

**FastLane Group**

‘ Together We Build Better Business ’

# Launching a business in Hong Kong A guide for entrepreneurs

## About FastLane

Founded 2013, FastLane Group is a techsavvy firm offering professional accounting and corporate services. We support your company's growth, from startup to global expansion, providing customized solutions to meet your unique business needs.

We facilitate and introduce our customers to cutting-edge technologies across a suite of professional services, allowing the autonomy to build efficient and effective organizations.

We offer a diverse range of professional services including accountancy, auditing, taxation, company formation, offshore formation, company secretary, payroll management and HR advisory assistance, PEO & Employer of Record and Work Visa.

Our FastLane CPA Limited is a CPA practice registered with the Hong Kong Institute of Certified Public Accountants ("HKICPA") and we are also licensed with Hong Kong Company Registry to provide company service business in Hong Kong.

At present, FastLane Group nurtures a thriving ecosystem comprising over 1,000 companies and business partners, indicative of our steadfast commitment to facilitating growth.

## Our Mission

At FastLane Group, our mission is to forge strong and prosperous partnerships with our customers, empowering worldwide SMEs to achieve business excellence.

Through our comprehensive suite of professional services, we provide the tools and expertise to leverage cutting-edge technologies, enabling organizations to thrive with efficiency and effectiveness.

As your trusted business builder, advisor, and accountant, we are dedicated to unlocking your full potential and driving sustainable growth in the dynamic business landscape.

## Download

This eBook is available to download as a free PDF at:

<https://fastlane-global.com/ebook/>

## Get in Touch

For more information or to contact FastLane Group on Company Formation, please email:

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## Disclaimer

This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

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# 1 Why Hong Kong?

## Total Local Companies Registered:

According to the Companies Registry, 104,120 new local companies were registered in Hong Kong in 2022. This brings the total number of local companies registered under the Companies Ordinance to 1,391,678 by the end of 2022, representing a 1.2% increase compared to 2021.

**New Non-Hong Kong Companies:** 874 non-Hong Kong companies established a place of business in Hong Kong in 2022, increasing the total number of registered non-Hong Kong companies to 14,533 by the end of the year. This marks a 1.29% year-on-year increase.

Hong Kong serves as a competitive platform in the Asia-Pacific region for many entrepreneurs and the city thrives on the presence of such individuals. Ranking 6th in the World Economic Forum's Competitiveness Index, Hong Kong is able to solidify its claim as an esteemed global leader in finance where businesses and companies can flourish.

Hong Kong possess several advantages that attract start-up enthusiasts. Economic freedom, the provision of a globalized financial platform and the presence of constant innovation are frequently mentioned as benefits which can be enjoyed in Hong Kong. Ranking as the world's freest economy for 23 years consecutively, Hong Kong's facilities, flexible infrastructure, business friendly legal structure and advantageous geographic location grants Hong Kong the opportunity to become one of the most preferable destinations for both large and small businesses alike.



According to the 2018 Annual Survey of Companies in Hong Kong with Parent Companies Located Outside Hong Kong, jointly conducted by Invest Hong Kong (InvestHK) and the Census and Statistics Department, the factors identified which aid in the attractiveness of Hong Kong as a destination for incorporating businesses include a "simple tax system and low tax rate" (67%), "free flow of information" (62%), "free port status" (59%) and "geographical location" (59%).

Furthermore, as Hong Kong and China's economic and cultural relations thrive, Hong Kong has continued to develop itself as an ideal gateway for companies to access opportunities in mainland China as well as the rest of Asia.

Hong Kong offers sound regulations and a large, international talent pool. Start-ups in the Greater Bay Area can use Hong Kong as a gateway for global expansion, while international firms can come to Hong Kong as a means to enter neighbouring markets.

This ebook will guide you through the process of incorporating a company in Hong Kong. By taking your first step to establish your company, you will be able to make your mark as an entrepreneur in Hong Kong and create a platform to help launch your business.



# 2 Formation Process

## 2.0

### Selecting a company name

The most important stage of incorporating a company in Hong Kong is selecting a name for your business. The company name may be in Chinese, English, or both. It is mandatory to select a unique name for your company, as any duplication with other companies, present or the past, will be rejected. Please reach out to the FastLane Group if you require assistance in familiarizing yourself with the registration guidelines.

## 2.1

### Determining the appropriate legal entity

After the completion of your market analysis and research, an appropriate company structure and legal entity must be determined before company registration. The structure of a company influences the day-to-day operations of your business and helps set the foundation on which further development can be achieved. Appropriate choice of the above can ensure efficient handling of matters such as tax obligations, legal liabilities and also allows for greater maneuverability with potential future investment.

Common business structures are:

- > Branch offices
- > Sole proprietorship and partnerships
- > Limited company
- > Company limited by guarantee

It is most common to register companies as a limited company. Limited companies allow a more direct and convenient process for ownership transfer and fund raising compared to other business structures. Moreover, limited companies are a segregation of the legal entity in Hong Kong, and thus are able to protect personal assets from business risks.



**Please consult FastLane should you require advice to determine the right business structure for your company.**

### Application Documents

Upon selection of the above, the following application documents and their corresponding fees must be submitted to the Hong Kong Companies Registry either electronically or as a hard copy:

1. Incorporation Form – Form NNCI (for company limited by shares) or Form NNC1G (for company not limited by shares);
2. A copy of the company's articles of association
3. A Notice to Business Registration Office (IRBR1)

**You can access the following Hong Kong company incorporation forms below:**

<https://www.cr.gov.hk/en/home/index.html>

# 3 Directors and Shareholders of your Business

## 3.0

### Company Director

Company Directors are individuals who are elected or appointed to a company's board of directors. These individuals are elected to manage a company's business and affairs on behalf of the company and its' shareholders.

#### Company Director Responsibilities and Duties

As Company Directors are responsible for the management of the Company on behalf of its shareholders, they maintain a fiduciary responsibility to act in good faith and in their best interest. Such responsibilities involve ensuring the company's business operations are aligned with the set goals and direction.

The Hong Kong Companies Registry has outlined 11 general duties that a company director must adhere to in the execution of their role.

- > Duty to act in good faith for the benefit of the company as a whole;
- > Duty to use powers for a proper purpose for the benefit of members as a whole;
- > Duty not to delegate powers except with proper authorisation and duty to exercise independent judgement;
- > Duty to exercise care, skill and diligence; Duty to avoid conflicts of interest between the company and themselves;
- > Duty not to enter into transactions in which the company directors have an interest except in compliance with the requirements of the law;
- > Duty not to abuse the position of Company Director;
- > Duty not to make unauthorised use of company's property or information;
- > Duty not to accept personal benefit from third parties conferred because of position as a director;
- > Duty to observe the company's constitution and resolutions;
- > Duty to maintain accounting records.
- > Company Directors who are deemed to have failed in performing their duties as stated by the Companies Registry may be subject to legal proceedings and may be disqualified from their position as Company Director.

## 3.1

### Company Shareholders

A company shareholder is any individual, company or institution that owns at least one share of a company's equity. In owning equity of a company, shareholders become beneficial owners of the company, and receive entitlement to any profits generated. The quantity and value of the shares held dictates the decision-making power of a shareholder and holds significant influence over their profit compensation.

### Company Director Responsibilities and Duties

Typically, shareholders are not involved in the daily operations of a company. Shareholders main responsibility is to pass resolutions brought forth at general board meetings by voting in their capacity as shareholders. Often, the strength of a vote will be determined by the proportion of the company's shares held by each shareholder.

The following basic information is required by the Company Registry for completing a company's incorporation.

- > A copy of the directors' and shareholders' identification documents and proof of address.



## 3.2

### Company Secretary

A company secretary is NOT a clerical assistant. A company secretary holds a senior position in your company and is appointed by the directors of the firm. The secretary is not only responsible for working and interacting with the directors and shareholders of the company, but is also responsible for communicating with the government and regulatory bodies (e.g. the Registrar of Companies, IRD, SFC, and the Stock Exchange of Hong Kong) to ensure that the Company complies with its regulatory obligations.

#### Company Secretary Requirements

For all Hong Kong incorporated companies, the company secretary can be an individual or even a company. In the case that the company appoints an individual as their company secretary, that individual must be a resident in Hong Kong. If another company is appointed as the company secretary, it is compulsory to have a registered office or a place of business in Hong Kong.

The first company secretary from the date of incorporation of a company needs to be set out in the Company's incorporation form.

A director of a company may act as the company secretary of the company to the extent that they are not the sole director of the company.

#### The importance of a Company Secretary

To remain compliant with s.474 of the Hong Kong Companies Ordinance, all Hong Kong companies must appoint a company secretary. Company secretaries are responsible for ensuring the statutory compliance with regulations through the provision of professional guidance and advice to their companies. Such responsibilities also include ensuring that all legal documents and filings are punctually submitted to authorities to avoid penalties.

#### The Main Responsibilities of a Company Secretary includes:

- > To receive all government correspondence
- > Assist in the preparation and filing of the Annual Return
- > Manage shareholders and directors registrations
- > Conduct records of directors' appointments and resignations
- > Prepare agendas and minutes of board meetings and annual general meetings
- > Assist in shares issuance and transfer
- > Verify company deregistration
- > Maintain the statutory book
- > You may also appoint a company secretary to assist you in incorporating a company.

**After you have incorporated your business, the next step is to begin running your company.**



**FastLane is a Hong Kong licensed Trust and Company Service Provider (TCSP License No. TC000758)**



# 4 How to open a Company Bank Account

A company bank account must be opened in order to begin financing activities.

It is recommended to present documentation which demonstrates administrative work and archives to the bank to facilitate the process of opening a company bank account.

The following documents are usually required to open a company bank account:

- > A bank account opening form
- > Certified copy of the Certificate of Incorporation and the Articles of Association of the company issued by the Companies Registry
- > Document of the board of resolution's approval
- > Business plan or audited financial statements
- > Official Business Registration Certificate issued by the Inland Revenue Department (certified copy)
- > Address proof such as passport, driving license, bank statements, and utility bills (less than two months old)
- > A valid visa
- > A declaration showing details of principal shareholders and the directors



It is not required under Hong Kong law for all directors, shareholders and signatories of a company to be present when opening a bank account, nor is it mandatory to have an office in Hong Kong. As these regulations vary among banks, it is recommended to confirm the terms of your chosen bank. For example, some institutions allow stakeholders to sign at overseas branches while some do not.

It is preferential to demonstrate companies to maintain documentation evidence of six months of operational income, but in case of start-ups, it is recommended to also provide a business plan which increases the chances of an application. The more details you provide, the higher your chance of success.



**FastLane can help to facilitate the bank account opening process for business owners and banks**

# 5 Useful Information

## 5.0

### Hong Kong Tax

Hong Kong has a reputation for maintaining a simple and convenient tax regime as a result of utilizing a territorial basis of taxation. Under a territorial basis of taxation, only Hong Kong sourced income is susceptible to Hong Kong profits tax implications with foreign sourced income being exempted from Hong Kong profits tax.

Hong Kong has some of the lowest tax in the world. Incorporated companies are subject to a profits tax rate of 8.25% on the first HKD 2 million of assessable profits, with remaining profits being subject to a profits tax rate of 16.5%. In addition, Hong Kong does not impose capital gains tax. For more information regarding the rules and regulations of Hong Kong tax, please refer to our e-book '[A Beginning Guide of Hong Kong Taxation](#)'.



FastLane is  
a licensed HK CPA firm

## 5.1 Pensions and Insurance Requirements

The Employees Compensation Ordinance, establishes the rights and obligations of Hong Kong employers and employees in incorporated companies, in respect of accidents arising from the course of employment. Under the above ordinance, it is mandatory to enrol your staff in the Mandatory

Provident Fund scheme "MPF"; a compulsory saving scheme for the retirement of residents in Hong Kong. In addition, it is against the Employee Compensation Ordinance to hire staff under the age of 18.

## 5.2

### Annual Filing Requirements

Local and foreign companies in Hong Kong are subject to annual filing requirements with the Hong Kong Companies Registry [under the Companies Ordinance]. Any private limited company incorporated in Hong Kong are required to file their Annual Returns that are signed by a director, company secretary, manager or authorized representative with the Companies Registry.

An Annual Return details the particulars of a company, such as the address of the registered office, shareholders, directors, secretary, etc. There is no requirement to file the financial accounts of the company with the Company Registrar.

The Annual Return must be filed once every calendar year, within 42 days of the anniversary of the company's incorporation date. However, companies are exempt from filing Annual Returns during the year of incorporation. Annual Returns must be filed even if the information contained in previously filed returns has not changed. Businesses are required to notify the Companies Registry that there has been no change since the date of the last return.

Late filing incurs exposes the company and its officers to prosecution and fines. (For further assistance, FastLane provides a one stop service to handle the annual return and different type of company filings)



## 5.3

### Hong Kong Fundraising Initiatives

In recent years, the Hong Kong Government has committed itself to further develop the growing start-up and SME ecosystem through dedicated teams and various initiatives. The Hong Kong Government has been so effective in their push to develop the start-up ecosystem, that there are now approximately 40 different initiatives that entrepreneurs can utilize. However, the amount of initiatives available can be overwhelming. In this article, we look to provide a general outline on the types of initiatives available and provide tips on how to best identify which initiative is best suited to you

#### **What are the different funding initiatives available to me?**

The various Hong Kong Government funding initiatives available can be broadly categorised into four separate groups; general SME

support, innovation and technology support, creative and design support, and incubation programs. It is important to note that to ensure eligibility to these initiatives, applicants must apply through a Hong Kong incorporated company.

Typically, funding initiatives will encourage their applicants to adopt technology into their business to increase their competitiveness. However, for applicants in industries who do not typically rely on technology as a key aspect of their business can apply to general SME support initiatives. These initiatives will provide general assistance ranging from funding to business support services.

Innovation and Technology Support programs seek to help SME's who are deemed to be beneficial to fostering a culture of innovation and technology in Hong Kong. Firms who participate in research and development activities or are looking to adopt various technologies to enhance their business competitiveness are the main beneficiaries of such programs.

Creative and design firms can seek support through Hong Kong's CreateSmart Initiative ("CSI"). The CSI supports firms which are deemed to be conducive to the development and promotion of creative industries in Hong Kong. Typically, the projects sponsored are diverse in nature as is the assistance that can be provided. However, applicants should take note that projects which have eligibility under other Hong Kong Government funding schemes will not be eligible under the terms of CSI eligibility requirements.

Startups who are in their inception stage or early development stage will benefit most from the incubation programs available. Applicants who are looking to accelerate their growth will find perks which extend past funding. Many of the incubation programs, such as Hong Kong's famous Cyberport Incubation Programme will also provide their tenants with business and professional services.

### **How to choose the best fundraising initiative?**

The difficulty that enterprises seeking funding face is not whether or not financial assistance can be received, but rather which initiative is most appropriate to them.

Each funding scheme is catered towards addressing unique problems that each industry faces. As such, it is recommended to assess the appropriateness of each funding scheme. Potential applicants should understand that the funding schemes offer differing assistance to SME's in various industries and at varying stages of development / growth. The monetary support obtained through these initiatives must also be utilized for a specific purpose (e.g., expansion or product development).

SME owners seeking the most appropriate funding scheme should identify the funding schemes relevant to their business industry and reconcile the terms of the applicable funding schemes to their present-day business needs. To better understand how to increase your chances for a successful application, applicants may refer to successful case studies, consult industry contacts for insight as to how to approach their application. In addition, don't be afraid to contact relevant government officials for any enquiries you may have.



# 6 FAQs

## What is a company incorporation?

Company incorporation is the legal formation of a company that separates the founders and the shareholders. The resulting legal entity ensures that members of the company, including shareholders, directors, executives etc, are not held accountable for any potential debts incurred by the newly incorporated company.

## What are the differences between a sole proprietorship and a limited liability company?

Sole proprietorships are legal structures whereby a company is owned and run by one individual. It is the typical legal structure of choice for one-person businesses as there is no legal distinction between the owner and the business entity. To apply for sole proprietorship in Hong Kong, you must be a Hong Kong resident or have a work visa.

A limited liability company ("LLC") is the preferred legal structure for individuals seeking to expand a company beyond a one or two-person team. LLC's promote increased credibility and professionalism to potential partners and investors as owners of an LLC are not personally liable for the company's debts or liabilities.

## What are the advantages of incorporating a company in Hong Kong?

There are various advantages arising from incorporating a company in Hong Kong. For example:

- 1) The incorporation and company registration fees in Hong Kong are among the lowest fees in the world. The low cost is a by-product of the government's aim to incentivize entrepreneurship. Prices to acquire a Company Registration and a Business Registration Certificate are generally quoted at HKD 2,000. However, as of 1 April 2019, the Hong Kong government has imposed a one year waiver period for the above fee.
- 2) Hong Kong maintains a simple taxation regime with low tax rates. As aforesaid, the first HKD 2 million of assessable profits are taxed at a rate of 8.25% with subsequent assessable profits taxed at a rate of 16.5%. Under a territorial system of taxation, foreign sourced profits earned outside of Hong Kong are not susceptible to Hong Kong profits tax (more specifics here).
- 3) The start-up ecosystem in Hong Kong has been growing rapidly throughout the past decade. With a reputation as a global business centre and being situated in a strategically advantageous location near China, Hong Kong has extensive access to the Chinese market which is further emphasized by a Closer Economic Partnership Arrangement.





### Can foreigners or Hong Kong non-residents incorporate a company in Hong Kong?

Yes. A Hong Kong company's shareholders and directors are not required to be Hong Kong nationals and are not required to reside in Hong Kong. In addition, because there are no language restrictions in respect of company incorporation, the process may be completed in either English or Chinese.

### Do I have to physically be in Hong Kong?

No you don't! With the Hong Kong Government's e-Registry system, applicants can register their companies online. You may also engage a professional firm to incorporate the company on your behalf. However, upon incorporation, most banks will require you to come in person with hard copies of all your documentary evidence to open a Hong Kong bank account.

### What is required to open a Hong Kong company?

- > 1 shareholder
- > 1 director (one of which has to be a natural person, not a company)
- > 1 licensed company secretary
- > 1 Registered address
- > Completed NNCI and IRB1 forms
- > Significant Controller Register
- > Certificate of Incorporation and Business Registration

### How long does the process take?

If all your documents are complete, FastLane is able to incorporate a company within 2-3 business days.

### What is the role of a company secretary?

Your company secretary's role is to maintain the company books and records, and ensure the company remains compliant with all statutory requirements. Every incorporated company must have a Hong Kong-based company secretary. Licensed professional firms, such as the FastLane Group, may act as your company secretary. Most professional firms will provide you with a local business address as well.

### Do I need to hire a professional firm?

No. However most people do opt to work with a professional firm as it's much easier to pass the work onto people who have done it before.

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**Ready to incorporate your  
company?**

**Talk to one of our experts  
today.**

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