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## Hong Kong Guarantee Company Incorporation Procedures and Fees

*Unless otherwise indicated, the guarantee company stated in this fees schedule refers to a company limited by guarantee formed and incorporated in Hong Kong in accordance with the Hong Kong Companies Ordinance. This fees schedule applies to companies to be registered during the period from 1 January 2020 to 31 March 2021.*

### Summary

Our fee for handling the formation and registration of a company limited by guarantee in Hong Kong is USD450. The fees quoted cover the payment of official filing fees to the Hong Kong Government and first year business registration fee.

For the purpose of registration of a guarantee company 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 company limited by guarantee in Hong Kong could take around 1 month.

After the company is duly registered, the company can file an application for Section 88 tax exemption. The Application as Approved Charitable Institution could take around 3-6 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.

### 1. Hong Kong Guarantee Company Registration Fees

Our fee for handling the registration of a guarantee company in Hong Kong is USD450. In particular, our fee covers the following services:

- (1) Answering your questions in respect of registration and maintenance of a guarantee company in Hong Kong;
- (2) Name availability check;
- (3) Preparation of Standard Articles of Association\* and other incorporation documents;
- (4) Payment of official registration fee and first year business registration;
- (5) Submitting of the incorporation documents to the Companies Registry;
- (6) Collecting of Certificate of Incorporation and Business Registration Certificate (valid for one year) from the Companies Registry once the company is duly incorporated;
- (7) Preparation of compliance corporate kit, including corporate stamps, registers and minutes book;
- (8) Minutes of first board meeting/Written resolution

\*: The above quotation does not include drafting of Articles of Association to fit the application as Approved Charitable Institution. The Articles of Association is always better to be drafted by a law firm to maintain its accuracy. The charges for drafting the Articles of association depends on the actual costs to be incurred by the law firm.

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 your Hong Kong company.

No.	Services	Fee (USD)
1	Acting as Company Secretary, per annum (Note 1)	600
2	Registered Office address, per annum (Note 2)	450
3	Acting as Designated Representative, per annum (Note 3)	260
4	CPA certification of incorporation documents (Note 4)	100
5	Bank account introductory services	800
6	Certificate of Continuing Registration	100
7	Notarisation or legalisation of corporate documents (Note 5)	TBA
8	Application for section 88 exemption (Note 6)	520
9	Application for exemption from using "Limited" (Note 7)	1,600

### Note:

#### (1) Company Secretary

A Hong Kong company is required by the Companies Ordinance to appoint a local resident or resident company to act as its company secretary. Kaizen can provide this service for a fee of USD250 per annum. Our fees include:

- (a) Companies Registry (CR) Compliance Alert & Reminders;
- (b) Named Company Secretary registered with CR for 12 months;
- (c) Updating and maintenance of statutory records, including the register of member and directors, register of charges and share transfer register;
- (d) 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) Registered Office Address

A Hong Kong registered company is required to have a Hong Kong street address as its registered office. Kaizen can provide this service for a fee of USD150 per annum. The address provided by Kaizen can be used for both the registration of your company and receiving mails from the Hong Kong Government and your business partners.

Two options for handling incoming letters:

- (a) 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.
- (b) 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) Designated Representative

Kaizen or one of 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) Bank Account Opening

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) Notarisation and Legalisation

Kaizen can arrange to have the registration documents notarisation by Notary Public and legalisation by the consulate general and designed attesting officers in Hong Kong. Our fees for these services will be quoted upon request.

(6) Application as Approved Charitable Institution

Kaizen provide assistance for the application as Approved Charitable Institution, including prepare the application letter, arrange a certified true copy of the Certificate of Incorporation and Articles of Association and the communication between the Inland Revenue Department.

(7) Application to dispense with the word “Limited”

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 order, we will issue an invoice to you for your settlement. We require full payment in advance. We currently only accept check, cash or TT and credit card through Paypal.

If China or Taiwan official tax invoice is required, Value-Added Tax or Business Tax at the prevailing rate in the respective jurisdiction will be charged.

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

The minimum requirements of a Hong Kong guarantee company are as follows:

- 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
- The registered office must be located in Hong Kong
- Must file audited financial statement
- Profits could not be distributed

#### 5. 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
1	Clients place an order for incorporation with Kaizen and provide the materials listed in Section 6 to Kaizen by email or fax or post. Payment of service fees should be settled at the same time.	Client's Schedule
2	Kaizen performs a name availability search	1
3	Kaizen then prepares incorporation documents	1
4	Kaizen drafts the Articles of Association (AA) (if so engaged) or client engages a lawyer to draft the Articles of Association	7-15
5	Kaizen delivers the incorporation documents to client for signature. Client sign off the documents and return the duly signed documents to Kaizen	Client's Schedule
6	Kaizen then files duly signed incorporation documents with the Companies Registrar for registration and arranges payment of registration fee.	1
7	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
8	Kaizen now proceeds to place an order for manufacturing of company stamps and printing of Articles of Association	2
9	Kaizen arranges to deliver to you the Company Kit. The whole registration process is then completed.	1
Total:		30 up

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.

## 6. Materials Required for Incorporation of Guarantee Company

The following materials have to be prepared and delivered to Kaizen by email or post for the purpose of guarantee company incorporation:

- (1) One certified true 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) Activity Plan and Budget Plan for the first 12 months after the company is registered.

As a licenced public accounting corporation and a trust and corporate service provider, kaizen has a responsibility to perform certain “know your client” due diligence requirements. One of these is to verify the identity of our clients. Clients can visit any of our offices with the original copy of the identity documents of the shareholder and director and our staff will perform certification, or client could have the documents certified by an accountant or lawyer or attesting officer in the place where she/he resides.

## 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 secretaries 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.

We can arrange to have the registration documents of your Hong Kong company notarisation by a Notary Public or legalised by a consulate general or attesting officers designed in Hong Kong by a foreign government. Our fees for these services will be quoted upon request.

## 8. Annual Maintenance

Just like to public company limited by shares, a 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. The fees listed in the table below represent the minimum maintenance costs to maintain a guarantee company in good standing.

Item	Description	Amount (HKD)
<b>Annual Compliance Requirements with Fixed Fees</b>		
1	Annual Return Filing Fee	14
2	Business Registration Certificate renewal fee	33
3	Provision of Company Secretary	250
4	Provision of Registered Office	150
5	Provision of Designated Representative	100
6	Annual General Meeting	Free
	Subtotal:	<b>547</b>
<b>Annual Compliance Requirements with Variable Fees</b>		
7	Updating books of accounts (assuming a monthly fee of USD80 is to be charged)	960
8	Financial statements statutory audit (assuming trading company with a turnover of less than USD650,000)	1,000
9	Tax computation and filing of profits tax return	200
10	Filing of Employer's Return (per employee)	60
	Sub-total:	2,220 up
	<b>TOTAL:</b>	<b>2,767 up</b>

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 by the followings and talk to our professional accountants:*

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