

## Hong Kong CLG Incorporation Procedures and Fees

*Unless otherwise indicated, the CLG stated in this quotation refers to a company limited by guarantee (guarantee company) incorporated in Hong Kong in accordance with the Hong Kong Companies Ordinance. This fee schedule is valid until 31 March 2022.*

Our fee for handling the formation and registration of a company limited by guarantee (CLG) in Hong Kong is USD850. The fees quoted cover the payment of official filing fees to the Hong Kong Government and first year business registration fee.

For the registration of a CLG in Hong Kong, client needs to provide the proposed name of the company, the identification documents and address proof, such as utility bill or address of registered office, of each person who will be the member and director. In addition, client is required to provide a detailed description of the object of the company. Kaizen can assist you to draft the object clause or the Articles of Association. Our fee for this service will be quoted upon request.

The registration of a CLG in Hong Kong could take around 1 month.

After the CLG is duly registered, the company can file an application for Section 88 tax exemption. The application as Approved Charitable Institution could take around 3 to 6 months after the company is incorporated.

Upon receipt of confirmation of exemption from tax, if the company thinks fit, it may further make an application for a licence from the Companies Registry to dispense with the word "Limited" in its name. It normally takes 3 to 6 months for the Company Registry to process an application for the grant of a licence.

The fees stated in the quotation are for general reference only and is subject to change from time to time.

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## 1. Hong Kong Guarantee Company Registration Fees

Our fee for handling the registration of a company limited by guarantee in Hong Kong with the standard Articles of Association is USD850. Our fee covers up to 3 members and 3 three directors, a total of 6. An extra fee of USD50 will be charged for each additional member/director in excess of 6.

In particular, our fee covers the following services:

- (1) Answering client's questions in respect of registration and maintenance of a company limited by guarantee (CLG) in Hong Kong;
- (2) Performing client due diligence (CDD), including verification of identification and address proof of the members and directors;
- (3) Name availability check;
- (4) Preparation of Standard Articles of Association and other incorporation documents;
- (5) Providing advice as to the preparation of the object clause of intended company;
- (6) Submission of incorporation application documents to and liaison with the Companies Registry in respect of the registration;
- (7) Payment of official registration fee and first year business registration;
- (8) Collecting of Certificate of Incorporation and Business Registration Certificate (valid for one year) form the Companies Registry once the company is duly incorporated;
- (9) Preparation of compliance corporate kit, including corporate stamps, registers and minutes book;
- (10) Preparation of minutes of first board meeting/written resolution.

Note:

- (1) Our fee stated above does not include drafting Articles of Association to meet the requirements of the Inland Revenue Department for application as an Approved Charitable Institution (Section 88 Application). Client may consider the service of a lawyer when drafting the Articles of Association, but it is not must.
- (2) The fee quoted above is applicable to a company with 6 members and/or directors. A fee of USD50 per additional member/director will be charged.
- (3) All fees quoted are exclusive of delivery charge and tax, if any.

## 2. Optional Services

In addition to company registration, we also provide the following related services to supplement the registration of the Hong Kong guarantee company.

No.	Services	Fee (USD)
1	Acting as Company Secretary, per annum (Note 1)	450
2	Registered Office address, per annum (Note 2)	350
3	Acting as Designated Representative, per annum (Note 3)	160
4	CPA certification of incorporation documents, per set	150
5	Bank account introductory services (Note 4)	850
6	Application for Section 88 exemption (Note 5)	1,250
7	Application for exemption from using “Limited” (Note 6)	1,600

### Note:

- (1) A Hong Kong company is required by the Companies Ordinance to appoint a local resident or resident company to act as its company secretary. Our service include:
- Companies Registry (CR) Compliance Alert & Reminders;
  - Named Company Secretary registered with CR for 12 months;
  - Updating and maintenance of statutory records, including the register of member and directors, register of charges and share transfer register;
  - Preparation and filing of Annual Return

Kaizen’s duties, as company secretary, are limited to those listed above only. General secretarial services, including transfer of shareholder, change of director, increase of share capital and preparation of minutes are to be charged separately.

- (2) A Hong Kong registered company is required to have a Hong Kong street address as its registered office. The address provided by Kaizen can be used as the registered office address and business address of client’s guarantee company. Kaizen will process mails addressed to client’s company by one of the following two options.
- Kaizen will open, scan the mails received, and send the scanned copies to your designated email account once a month. The paper letters will be destroyed one month after the date the scanned mails are sent to you.
  - Kaizen will forward mails received to the address designated by you once a month. Actual postage will be charged separately.

Kaizen will take option 1 by default if no instruction has been received from you during incorporation. If mails are to be scanned and forwarded immediately, a handling fee of USD10 per batch/time will be charged.

- (3) Kaizen or its associated company will act as the designated representative of your Hong Kong company. The responsibilities of the designated representative include updating and maintaining the Significant Controller Register and liaison and providing assistance relating to the company's SCR to a law enforcement officer.
- (4) Kaizen will provide assistance to open a corporate bank account with a bank in Hong Kong for your Hong Kong company, including preparation of certified incorporation documents as required by the bank, reviewing of bank account application documents prepared by client and liaison with the bank in respect of the bank account application. Please note the bank requires at least a director visit their Hong Kong branch personally for the purpose of due diligence. It should also be emphasised that our role is limited to providing assistance and it is the sole discretion of the bank to decide whether to open the bank account or not. We do not assume any reliability should the bank decides not to open the bank account for you.
- (5) Kaizen provide assistance for the application as Approved Charitable Institution, that is, Section 88 exemption. Our services include preparing the application letter, arranging a certified true copy of the Certificate of Incorporation and Articles of Association and the communication between the Inland Revenue Department.
- (6) Upon confirmation of approval as a charitable organisation from the tax authority, if the company thinks fit, it can also apply for permission from the Companies Registry to dispense the suffix "LIMITED" to its name. Kaizen offers the services for the application to dispense with the word "Limited" including prepare the application letter, collect and submit the materials and the communication between the Companies Registry.

### **3. Payment Terms and Methods**

Upon receipt of your confirmation of engagement, we will issue and send you an invoice together with the wiring instruction for your settlement. Please mark our invoice number or account number in the message section of the remittance receipt and then send a copy of the same to us so as to enable us to locate your payment. Because of the nature of service, we require full payment in advance. Also, once service is commenced, no service fee will be refunded except special case.

We currently accept Hong Kong Dollar check, cash or TT and credit card through PayPal only. If payment is settled through PayPal, extra 5% services fee will be charged.

#### 4. Basic Structure of a Hong Kong Company Limited by Guarantee

- One member, two individual director, one company secretary
- Member can be natural person or corporation and no restrictions on nationality
- Company secretary can be a Hong Kong resident or company;
- Must designate a Hong Kong local resident as its designated representative
- Must state the amount guaranteed by each class of members
- Must file audited financial statement
- Profits could not be distributed to its shareholder/member

#### 5. Materials Required for Incorporation of Guarantee Company

The following materials have to be prepared and delivered to Kaizen for the registration of a CLG:

- (1) One copy of passport (or identity card for Hong Kong resident) and residential addresses proof (such as utility bill or telephone bill) in respect of each member; if member is a corporation, please provide Certificate of Incorporation and registered office and the passport and residential address proof of any person who holds more than 10% of shares in that corporation;
- (2) One copy of passport (or identity card for Hong Kong resident) and residential addresses proof (such as utility bill or telephone bill) in respect of each director;
- (3) A copy of Hong Kong identity card and residential address proof of the person to be acting as the company secretary and designated representative, if Kaizen is not being engaged to provide these services;
- (4) A duly completed incorporation order form (including “Know Your Client” due diligence form) (to be provided by Kaizen);
- (5) A detailed description of the object of the CLG;
- (6) Activity Plan and Budget Plan for the first 12 months after the company is registered.

The identification and address proof documents of the members and directors need to be certified by Kaizen, or a practising accountant or lawyer or attesting officer in the place where the members/directors are located.

If any of the documents are not in English or Chinese, an English or Chinese translation will be required.

## 6. Hong Kong Guarantee Company Incorporation Procedures

The whole process for the registration of a guarantee company could be completed in around one month. The application for Section 88 exemption and licence to dispense “limited” from the name will take 3 to 6 months each.

Step	Description	Time (Day)
1	Client confirms with Kaizen the engagement for the incorporation of a guarantee company; Kaizen issues an invoice to client.	1
2	Client provides the materials listed in Section 5 to Kaizen by email. Payment of service fees should be settled at the same time.	Client's Schedule
3	Kaizen performs client due diligence, including making arrangement with client to verify the identification and address proof documents of the members and directors	Client's Schedule
4	Kaizen performs a name availability search.	1
5	At the same time, client drafts object clause of the Articles of Association (AA) or client engages a lawyer to draft the Articles of Association	7-15
6	Kaizen then prepares incorporation documents, including the Articles of Association.	1
7	Kaizen delivers the incorporation documents to client for signature. Client signs off the documents and return the duly signed documents to Kaizen	Client's Schedule
8	Kaizen then files duly signed incorporation documents with the Companies Registrar for registration and arranges payment of registration fee.	1
9	The Companies Registry (CR) examines the registration. If they are in good order, the CR will issue the Certificate of Incorporation in one month. A Business Registration Certificate is issued at the same time.	30
10	Kaizen now proceeds to place an order for manufacturing of company stamps and printing of Articles of Association	2
11	Kaizen arranges to deliver to client the Company Kit. The whole registration process is then completed.	1
		<b>共：約 30 日</b>
12	After the company is duly registered, Kaizen proceed to handle the application for Section 88 exemption (if applicable).	90-180
13	After the application for Section 88 exemption is approved by the Inland Revenue Department, Kaizen them move on to application for exemption form use of “limited” in the name of the company (if applicable).	90-180

Note: After the company is registered, it can file an application for Section 88 exemption with the tax authority. Upon confirmation of being an Approved Charitable Institution, it may further make the application for a licence to dispense with the word “Limited” in its name with the Companies Registry.

## 7. Registration Documents Returned to Client after Registration

After the company is officially registered, Kaizen will return the following documents and materials for retention:

- (1) Original copy of Certificate of Incorporation;
- (2) Original copy of Business Registration Certificate (valid for one year);
- (3) 5 printed copies of Articles of Association
- (4) Members register, directors register and secretary register;
- (5) Two company stamps;
- (6) A set of activation documents
- (7) Section 88 application documents and confirmation letter issued by the tax authority;
- (8) Letter of confirmation of exemption of use of limited in the name.

## 8. Annual Maintenance

Just like a public company limited by shares, a Hong Kong guarantee company is also required to comply with the maintenance requirements such as holding annual general meeting, updating books of accounts, auditing of financial statements and filing of tax returns as required by the laws and regulations.

For a more detailed description of the compliance requirements and the related costs, please refer to our another memorandum titled “[Hong Kong Guarantee Company Compliance and Maintenance Guide](#)”.

*If you wish to obtain more information or assistance, please visit our official website at [www.kaizencpa.com](http://www.kaizencpa.com) or contact us through the following:*

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