

# Why Hong Kong?

*Hong Kong is an excellent location in which to set up a business. Its strategic location makes from Hong Kong the perfect gateway to China and a trustful hub from where to conquer the Asian market and even do business worldwide. Hong Kong's low tax regime, excellent infrastructure, sophisticated banking system and skilled workforce are and will remain strong assets that will contribute to the success of your company's expansion and success.*

## Location

Hong Kong is located at the geographical and economic centre of Asia, within 5 hours flying time from most countries in the region. Hong Kong is perfectly positioned to access Mainland China, making it the ideal first stop to the vast China market but also trading companies operating worldwide will find in Hong Kong the perfect platform for their activities.

## Rule of Law

Beginning as a trading port, Hong Kong became a Crown Colony of the United Kingdom in 1842, and remained so till 1997 when it became a Special Administrative Region of the People's Republic of China. Because of this past, Hong Kong's laws and regulations are based on the British Common Law and the "One Country, Two Systems" concept guarantees to Hong Kong a high level of autonomy from the Chinese Mainland and protection of commercial, political and personal freedoms.

## Low tax system

Hong Kong adopts a territorial system of taxation. In order for a person (both individual person or company) to be chargeable to Hong Kong profits tax, three conditions must be satisfied:

1. The person must carry on a trade, profession or business in Hong Kong
2. The profits to be charged must be from such trade, profession or business carried on by the person in Hong Kong, and
3. The profits must be profits arising in or derived from Hong Kong

Basically this means that only profits which arise in or are derived from Hong Kong are liable to onshore taxation (16,5 %) which makes Hong Kong a very interesting place for trading companies who can benefit the offshore rate (0 %) when structuring their activities well. Other tax advantages Hong Kong offers:

- No tax on dividends
- No capital gain tax
- No VAT
- No withholding tax (except on royalties)

TRITAS' experienced consultants are ideally positioned to provide you with customized and specialist advice in order to optimize your company's tax structure.

## Safe haven for China investment

Investing in China can create unlimited opportunities but needs careful preparation. Using a Hong Kong Company as a mother holding for your China investment can keep the risks lower and help you manage your China business with greater flexibility.

TRITAS' combined China and Hong Kong expertise is perfectly suited to guide you in your China investments.