



Hong Kong Business Guide

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Hong Kong Overview

Hong Kong consists of Hong Kong Island, Kowloon and New Territories with an area of more than 1,100 square kilometers and a population of 7.48 million or so.

As a world-famous international metropolis, Hong Kong has a prosperous economy and is acclaimed as the “international financial center”, “shopping paradise” and “food paradise”.

The Hong Kong Government adopts the free market capitalist economic system. There are excellent international brands and the clothing, electron, jewelry, toy and culture publishing industries in Hong Kong enjoy a high reputation in the world. Commodities made in Hong Kong are good quality in the opinion of many customers.

In order to encourage business and improve the status of international business center, the Hong Kong government adopts a simple tax system, pays attention to the intellectual property protection and actively improves the Company Ordinance in order to make relevant regulations be in line with the international legislation.

Furthermore, Hong Kong has a large amount of high quality talents who are able to provide professional services on finance, accounting and legal matters and endless power for local economic development.



Hong Kong Advantages

Hong Kong started its economic development in 1841 when it was opened to the outside world. With the efforts made during the past more than 170 years, Hong Kong has obtained strong competitive advantages as follows:

Developed Financial Industry

Hong Kong has a sound financial system and well-developed banking industry which enables it to become the base for company financing, private fund and venture capital fund. Furthermore, Hong Kong has a mature local capital market and active stock exchange, which makes it one of the most popular listing locations in the world.

Well-Established Legal System

Hong Kong implements the British legal system and has a mature legal system. Hong Kong is entitled to make its laws independently except for laws on national defense and foreign affairs and the national laws. Hong Kong observes the rule of law and the judicial independence. As the arbitration center in Asia, Hong Kong can make the arbitration award which will be accepted by most countries in the world and may be enforced in local courts.



Simple Tax System

Hong Kong is the one of the regions with the lowest tax rate in the world and applies a simple tax system. The direct taxes collected currently in Hong Kong include profits tax and salaries tax only. The tax collection is made according to the territorial source principle. Anyone doing any business in Hong Kong is required to pay tax only on the profits made in Hong Kong and any profit made outside Hong Kong is not subject to taxation.

Free Economic System

As the freest economic system in the world, Hong Kong does not implement any foreign exchange control, and any person, fund and goods may be flown into and out of Hong Kong freely. Except for strong liquor, tobacco, hydrocarbon oil and methanol, no goods are subject to any tariff payment or any tariff quota or additional tax.

Perfect Infrastructure

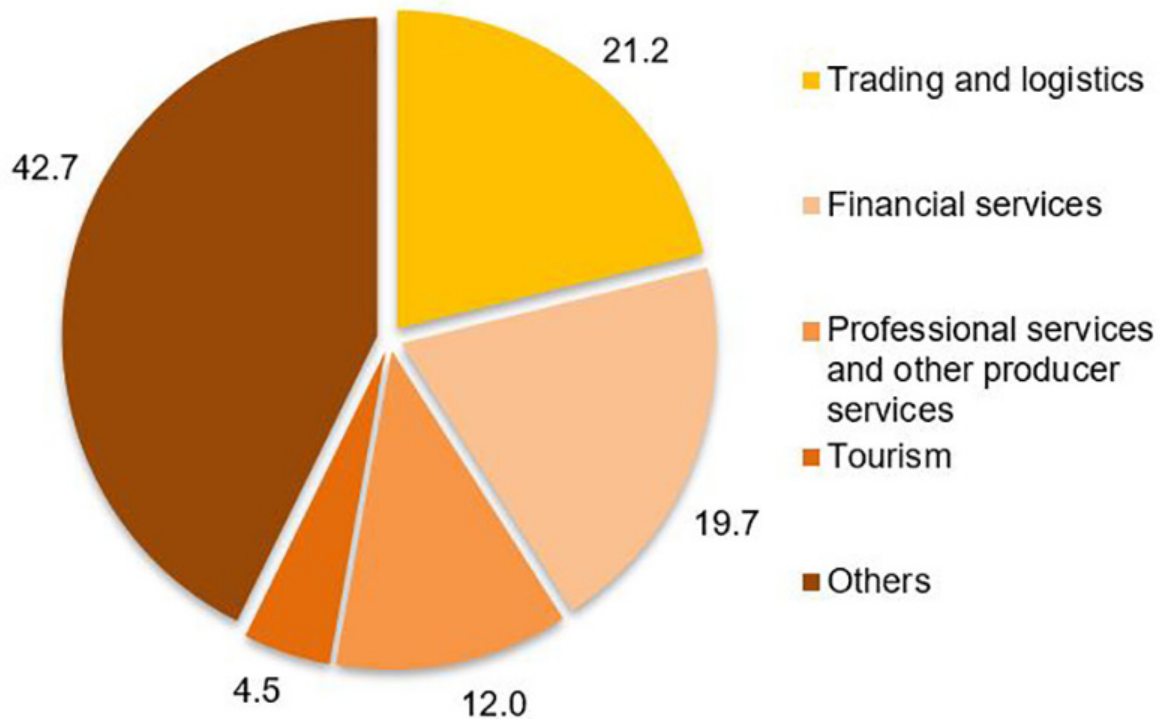
Hong Kong is the leading telecommunications hub in the Asian-Pacific region with a residential fixed network penetration of 100% and an amount of mobile phone users of more than 19 million. Hong Kong has well-developed maritime, land and air transportation. Its international airports can connect more than 220 waypoints worldwide and its historic ports can connect more than 500 destinations in the world. In addition, the Hong Kong section of the high-speed railway linking the Chinese mainland and Hong Kong was opened to traffic in the third quarter of 2018.

Superior Geographical Position Located at the far-east trade route fortress and the center of Asia Pacific, Hong Kong enjoys a very good geographical location and has always been the portal for development of overseas market. Many mainland companies use Hong Kong as the springboard to the world, and there are more and more foreign companies and financial institutions which will establish their headquarters, branches or offices in Hong Kong.

Industry Development

The Four Key Industries

% share of value added in GDP



Hong Kong is an economy in which the service industry is the most dominant sector worldwide and accounts for more than 90% of GDP, and the added value produced by four pillar industries of finance, trade & logistics, professional service and tourism accounts for 60% of GDP in Hong Kong.

Furthermore, in order to avoid excessive concentration of industry, the Hong Kong government is committed to develop the knowledge-based and high value-added innovation industry. Due to limitations on land resource and population ageing, Hong Kong will focus on the development of culture & creativity, medical treatment, education, innovation & technology, testing & certification and environment protection industries.



Tax System

Hong Kong is one of the regions with lowest tax rates in the world, and about 98% of the enterprises therein are mid- and small-sized. Thanks to the policies on high amount of tax exemption, only a few enterprises are required to pay the profits tax.

Territorial Principle

The tax collection is based on the “territorial principle”, i.e., any company whether or not incorporated in Hong Kong or any individual of Hong Kong nationality is required only to pay tax on the income generated in Hong Kong and is not required to pay tax on any income generated outside Hong Kong. Whether or not the income is generated in Hong Kong depends on the nature of such income and of the transaction which give rises to such income.

Main Taxes and Tax Rates:-

Profits Tax

Any profit generated in or derived from Hong Kong by any individual through any business activity (including trade, profession or business) in Hong Kong is subject to payment of profits tax. From 1 April 2018, Hong Kong has adopted two levels of profits tax as follows:

Pursuant to the current Hong Kong tax regulations, the expenditures related to relevant business activity and incurred by the taxpayer in order to make profits may be deducted before tax. Furthermore, any dividend or investment return received from the company and any interest on deposit in any authorized institution may be exempted from profits tax.

Salaries Tax

Any income generated in or derived from Hong Kong by any individual is subject to payment of salaries tax. If the taxpayer is employed in Hong Kong, while all the services under such employment are performed outside Hong Kong, the income generated in such employment is not subject to payment of salaries tax. There are two methods for the salaries tax calculation:

- For the net taxable income which is the income minus tax allowance (e.g.: personal basic allowance, child allowance, dependant parent/grandparent allowance, single parent allowance, and deduction of home loan interest), the progressive rate of 2%-17% must apply.
- For the net taxable income without any deduction of tax allowance, the standard rate of 15% must apply.

The taxation bureau will collect the salaries tax by applying one of the above methods through which the tax burden will be lighter.

Property Tax

Any owner who owns any property (land, building or parking space) (whether in the name of a company or an individual) must pay the property tax on the net taxable income (80% of rents minus land rates) earned through the property lease. The standard rate applicable to the property tax is 15%.

Stamp Duty

The taxpayer must pay the stamp duty on the taxable documents in Hong Kong. The taxable documents include the document for transfer or lease of real property located in Hong Kong, for transfer of securities and for issuance of bearer instrument as well as the copy and counterpart of taxable documents. Any taxable document for which the stamp duty is not paid must not be accepted as evidence in any legal proceeding generally.

Customs Duty

Hong Kong is the world-famous free trade port. Except for strong liquor, tobacco, hydrocarbon oil and methanol, no goods are subject to any tariff payment or any tariff quota or additional tax in Hong Kong as Exemption.

Enterprise

An enterprise may apply for tax exemption with respect to the profits generated in any activity conducted outside Hong Kong. The general requirements for tax exemption application include:

- No representative office is established in Hong Kong.
- The preparation, negotiation and conclusion of the quotation, contract and purchase order are not conducted in Hong Kong.
- The goods are not delivered through Hong Kong and not stored in Hong Kong.
- No person or agent is employed to conduct any purchase or sales activity on behalf of the enterprise in Hong Kong.
- No director, management staff, purchase or sales person of the enterprise has ever conducted any purchase or sales activity or met with any client to negotiate any contract in Hong Kong.

Individual

If any person provides any service only during his/her visit in Hong Kong and the period of such visit in any taxable year is less than 60 days in total, the person is not required to pay any salaries tax.

Avoidance of Double Taxation

In order to avoid double taxation on the same income or profit of a taxpayer in two or more regions, the Hong Kong government has signed the Comprehensive Agreement to Avoid Double Taxation with more than 40 countries and regions.





Financial Services

Hong Kong has sound financial system supervision and many bank branches which provide comprehensive and high quality financial services to the enterprises. This will not only facilitate the enterprises doing business but also provide many opportunities for business development, investment and financing and risk management.

Import and Export Services

Introduction of bank credit is an effective way for an enterprise to improve the bargaining power, reduce the transaction risks and simplify the import and export procedures. Hong Kong banks provide a variety of letter of credit and bill custody services, e.g., import documentary letter of credit, transferable letter of credit, import bills collection, back-to-back letter of credit, standby letter of credit, confirmed letter of credit, transferred letter of credit, documentary letter of credit custody, export bills collection, notice of letter of credit.

Furthermore, in order to mitigate the financial pressure on the enterprises, the banks will provide the financing and discounting services such as import loan, packaged loan, export loan, bill discount without recourse, receivable discount and loan insurance, and will also make the comprehensive trade plan specific to certain enterprises.

Investment and Financing Service

Hong Kong banks provide various choices of investment and financing services from cash collection and stock quote to high-yield investment deposit, deposit certificate, debenture, insurance and all kinds of trust fund and structure investment products. Among so many capital and wealth management projects, Hong Kong private fund has developed very rapidly and becomes the important investment channel for the investors.

RMB Business

Now, there are more than 200 banks in Hong Kong which have participated in the RMB settlement platform and provide the trade financing, deposit certificate, debenture and other relevant products and services to the enterprises. Through RMB settlement for cross-border trade and other relevant measures, the enterprises may reduce their transaction cost of RMB trade, and exchange, receive and save RMB offshore.



Business Model

An investor may choose different ways to do business in Hong Kong, and the main business models include company and branch.

Company

According to the responsibilities of shareholders, company is mainly divided into the following three types:

- 1. Limited Company:** A limited company is featured mainly by the limited liabilities of shareholders, i.e., upon liquidation of company, the shareholders undertake their liabilities limited by the amount of capital outstanding without providing any additional property to pay any debt for the company. The limited company is the most common and popular form of company for investors in Hong Kong currently.
- 2. Company Limited by Guarantee :** The company limited by guarantee generally means the company without any share capital and the limitation of shareholders' liabilities equal to the amount of contribution agreed and stated in the articles of association of the company. This form of company is applicable to non-profit organization such as association, educational institution and charity.
- 3. Unlimited Company:** The unlimited company may be in the form of sole proprietorship or partnership and there is no limitation on shareholders' liabilities. If the company becomes insolvent, the shareholders are liable to provide additional properties to pay all debts. This form of company is applicable to small-sized commercial institution and is not popular due to heavy liability and big risk to be undertaken by the shareholders.

Branch

Other than the above three forms, an enterprise may also register a branch in order to do business in Hong Kong. Such branch and its head office must be the same legal person, and the applicant must have one office in Hong Kong and authorize one representative (to be taken by a Hong Kong resident or law firm/accounting firm) to conduct the business.

A hand in a suit jacket is pointing towards a large, rounded rectangular button with the word "Start" written on it in white serif font. The button has a slight shadow and a white border. The background is dark and out of focus.

Start

Establishment Of Company

As the uniquely attractive offshore place of incorporation, Hong Kong attracts many global investors who have incorporated their companies in Hong Kong in order to expand their global market.

Company Incorporation

Incorporation Requirements

The requirements for company incorporation in Hong Kong are very easy. Except for one shareholder and director aged over 18 (the shareholder and director may be the same person without limitation of nationality), one permanent Hong Kong resident or one Hong Kong company to take the position of legal secretary of the company and one registered address in Hong Kong which are required, there are no other limitation on registered capital, company name and business scope.

Registration Methods and Required Time

1. E-filing incorporation: 1 day
2. Registration of a new Hong Kong company: about 7 days
3. Purchasing an existing Hong Kong company (Shelf Company): about 2 days

Business Registration

Anyone who submits an application for company incorporation in Hong Kong will be deemed to have submitted the application for business registration certificate. The business registration certificate is used for the tax bureau to make tax files and for the public to make any check before transaction. The certificate is effective for a period of 1 year and must be renewed within 1 month upon its expiration.

Open Bank Accounts

One company may open several bank accounts in Hong Kong only upon registration of the company. Applying for the bank account means that the director of the company goes to a Hong Kong bank to open an account in person and may complete the account opening procedures on the same day generally, and it will take about 20 working days to open the account. We will arrange the meeting & pre-assessment of the documents to get the approval from the bank in advance before setting up the meeting.



Pursuant to the Hong Kong Companies Ordinance, a Hong Kong company must appoint one Company Secretary as the statutory contact of company. For the sake of public inspection, the information on the statutory Company Secretary must be submitted to the Company Registry.

Appointment of Company Secretary

The company must appoint the first secretary in accordance with the articles of association at the beginning of company incorporation, and thereafter the secretary will be appointed generally by way of submission of a proposal by one director to the board of directors and according to the resolution by the board of directors.

Position Requirements

- Corporate Secretary: with office or place of business in Hong Kong
- Individual Secretary: Hong Kong permanent residents aged over 18 years old

Responsibilities of Company Secretary

- Declaration of changes of organisational structure, changes of shareholders and directors to the Companies Registry
- Storing and processing the company's legal records
- Taking company meeting minutes for Board of Directors
- Preparation of annual general meetings of shareholders
- Providing professional advice and providing professional advice and suggestions with respect to relevant statutory regulations.



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Working Visa

Hong Kong can provide great opportunities and high-quality life for investors and employers. Individuals from mainland China and foreigners can obtain the right of abode in Hong Kong by applying for working visas, and the permanent right of abode after staying there for 7 years.

Channels for Applying:

- General Employment Policy (GEP)
- Admission Scheme for Mainland Talents and Professionals (ASMP)
- Immigration Arrangements for Non-local Graduates (IANG)
- Technology Talent Admission Scheme (TechTAS)
- Employment as Imported Workers in Hong Kong
- Entry of Dependants

Limit of Stay

General Employment Policy /Admission Scheme for Mainland Talents and Professionals /Technology Talent Admission Scheme It will normally be granted an initial stay of 24 months if first entry in Hong Kong, or in accordance with the duration of the employment contract, whichever is shorter. They may apply for extension of stay in the HKSAR within four weeks before their limit of stay expires. Successful applicants will normally be permitted to remain in Hong Kong on time limitation on 3-3 years pattern, or in accordance with the duration of the employment contract, whichever is shorter.

Immigration Arrangements for Non-local Graduates

It will normally be granted an initial stay of 12 months if first entry in Hong Kong. They may apply for extension of stay in the HKSAR within four weeks before their limit of stay expires. Successful applicants will normally be permitted to remain in Hong Kong on time limitation on 2-2-3 years pattern.

Employment as Imported Workers in Hong Kong

The applicant must return to his/her original place of residence immediately upon completion of the contract, or apply for extension of stay within 4 weeks upon expiration of his/her period of stay if the contract is not completed, or may stay for another 2 weeks upon termination of contract or until expiration of his/her period of stay (whichever is shorter) if the contract is terminated before its expiration.

Entry of Dependants

If the application is approved, the dependant may be given a same period of stay with his/her guarantor and must leave Hong Kong when the guarantor leaves.

Change of Employment

The applicant may get a job in Hong Kong through the General Employment Policy, the Admission Scheme for Mainland Talents and Professionals, the Immigration Arrangements for Non-local Graduates or the Technology Talent Admission Scheme and may change the job upon admission to Hong Kong. The new job must be consistent with the Hong Kong working visa and must be related to the qualification and professional knowledge of the applicant.



An enterprise which employs any person in Hong Kong must report the employee salary to the tax bureau and must keep properly the record of employee salary, e.g., the employment contract, the employee information, the employment position, the amount of salary, and the contribution of Mandatory Provident Fund.

Recruitment Channels

An enterprise may recruit the talents needed by it through various channels. In case of demand for any non-technical worker such as courier and handyman, the enterprise may consider to register in the Hong Kong Labour Department and recruit such worker for free through the on-line interactive employment service provided by the department. Furthermore, the enterprise may place a recruitment advertisement on the local paper, magazine and website in Hong Kong or authorize a job intermediary agency to recruit.

In order to avoid the trivial recruitment work and reduce the mismatch risk, the enterprise may retain a human resource consultant in case of recruitment for senior management. The following is the reference for human resource management services fees:

- General Position: one month salary of the employee
- Professional/Management Position: about twenty percent of annual salary

Employment Contract

The Hong Kong Employment Ordinance permits that the employer and employee may choose to conclude the employment contract in verbal or written form. If an employee works for the same employer for 4 weeks or more consecutively and works for more than 18 hours each week, the employment contract between such employee and employer constitutes the continuous contract, and the employee and employer must agree on the provisions on salary payment, paid annual leave, sickness allowance, maternity insurance, employment insurance and termination of employment contract in accordance with the Employment Ordinance.

Basic Salary

The salary is calculated usually by hour, day, month or piece of work in Hong Kong. The factors affecting salary determination include average salary, seniority, educational background and enthusiasm for work.

Mandatory Provident Fund and Other Benefits

The Mandatory Provident Fund is the pension protection fund managed by a private institution approved by the government. An enterprise doing any business in Hong Kong must choose one or more Mandatory Provident Fund schemes approved by the government, and must arrange all employees who are between 18 and 65 years old and have been employed for no less than 60 days to participate in such schemes. The contribution to Mandatory Provident Fund must be based on the employee's salary, and both employer and employee must each make a contribution equal to 5% of the salary with the upper limitation of HKD 1,500.

Except for salary and Mandatory Provident Fund, some enterprises also provide other benefits including the year-end bonus, double pay, housing subsidy, medical treatment allowance and the voluntary Mandatory Provident Fund contributed by the enterprises.



Office Space Leasing

There is a veritable forest of office buildings and shops in Hong Kong. An enterprise which rents the office space in Hong Kong will not only access to the excellent facilities but also enjoy the modernized management services.

Types of Office Buildings

The office buildings in Hong Kong are divided into three categories according to their location and nature, i.e., commercial building, industrial building, and industry and trade center. Each category has different use, management quality and supporting facilities from any other category.

Rent Determination

The rent of office building is subject to market supply and demand, geographical location, supporting facilities and other relevant factors. For more information on the latest rent index, the investors may refer to the monthly property report by the government or consult the real estate agent or any other relevant person.

An investor may rent in the business center if the investor does not want to spend a lot of money and energy to rent an independent office in consideration of the fund or business type. A business center which provides office equipment, meeting room, call parking, independent telephone number and other facilities and services may lighten the burden on the investors significantly.

Equipment and Communication Expenses

Nowadays office work is mainly dependent on communication and various equipment, e.g., broadband network, phone unit, fax machine and office furniture. It must be noted that the installation cost and call charge for a commercial telephone in Hong Kong are made by host and extension line separately, therefore it will be feasible if there is adequate telephone system reservation. Hong Kong network suppliers provide discount package covering broadband network, fixed-line telephone and fax from time to time, and will also provide value-added services according to the term of contract.

Intellectual Property

Hong Kong has well-established intellectual property system. Trademark registration or patent application in Hong Kong will not only maintain the rights of an enterprise but also help the enterprise expand the market and realize the asset appreciation.



Trademark Registration

Trademarks are regional. Any trademark registered in Mainland China or any other country or region will not be effective in Hong Kong automatically. An enterprise must apply for registration of Hong Kong trademark in order to protect its products or services under Hong Kong laws.

Validity Period and Renewal

The registration is valid for 10 years. Renewal application for 10 years may be submitted 6 months before the expiry.

Right of Priority

An applicant may enjoy the right of priority on trademark registration in Hong Kong if he/she has filed an application for trademark registration for the same goods or service with a state party to Paris Convention or a WTO member state within six months before filing such application in Hong Kong.

Preliminary Trademark Search When registering a trademark in Hong Kong, the applicant may receive an objection from the Intellectual Property Department if the trademark is identical or similar to a registered trademark. Therefore, it is recommended that applicant conduct a preliminary trademark search before filing an application to ensure successful registration.

Duration of Application: 4-6 months

Patent Application

Hong Kong patent system is deeply influenced by the British patent law and is highly flexible and international. Patent application in Hong Kong will not only protect the market position of an enterprise but also assist the enterprise to obtain considerable monopoly profits.

Patent Types and Application Systems

- Standard patent: the patent application must be approved by the designated patent bureau (the State Intellectual Property Office of China, the European Patent Office and the UK Patent Office) before being submitted to the Hong Kong Intellectual Property Department.
- Short-term patent: a short-term patent may be applied directly in Hong Kong on the condition that a search report issued by a designated patent office is submitted together with the application.
- Registration of design: a registration of design may be applied directly and no substantive examination is required.



IMPORT & EXPORT Management

Hong Kong adopts a free trade policy and does not impose any restriction on the goods import and export operation right beside the exemption from customs. Any Hong Kong institution or individual may import or export any goods without application or registration and enjoy the convenient customs clearance.

Import and Export Restrictions

Considering the environment, security and intellectual property issues, a few items are classified as the regulated goods when being imported in or exported from Hong Kong, e.g., game/meat and poultry, ozone layer depleting substance and dangerous drugs. An enterprise which imports or exports such goods must apply to the competent authority for import and export permit, license or certificate.

Customs Clearance and Declaration Procedures

Hong Kong is a free trade port with very easy customs clearance and declaration procedures. An enterprise is only required to authorize its ocean carrier or freight forwarder/truck driver to submit the import manifest to the customs and, upon verification of import manifest or sampling check by the customs, the goods will be released. It must be noted that the importer or exporter must submit the correct and complete declaration form to the customs and pay the corresponding costs within 14 days upon importation or exportation of the goods.

Hong Kong Certificate of Origin

Upon request by the import country, an enterprise may apply to the Hong Kong Trade and Industry Department or any other certifying authority approved by the government for the "Hong Kong Certificate of Origin". As "made in Hong Kong" is known all over the world, the certificate of origin can not only prove the origin of products but also represent the quality, thus helping the enterprise expand the market.

Government Grant Scheme

Hong Kong has established various grant schemes in order to support the enterprise development. Through application for grant, an investor may not only lighten his/her financial pressure but also obtain more support on innovation activities, brand development, upgrading and transformation, and market expansion. The main government grants in Hong Kong include:

Small & Medium Enterprises Marketing Fund

This Fund is designed to encourage small & medium enterprises to participate in export marketing activities. Any enterprise which has operated substantial business in Hong Kong and has less than 100 employees in case of a manufacturing enterprise or less than 50 employees in case of a non-manufacturing enterprise may apply for such fund, and the upper limitation of grant fund to be obtained by each enterprise accumulatively must be HKD 400 thousand.

BUD Dedicated Fund

The Hong Kong government has introduced the “Dedicated Fund on Branding, Upgrading and Domestic Sales” (“BUD Dedicated Fund”) in order to improve the competitiveness of Hong Kong enterprises in the mainland market, and the upper limitation of such fund to be obtained by each enterprise accumulatively must be HKD 1 million. Since 1 August 2018, BUD Fund has included “ASEAN Plan” into its project list. By means of equal-amount funding, enterprises can receive up to 1 million HKD in total for a maximum of 10 ASEAN projects (up to 1 million HKD for each project).

• **Innovation and Technology Fund** The “Innovation and Technology Fund” is designed to encourage and support Hong Kong enterprises to improve their level of science and technology and to infuse more innovative ideas into their business. This Fund has many different plans including the innovation and technology support program, the general support program, and the research and development cash rebate scheme. By the end of December of 2018, the amount approved by the Fund is more than HKD 15.3 billion.

Small & Medium Enterprises Loan Guarantee Scheme

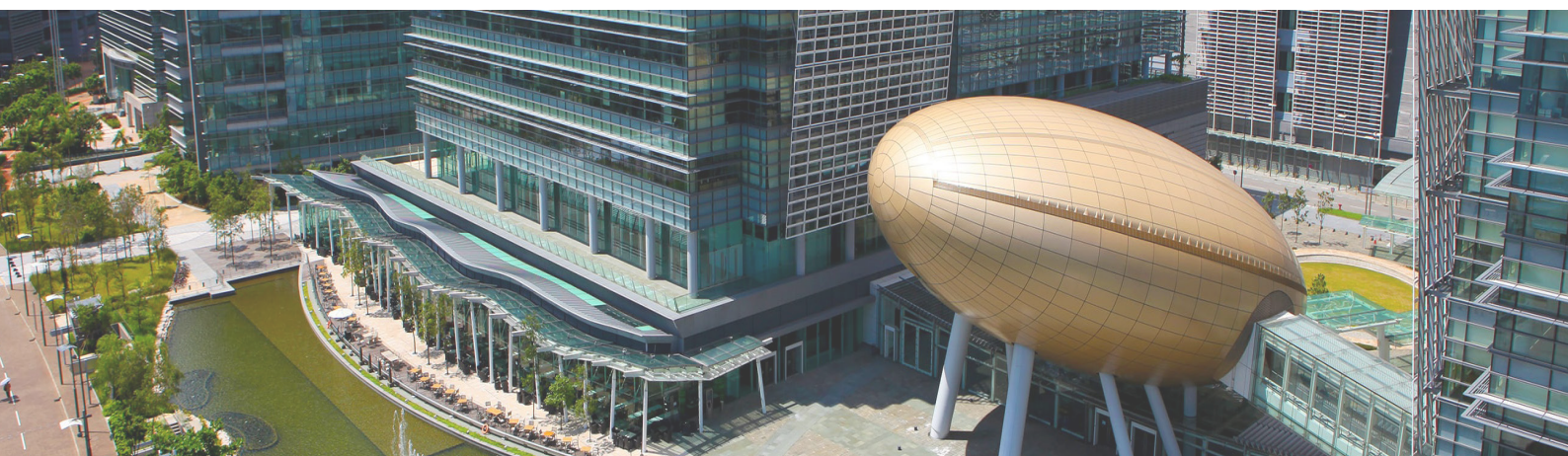
In order to improve the enterprise productivity and competitiveness, this Scheme provides the guarantee of up to HKD 6 million to each small & medium enterprise so as to assist the enterprise to obtain the loan from any lending institution which has participated in this Scheme.

Create Smart Initiative

The total amount of Create Smart Initiative fund is HKD 600 million which is used to support any project conducive to the development of local creative industries and to satisfy the subsidy application related to design. An enterprise may submit more than one application and will not be subject to any upper limitation of subsidy (provided that the application must be submitted to the Finance Committee of the Legislative Council for approval in case of any subsidy of more than HKD 10 million).

Incubation Programs

This Program is divided into 3 categories, i.e., Incu-App Program, Incu-Tech Program and Incu-Bio Program, which are designed to provide comprehensive assistance to new technology companies. Any approved company may obtain the subsidy of HKD 860-6,000 thousand during the period of incubation.



Company Liquidation

Any company which wishes to wind up must go through relevant procedures, otherwise the person in charge of the company will be arrested or be subject to personal limits during exit and entry in the future. Since company liquidation involves tax affairs, termination of labor contracts and other complicated matters, the company may consult with or authorize a professional agency so as to complete relevant procedures rapidly and wind up successively.

Company Deregistration

Pursuant to the Hong Kong Company Ordinance, a company must satisfy the following requirements in case of application for liquidation:

- **Consent by all shareholders;**
- The company has not commenced operation or business, or has ceased operation or business at least 3 months before the application of deregistration;
- No outstanding indebtedness, including governmental license fee and tax;
- The company is not a party to any legal proceedings;
- The company has no immovable property situated in Hong Kong;
- If the company is a holding company, none of its subsidiary's assets consists of any immovable property situated in Hong Kong; and
- Obtain the Written Notice of No Objection issued by the Commissioner of Inland Revenue Department.



If someone has an objection to this deregistration, he/she can file an application for re-registration with the court within 20 years from the effective date of deregistration, and the court shall order the Companies Registry to resume business of the deregistered company.

Liquidation

The company liquidation is divided into voluntary liquidation by shareholders, voluntary liquidation by creditors and statutory liquidation by court. The requirements for liquidation vary for each type and are as follows:

Voluntary Liquidation by Shareholders

- Account book of company is complete
- Consent is obtained from a majority of shareholders through extraordinary resolution passed at meetings of shareholders
- The company is solvent
- A liquidator must be appointed to monitor and handle the whole process of liquidation

Voluntary Liquidation by Creditors

- Account book of company is complete
- The company is insolvent and cannot continue operation
- A liquidator (who must be a certified public accountant or solicitor) of the company is appointed by the creditors to monitor and handle the whole process of liquidation

Statutory Liquidation by Court

- A court may liquidate the company under the following circumstances:
- The company becomes insolvent
 - A special resolution has been adopted to submit the company to the court for liquidation
 - The court thinks that the company liquidation is fair and reasonable

The liquidator or any other relevant person may apply to the court for annulment of liquidation within 2 years upon completion of liquidation.

Conclusion

Over the past decades, Hong Kong has won praise from global investors for its mature financial markets, competitive tax system, and effective and transparent regulations as well as the strength showed in resisting global and internal economic fluctuations, and Hong Kong is deemed as the convenient platform for the mainland and foreign enterprises to develop their international business.

Given the global economic integration nowadays, the Service Trade Liberalization between Guangdong, Hong Kong and Macao may provide unlimited business opportunities in Hong Kong. In the future, Hong Kong will continue to give full play to its inherent advantages on financial trade and legal infrastructure, further optimize its business environment, and promote its industrial structure to a higher value-added direction. Hong Kong welcomes you!

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