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FACT SHEET

CAYMAN ISLANDS – Exempt Company



The Cayman Islands are situated in the Caribbean sea 460 miles south of Miami, Florida and 180 miles northwest of Jamaica. It is a British dependent territory, whose official language is English, and a population of approximately 50,000 people of mixed origins. Its legal system is based on the British common law.

There are now over 1900 mutual funds and nearly 600 banks and trust companies registered in Cayman. Forty-five of the world's fifty largest banks have subsidiaries or branches there. Cayman Islands Stock Exchange (the "CSX") is one of the world's fastest growing international stock exchanges. It is one of the only two offshore centers approved for public listing on the Hong Kong Stock Exchange.

Cayman Companies

The registration and regulation of companies are governed by the Companies Law 1998. There are six types of companies available, which include resident, non-resident, exempt, segregated portfolio, limited duration and foreign companies.

The **exempt company** is the most common type of company used and is the focus of this fact sheet.

The activities of an exempt company shall be conducted outside the Cayman Islands, though it may hold investments both within and outside the islands. Confidentiality

Confidentiality

It is a criminal offence for any person to divulge confidential information to a third party under the Confidential Relationships (Preservations) Law. Moreover, Cayman Islands have no double taxation treaties with any countries. However, Cayman Islands have signed Exchange of Information agreements with some of the The activities of an exempt company shall be conducted outside the Cayman Islands, though it may hold investments both within and outside the islands.

Highlights of Exempt Company

Name

Companies can be incorporated with English and/or Chinese names. When a company is incorporated with a Chinese name, the incorporation documents and the Certificate of Incorporation shall contain a translation of the name in English..

The following words cannot be used to name a Cayman company: Assurance, Bank, Trust, Insurance, Chartered, Company Management, Mutual Fund, or Chamber of Commerce, unless the necessary licenses under relevant laws have been obtained.

Memorandum and Articles of Association

The Memorandum & Articles of Association (“M&A”) is equivalent to the constitution of a Company in some jurisdictions. The M&A can only be written in English. Manivest can provide standard M&A for your reference.

Capital and Shareholders

The standard authorized capital of a shelf company is USD50,000 divided into 50,000 shares of USD1.00 each. There is no minimum capitalization requirement. Capital can be expressed in any currency.

An exempt company requires a minimum of one shareholder, who can be an individual or a corporation. Bearer or registered shares are permitted and shares may be issued with nominal or no par value. From 2002, bearer shares should be held by a custodian for the beneficial owner. Details of the shareholders are not maintained on public record. There is no residence requirement for the shareholders.

The register of members (shareholders) of the company must be kept in the registered office in Cayman. The register is not a public record and is only available for inspection by persons authorized by the directors of the company.

Company meeting can be held at any place inside or outside Cayman. No annual general meeting is required.

Directors

A minimum of one director is required and corporate director is permitted. Details of the directors must be filed with the Company Registrar but such information is considered highly confidential, not being available to the public. Directors do not have to be shareholders or residents in the Cayman Islands, however, annual meeting of the directors must be held within the Islands every year. This may be done more conveniently by the appointment of proxies.

Company Secretary

It is not mandatory for the company to appoint a company secretary, but since the Companies Law of Cayman is more stringent than many other jurisdictions, we recommend that our firm be appointed as the Company Secretary to ensure that the company complies with all statutory requirements.

Registered Agent and Registered Office

An exempt company must at all times have a registered office located within Cayman, which is normally provided by a Cayman management company, law firm, accountancy practice or trust company.. An exempt company can resolve to change the location of the registered office at any time.

Though there is no requirement to engage a registered agent in Cayman, in practice, since all exempt company must have a registered office in Cayman, the service providers providing the registered office

will also provide company management services. These services providers are regulated and licensed under the Companies Management Law 1999, which is administrated by the Cayman Islands Monetary Authority. The Law requires the Management company to carry insurance to cover any losses arising from claims of negligence, breach of duty or dishonesty.

Incorporation

Exempt Company can be formed in 2 to 3 working days, but the company kit may only be delivered in 14 working days. Express service and shelf companies are available.

Establishment and Annual Fee

The total fee for incorporating an exempt company varies depending on

- whether English name only or English and Chinese names is used;
- the time of incorporation (see below)
- authorized share capital, and
- number of name search required.

For companies incorporate before October, establishment fee includes annual government fee and registered office fee up to 31 December of the same year. For companies incorporated on or after October, establishment fee includes annual and license fees up to 31 December of the next year.

Annual return must be filed, which takes the form of a simple declaration.

Taxation and audit requirements

There is no corporation, capital gains, payroll, property, capital transfers or withholding taxes in Cayman. This can be guaranteed by the Cayman government for a term of 20 years. Although it is not necessary, some user may find it useful to obtain such a Tax Exemption Certificate.

There is no audit requirement for a Cayman Exempt Company and the accounts need not to be filed with the government.

How Maninvest Can Help You

The directors and management of Maninvest are professionals in the offshore industry having served the Asia markets for nearly 20 years. Through our offices in Hong Kong, Shanghai and Macau as well as our associates in other Asia cities, we offer a full range of comprehensive value-added services to professional advisors and their clients.

Maninvest offers the following services:

- Incorporation of Cayman Exempt Companies and all types of Cayman Companies.
- Incorporation of other onshore/offshore companies and structures
- Full corporate management services
- Registered office, business office, mail redirection and business centre (available in selected locations only)
- Accounting services and re-invoicing services
- Asset protection and preservation advisory services
- Business establishment services
- Market exploration services