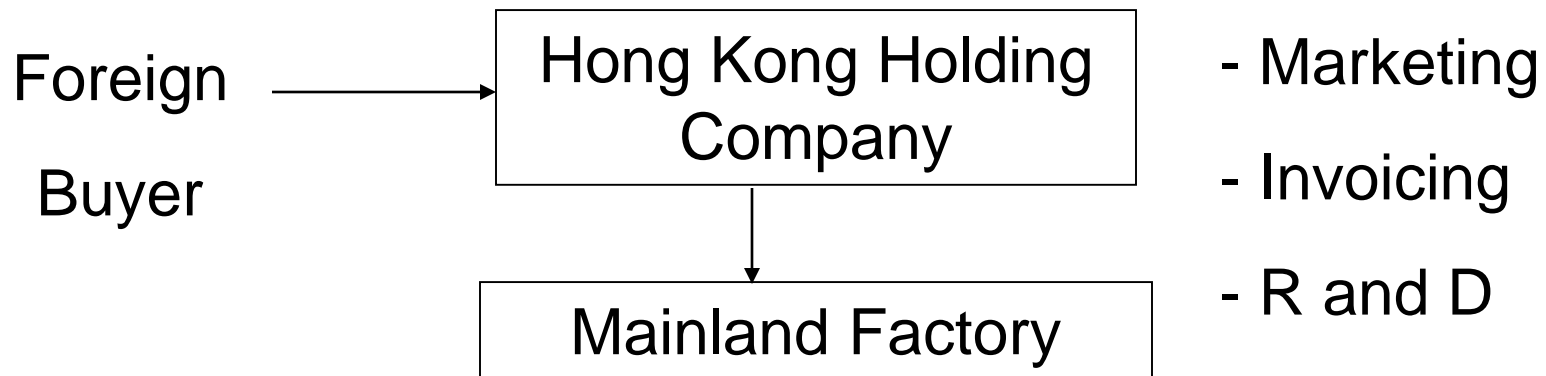
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# Repatriation Structure

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# 4. The CEPA

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Mainland and Hong Kong

Closer Economic Partnership Agreement

- Main text and 6 annexes signed on June and September of 2003
- Supplement 2004
- Supplement II 2005
- Supplement III 2006
- Supplement IV 2007
- Supplement V 2008
- Supplement VI 2009

# The CEPA Objectives

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1. To reduce or eliminate tariff
2. To reduce or eliminate discriminatory measures – liberalization of trade
3. To promote trade and investment facilitation

# The CEPA Objectives

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1. “One country, two systems”
2. Consistent with rules of WTO
3. Adjust, upgrade, steady and sustained development
4. Reciprocity, mutual benefit,
5. Progressive action

# CEPA Benefits

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## Trade in Goods

- Goods entitled to 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](http://www.tid.gov.hk/english/cepa/tradegoods/files/mainland_2009.pdf)

# CEPA Benefits

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## 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

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(A)

“Limited liability” company in Hong Kong, United Kingdom, Australia, Canada, Singapore, United States and PRC etc

# Setting Up

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(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

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(C)

- Opening of bank account
- Nominee shareholder / director
- Company secretarial services
- Registered office address

# 6. Conclusion - Case Study

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- Foreign company has just arrived in Hong Kong and not yet doing business – it should start business in China right away or start in Hong Kong first?

# Q & A

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

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# THANK YOU

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## PLEASE NOTE

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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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