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## Hong Kong Company Incorporation Guide Part 2

### Features of Private Company

#### 1. Features of Hong Kong Private Companies Limited by Shares

##### Type of Company for International Trade and Investment

Private Company Limited by Shares (**Limited Liability Company, Private Company, LLC**).

##### Restrictions on Trading

Cannot undertake banking or insurance activities or financial business (such as currency trading) unless relevant licences are obtained.

##### Power of Company

A Hong Kong Company has all the powers of a natural person.

##### Language of Legislation and Corporate Documents

Legislation in both English and Chinese; incorporation documents, such as Articles of Association (also known as Articles of Association, bylaws and constitutions in other countries), Notification of Appointment of First Directors and Secretary etc could be prepared either in English or Chinese.

##### Name of Company

It is not possible to reserve a name. It is essential to check that there is no similar or identical name on the Register of Companies maintained by the Companies Registry, which would prevent the company being incorporated.

A name that is similar to or identical to an existing company. A name that constitutes a criminal offence or is otherwise contrary to the public interest. A name that implies government patronage.

See also: [Hong Kong Company Names Guidelines](#)

The following words could only be used with permission: Building society, Chamber of Commerce, chartered, co-operative, imperial, kaifong, mass transit, municipal, savings, tourist association, trust, trustee, underground railway, bank, insurance, assurance, reinsurance, fund management, asset management and investment fund.

The name of a company must be ended with "Limited" if in English and "有限公司" if in Chinese.

#### **Disclosure of Beneficial Ownership to Authorities**

Not required. Confidentiality can be obtained by using **nominee shareholders**.

#### **Share Capital**

There are two types of share capital, one is **authorised share capital** and another is issued and paid up share capital. There is no limitation on the amounts of both types of share capitals. For most of the small private company, the authorised share capital is usually set at HK\$10,000 divided into 10,000 shares of HK\$1 each and the issued share capital is usually set at HK\$1 divided into 1 share of HK\$1 each.

Also see: **increase of share capital, allotment of shares**

A Hong Kong company could issue ordinary shares, preference shares, redeemable shares and shares with or without voting rights. Bearer shares not allowed.

### **Shareholders of a Hong Kong Company**

A minimum number of one shareholder is required whose details are filed on the public register maintained by the Companies Registry. Corporate shareholders are permitted and anonymity can be achieved by the use of **nominee shareholders**. The shareholders can be of any nationality and be resident anywhere in the world and meetings can take place anywhere. There is no requirement that any of the shareholder must be a Hong Kong resident.

### **Directors of a Hong Kong Company**

A minimum of one director is required to be appointed at the time of incorporation and full details of these must be filed with the Hong Kong Companies Registry. The director can be of any nationality and be resident anywhere. However, directors must be at least 18 years of age and must not be bankrupt or convicted for any malpractices. Corporations incorporated anywhere can act as director. There is no requirement for board meetings to be held within Hong Kong. The shareholder could also act as director but there is no requirement for the directors to also be shareholders.

Also see: **Non-statutory Guidelines on the Duties of Directors of Hong Kong Company**

### **Company Secretary**

A company must appoint a Company Secretary who can either be a person or a corporation. If the secretary is a person, he or she must be a Hong Kong resident. If the secretary is a corporation, the corporation must have a registered office or a place of business in Hong Kong.

A director could also act as Company Secretary at the same time. However, it has to be noted that in case of a sole director/shareholder, the same person cannot act as the company secretary. The company secretary is responsible for maintaining the statutory books and records of the company and must also ensure the company's compliance with all statutory requirements. A nominee secretary can be appointed.

### **Registered Office**

A company must maintain a registered address in Hong Kong where the correspondence from Hong Kong Government can be served. The registered address must be a physical address and cannot be a PO Box.

### **Hong Kong Company Annual Reporting Requirements**

Hong Kong incorporated companies are required to update its books of accounts and arrange to have the annual financial statements audited by a firm of accountants registered in Hong Kong under the company laws. Also, a copy of the audited financial statements is to be furnished with Inland Revenue Department together with Profits Tax Return. The audited financial statements are not available to the public or to the foreign authorities except those of a listed company. We can provide complete supporting services after incorporation, such as book-keeping and auditing (**please click here for details of our accounting and auditing services**) and tax filing (**please click here for details of our tax filing services**)

All companies must also prepare and file an annual return which gives details of the current directors and of the shareholders who have held shares in the company at any time during the year.

For more details, refer to **Hong Kong Company Maintenance and Compliance Guide**.

### **Taxation**

Profits tax (Corporate Income Tax), is set at 16.5% of assessable profits for companies setup in Hong Kong. Hong Kong follows a territorial basis of taxation i.e. only profits which arise in or derived from Hong Kong are subject to tax in Hong Kong. There is no capital gains tax, withholding tax on dividends, or GST/VAT in Hong Kong.

## 2. Summary of Features Hong Kong Private Companies Limited by Shares

<b>General Information</b>	
Company Law	Companies Ordinance, Cap. 622
Type of Company	Private Company Limited by Shares
Language of Legislation and Corporate Documents	Chinese or English or Both
Taxation of Foreign Profits	Nil
Exchange Controls	None
Length of Time to Incorporate	Approximately 5 working days
Shelf Companies Available	Yes
<b>Corporate Names</b>	
Name Restrictions	Names identical, similar or offensive words
Endings and Abbreviations Required	"Limited" word must be used completely
Length of Time to Verify Name Availability	One working day
Reservation of Names Permitted	No
Language of Name	Chinese or English or Both
Name of Banks, Insurance, Investment Fund, Trust Company or their equivalents requiring consent or license	Yes
<b>Capital and Shareholders</b>	
Minimum Number of Shareholders	One
Local Shareholders Required	No
Corporate Shareholders Permitted	Yes
Disclosure of Shareholders	Yes
Minimum Capital Required	There is no minimum stated. Standard capital is usually HKD10,000
Bearer Shares Permitted	No
Registered Shares Permitted	Yes
No Par Value Shares Permitted	No

<b>Directors and Officers</b>	
Minimum Number of Directors	One
Qualifications of Directors	Legal age
Officers Required	Company Secretary
Corporate Directors/Officers Permitted	Yes, but must have at least one individual director
Local Directors/Officers Permitted	Yes
Appointment of Subsequent Directors/Officers	Articles of Association
<b>Meetings</b>	
Annual General Meeting of Shareholders Required	Yes
Location of Directors and Shareholders Meetings	Anywhere
Adoption by Consent Permitted	Yes
Quorum required for purposes of meetings	Articles of Association
<b>Local Requirements</b>	
Qualified Registered Office/Agent	Yes
Government Register of Shareholders	Yes
Government Register of Directors/Officers	Yes
Government Register of Charges	Yes
Register of Directors/Officers to be kept at Registered Office	Optional. The company may file a "Notification of Location of Registers" to keep them somewhere else.
Company Seal Required	Yes
Copy of Minutes to be kept at Registered Office	Optional. The company may file a "Notification of Location of Registers" to keep them somewhere else.
Copy of Share Register to be kept at Registered Office	Optional. The company may file a "Notification of Location of Registers" to keep them somewhere else.

<b>Annual Requirements</b>	
Minimum Annual License Fee or Franchise Tax	Annual Return statutory filing fee and business registration fee currently HKD105 and HKD2,250 respectively
Annual License Fee Due Date	Company's Anniversary
Applicable Surcharges	Varies (depending on payment date)
Requirement to File Annual Returns	Yes
Requirement to Submit Annual Audited Accounts	Yes
<b>Other Relevant Information</b>	
Member of Apostille of the Hague Convention	No
Increase or Reduction of Capital	Shareholders' resolution
Redomiciliation Prohibited	No
Reinstatement at Registry	Yes
Removal from Registry	Striking off, voluntary liquidation; creditors liquidation, winding up by Court