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Frequently asked questions about setting up a Hong Kong company



What are the minimum requirements for setting up a Hong Kong private company?

The minimum requirements are:

- One shareholder
- One director
- A company secretary
- A registered office address in Hong Kong
- Auditors
- A Business Registration Certificate

The same person can be the secretary, director and shareholder of a company, except that the sole director of a company cannot also be the secretary of the company.

There is no prescribed minimum share capital. For practical purposes, this is not usually less than HK\$1,000 or the equivalent in a foreign currency. There is a capital duty of 0.1% payable on the authorised share capital (subject to a cap of HK\$30,000).

Does any officer of a Hong Kong company need to be resident in Hong Kong?

The company secretary must be either an individual resident in Hong Kong or another Hong Kong limited company.

The auditors must be a firm of Hong Kong accountants.

Shareholders and directors can be individuals or corporations of any nationality or residence, except that no corporate director is allowed in the case of a private company which is a member of a group of companies of which a listed company is a member.

Can the share capital of a Hong Kong company be denominated in foreign currency?

Yes. But, once the company is incorporated, it is difficult to change the currency of the share capital.

Is there any capital duty on issuance of shares?

There is no capital duty on issuance of shares at par value. Capital duty of 0.1% is payable on the amount of premium at which shares are issued above par value (subject to a cap of HK\$30,000).

Can I purchase a ready-to-use shelf company from Mayer Brown JSM?

Yes. We can provide a list of ready-to-use shelf companies upon request.

Our fee for preparing initial setting up documents including directors' resolutions and completing relevant forms to effect the appointment of directors, secretary, transfer of initial founder member share, etc. to meet your specific requirements will be charged on a time cost basis. A table of our fees is available upon request.

If I want to incorporate a company with a specific name, should I use a shelf company and change the name or should I ask to incorporate a company with the specific name?

Either is possible unless you need a company to be in existence immediately. Most prefer to incorporate a company with the specific name. This will take approximately four working days. Similarly, it will take approximately four working days to change the name of a company already in existence.

I do not want my details as shareholder and director to appear on the public record. What can I do?

You can use a nominee shareholder to hold the share(s) on your behalf. We can provide the service of a nominee shareholder.

You can also appoint a nominee director to act on your instructions. We do not provide nominee director service but can provide you with contact details of those companies that do.

Can Mayer Brown JSM arrange to open a bank account for my company?

We do not act as bank signatories and are not able to open accounts for clients, as banks in Hong Kong will only deal direct with the customers concerned. We can prepare the board resolutions for you to open bank accounts.

Do I need to open a bank account and appoint an auditor for my company before I can start to do business?

No. However, an auditor of the company must be appointed within 18 months of incorporation of the company (i.e. before the first annual general meeting of the company), as audited accounts will have to be presented to the members in the annual general meeting. In addition, you will need to obtain the necessary licences for the company before you can conduct business (see question below).

What licences does a company need before it can conduct business in Hong Kong?

A business registration certificate is required. The fee for a one-year business registration certificate is HK\$2,450 and the fee for a three-year business registration certificate is HK\$6,550.

If any additional branch of the company is set up, a Branch Business Registration Certificate is also required for each branch. If a company carries on a business using one or more business or trade names, then a Business Registration Certificate is also required for each such name.

The fee for a one-year branch business registration certificate is HK\$523 and the fee for a three-year branch business registration certificate is HK\$1,539.

Certain types of business may need additional forms of licence. Please visit the homepage of Business Licence Information Service (<https://www.success.tid.gov.hk/tid/eng/blics/index.jsp>) for more information.

What are the regular annual fees for maintaining a Hong Kong company?

In addition to the business registration fee as outlined in the question above, an annual registration fee of HK\$105 is to be paid to the Hong Kong Companies Registry upon delivering the annual return of a private company with a share capital. As all Hong Kong companies need to have their annual accounts audited, audit fees are also payable. We maintain close links with a small panel of audit firms to ensure quality service to our clients, and can provide our recommendation upon request.

What are the continuing compliance requirements of a Hong Kong company? What if I fail to meet those requirements?

A Hong Kong company must hold an annual general meeting in every calendar year when, among other things, the audited accounts of the company are adopted. An annual return of the company must also be filed with the Companies Registry every year. A Hong Kong company must also notify the Companies Registry of any special resolution passed (other than that to change the company's name), the creation of a charge over certain assets and any change which may occur in the information contained in the documents already filed. The changes of a company which require notification include:

- change of share capital
- change of directors and/or secretary and/or their personal particulars
- allotment of shares
- change of company name
- alteration of the Memorandum and Articles of Association
- resignation of auditors
- change of registered office

If a company fails to comply with such requirements, the company and every officer of the company who is in default shall be liable to a fine and/or imprisonment.

To avoid liability, it is recommended that a professional company secretarial firm be used. We can offer the service of company secretarial and registered office for an annual appointment fee. Any work carried out for the company will be charged in addition to the annual appointment fee on a time basis.

What else do I need to consider for my business after setting up a company for use?

In addition to setting up a company and obtaining the necessary licences, you will also need to find premises for your office, recruit employees, arrange finance and protect your trademarks and other intellectual property rights, etc. Our various departments and offices of Mayer Brown JSM in Hong Kong, Beijing, Guangzhou, Shanghai, Bangkok, Hanoi and Ho Chi Minh City, are able to offer you legal services in relation to tenancy, employment, immigration, finance and other legal matters in Asia.

Instead of setting up a Hong Kong company, can I use a company in my home jurisdiction to conduct business in Hong Kong?

Yes. You will have to set up a branch by registering the foreign company as a non-Hong Kong company within one month of establishing a place of business in Hong Kong. Mayer Brown JSM can handle the registration on your behalf.

The tax rate on profit derived in Hong Kong is the same for Hong Kong and foreign companies.

Can I purchase a PRC company from you 'off the shelf' ?

There are no PRC shelf companies as such. Mayer Brown JSM has significant experience in PRC matters and will be able to set up a suitable PRC business entity for your use.

Can I purchase an offshore company from your firm?

Yes. We can arrange for purchase of various offshore companies including companies in the British Virgin Islands, Samoa, Liberia, Bahamas, Marshall Islands, Cayman Islands and Bermuda, etc. We can also structure the offshore companies to meet your specific requirements on time cost basis.

Where can I find out more information about setting up a Hong Kong private company?

Please refer to Mayer Brown JSM's Guide to Doing Business—Hong Kong, or contact David Ellis or Winnie Lam for more information.

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