THE PARALEGAL DESK

# Business associations — sole trader, partnership, company and society

A printable reference pack for Hong Kong paralegals and legal executives.

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**Reference edition, fees checked to 14 November 2026.** Educational material only, not legal advice. Fees, time limits and practice directions change: verify against the current ordinance, practice direction or registry guidance before relying on anything in this pack for a live matter.

# Business associations

**BUSINESS AND CORPORATE**

The company setup page takes incorporation in detail. This page is the comparison that comes before it: what a sole proprietorship, a partnership, a limited partnership, a company and a society each are, what each costs to start, who is liable when it fails, and how each is brought to an end.

**THE MISTAKE THAT COSTS THE MOST**

Two people start a business, split the profit, and never sign anything. In law they are partners in an ordinary partnership under Cap 38: each is liable for the other's debts without limit, the partnership dissolves on the death or bankruptcy of either, and there is no register to search because an ordinary partnership is not registered at all. A partnership deed costs less than a month of the disputes it prevents.

## 1 The five vehicles, compared

**Which vehicle, and what follows from it**

| | Liability | Register | Separate entity | Ends by |
|---|---|---|---|---|
| **Sole proprietorship** | The proprietor, personally, without limit | Business Registration Office only | No | The proprietor ceasing business or dying |
| **Ordinary partnership** (Cap 38) | Each partner, jointly and severally, without limit | None — no register of ordinary partnerships | No | Dissolution: notice, death, bankruptcy, illegality, or the court |
| **Limited partnership** (Cap 37) | General partners without limit; limited partners to the amount contributed | Companies Registry | No | Dissolution under the partnership agreement or by the court |
| **Limited partnership fund** (Cap 637) | The fund's liabilities are the fund's; partners are not personally liable | Companies Registry, as an LPF | Yes, a fund with legal personality | Winding up under Cap 637 |
| **Company** (Cap 622) | Limited to the amount unpaid on shares | Companies Registry | Yes | Deregistration or winding up |
| **Society** (Cap 151) | The society's committee and members, depending on the constitution | Societies Officer, Hong Kong Police | No | Dissolution under the constitution, or cancellation |

## 2 Sole proprietorship

The simplest vehicle, and the one with the fewest formalities: no incorporation, no constitution, no annual return. The proprietor and the business are the same legal person, which is the advantage (no filing, no audit requirement for the business itself) and the whole of the risk (every debt is the proprietor's, and the family home is not protected).

**Business registration — the only registration a sole trader needs**

| Item | Detail |
|---|---|
| Form | Form 1(a) for a sole proprietorship — the application is made to the Inland Revenue Department's Business Registration Office, online through GovHK or on paper |
| Deadline | Within **1 month** of commencing business |
| Fee, one year | **HK$2,350** — HK$2,200 registration fee plus the HK$150 levy |
| Fee, three years | **HK$6,170** — HK$5,720 plus HK$450 |
| Branch certificate | **HK$230** for one year, **HK$658** for three |
| What it does, and does not, do | It proves the business is registered. It confers no limited liability, no trade mark rights and no company name protection |
| Renewal | Annual or every three years; the demand note arrives about a month before expiry, and not receiving it is not an excuse |

## 3 Ordinary partnership (Cap 38)

A partnership is the relation between persons carrying on business in common with a view of profit. It needs no writing, no registration and no capital, and it can be created by conduct — which is precisely why it is dangerous.

**The rules that apply when nothing is written down**

| Question | Default rule | Why it matters |
|---|---|---|
| How many partners? | An ordinary partnership may not have more than **20 partners**, with exceptions for professional firms such as solicitors and accountants | A 21st partner creates an unregistered company problem rather than a larger firm |
| Who decides? | By majority, save that a change of the nature of the business needs unanimity | Deadlock, and a partner who acts alone |
| Profit and loss | Equally, whatever the capital contributed | The partner who put in 90% of the money still takes half |
| Liability | Jointly and severally liable for the firm's debts, without limit | A creditor may pursue any one partner for the whole |
| Authority | Every partner is the firm's agent for acts in the ordinary course of business | One partner can bind the firm — and the others — to a contract |
| Ending | Dissolution on death, bankruptcy, retirement, or notice; the affairs must be wound up and the assets applied | A departing partner remains liable for past debts unless released |

An ordinary partnership is not registered, so there is no register to search and no filing to make. What a creditor or a court looks for is the partnership deed, the firm's letterhead, the business registration certificate and the bank mandate — and a firm that has none of them is proved by conduct, which is expensive.

## 4 Limited partnership (Cap 37)

The limited partnership is the vehicle for an investor who wants to put money in without taking part in management. It must have at least one **general partner** with unlimited liability, and at least one **limited partner** whose liability is capped at the sum contributed and stated on the register.

**Registration at the Companies Registry**

| Item | Detail |
|---|---|
| Form | **Form 1** — application for registration of a limited partnership; **Form 2** for a notice of change |
| What the statement must contain | The firm name, the general nature of the business, the principal place of business, the full name of each partner, the term and commencement date, a statement that the partnership is limited, and the sum contributed by each limited partner with whether it was paid in cash |
| Fee | **HK$340**, plus **HK$8** for every HK$1,000 or part of HK$1,000 contributed by each limited partner |
| What you get | A certificate of registration of a limited partnership |
| The danger | A limited partner who takes part in management becomes liable for the firm's debts during the period he does so — the register does not protect him |
| Also required | The business registration certificate, which is separate from the cap 37 registration and is issued by the Inland Revenue Department |

## 5 Limited partnership fund (Cap 637)

Since 2020 Hong Kong has had an onshore fund vehicle, the limited partnership fund, registered with the Companies Registry and governed by the Limited Partnership Fund Ordinance (Cap 637). It is a fund, not a trading vehicle: it must have at least one general partner and one limited partner, an investment manager licensed or registered with the Securities and Futures Commission, and a custodian, and it has legal personality of its own. Registration is not a company incorporation and the filing obligations are those of the ordinance, not of Cap 622.

## 6 Company (Cap 622)

A company is a separate legal person: it contracts, owns property, sues and is sued in its own name, and the members' liability is limited to the amount unpaid on their shares. That is the whole reason to incorporate, and it comes with the obligations the rest of this desk sets out — annual returns, registers, resolutions, audited accounts and a company secretary.

**What incorporation costs and requires, in one view**

| Item | Detail |
|---|---|
| Incorporation fee | **HK$1,545** electronic filing · **HK$1,720** on paper, plus the business registration fee and levy of **HK$2,350** |
| Minimum structure | At least one director who is a natural person, a company secretary, a registered office in Hong Kong, and a significant controllers register |
| Annual obligations | Annual return (NAR1) within 42 days of the anniversary, audited accounts, profits tax return, and the registers kept at the registered office |
| Ending | Deregistration where the company has not traded for three months, or a members' or creditors' voluntary winding up, or a compulsory winding up |

*Details of every one of these — the incorporation documents, the annual return, the registers and the specimens — are on the company setup, company secretarial and company filings pages.*

## 7 Society and club (Cap 151)

A society is for a purpose that is not a business: a sports club, an owners' association that has not incorporated, a professional body, a charity running without a company. It has no separate legal personality unless it incorporates under another ordinance, so the committee members can find themselves personally liable for the society's debts and leases.

**Registration of a local society**

| Item | Detail |
|---|---|
| Who applies | The society, in the specified form, to the Societies Officer — an office of the Hong Kong Police Force, not the Companies Registry |
| Deadline | Within **1 month** of establishment |
| What the application must contain | The name, the objects, the particulars of the office-bearers, and the address of the principal place of business and of every place owned or occupied by the society |
| Who signs | **Three office-bearers** |
| The alternative | An application for exemption from registration, on the same form and within the same month |
| Branches | A separate application within 1 month of the branch's establishment |
| The register | The Societies Officer keeps a register which the public may search — the one thing a company-style search cannot give for an unincorporated body |

**THE QUESTION TO ASK BEFORE ANY OF THIS**

Does the club need to hold property, employ staff or sign a lease? If it does, an unincorporated society is the wrong vehicle: the lease will be in the names of the office-bearers personally, and they will change every year. The answer is usually a company limited by guarantee, which is still a company under Cap 622 and carries the same filing obligations.

## 8 Changing and ending

**What has to be notified, and what ending looks like**

| Vehicle | Change | Ending |
|---|---|---|
| Sole proprietorship | Change of business name or address: notify the Business Registration Office; a change of proprietor is a new business | Notify cessation; the certificate lapses and the tax return is filed to the date of cessation |
| Ordinary partnership | Change of partners: no register, but the deed and the bank mandate must be updated, and notice given to creditors | Dissolution by notice, death, bankruptcy or the court; wind up, pay the debts, distribute the surplus; advertise in the Gazette where the deed requires it |
| Limited partnership | Form 2, notice of change — a change in the partners or in the sums contributed must be registered | Dissolution under the agreement; the Registrar is notified and the register annotated |
| Company | ND2A, ND2B, NR1, NAR1 and the rest — 15 days in most cases | Deregistration (no trading for 3 months, no assets or liabilities), or a voluntary or compulsory winding up |
| Society | Change of office-bearers or address, notified to the Societies Officer | Dissolution under the constitution, with notice to the Societies Officer; the remaining assets go as the constitution directs |

## 9 The documents, filled in

Five documents do most of the work: the partnership deed that should have been signed first, the limited partnership application, the business registration form, the society application, and the notice that ends a firm.

| Partnership deed — the clauses that decide the arguments | Specimen · example only |
|---|---|
| **Parties** | CHEUNG Man Kit and WONG Siu Fung, both of Hong Kong, carrying on business as "M&K Design Studio" |
| **1. Commencement and term** | The partnership begins on 1 December 2026 and continues until determined under clause 12; the firm name is M&K Design Studio |
| **2. Capital** | CHEUNG contributes HK$600,000 and WONG HK$400,000, in cash on 1 December 2026; further capital only by unanimous agreement, and no partner may be required to lend to the firm |
| **3. Profits and losses** | In the ratio 60:40, which is *not* the default rule — without this clause the law divides equally whatever the capital |
| **4. Drawings** | Each partner may draw HK$40,000 a month, with the balance struck annually on 31 March and paid within 60 days |
| **5. Management** | Decisions in the ordinary course by either partner; unanimity required for borrowing above HK$200,000, taking on a partner, changing the nature of the business, or disposing of the firm's goodwill |
| **6. Duties and time** | Each partner devotes substantially the whole of his time to the business, and may not be engaged in a competing business without written consent |
| **7. Accounts and records** | Proper books at the principal place of business, open to both partners, with annual accounts prepared and signed within 3 months of the year end |
| **8. Bank** | One firm account with a designated bank, operated by both signatures for sums above HK$50,000 |
| **9. Retirement and death** | Six months' written notice to retire; on death the surviving partner may purchase the deceased's share at the value in the last accounts, and the estate is not entitled to take part in management |
| **10. Expulsion** | Only for a material breach that is not remedied within 30 days of notice, or for bankruptcy or a conviction involving dishonesty, and only by the other partner's written decision |
| **11. Restrictive covenant** | For 12 months and within Hong Kong, a departing partner may not solicit the firm's clients or employ its staff — drafted narrowly enough to be enforceable |
| **12. Dissolution and winding up** | By mutual agreement or notice; the assets applied first in paying the firm's debts and the partners' advances, then capital, then the surplus in the profit ratio |
| **13. Disputes and law** | Hong Kong law; mediation before proceedings; the courts of the HKSAR |

*The 60:40 clause is the whole point: without it Cap 38 divides equally · no register exists, so the deed is the only constitution the firm has · the restrictive covenant must be no wider than the firm's legitimate interest, or it is void*

| Form 1 — application for registration of a limited partnership (Cap 37) | Specimen · example only |
|---|---|
| **Firm name** | Harbourview Capital Limited Partnership |
| **General nature of the business** | Investment holding and the provision of management services to group companies |
| **Principal place of business** | Unit 1203, 12/F, Two Pacific Place, 88 Queensway, Hong Kong |
| **Term and commencement** | Ten years from 1 January 2027, unless extended by the partners |
| **General partner** | Harbourview GP Limited, company no. 1234567, a Hong Kong company — unlimited liability |
| **Limited partners** | CHEUNG Man Kit — HK$4,000,000, paid in cash · WONG Siu Fung — HK$2,500,000, paid in cash · Silverpine Holdings Limited — HK$3,500,000, paid in cash |
| **Statement of limitation** | The partnership is a limited partnership and each partner named as a limited partner is a limited partner whose liability is limited to the sum contributed |
| **Fee** | **HK$340**, plus **HK$8** for every HK$1,000 or part of HK$1,000 contributed by each limited partner — on HK$10,000,000 that is a further **HK$80** |
| **Filed with** | The Companies Registry, in person or through the e-Filing Services; the certificate of registration follows |
| **Remember** | The limited partner who signs for the firm, negotiates the lease or hires staff has taken part in management, and is liable for the debts of that period |

*HK$340 plus HK$8 per HK$1,000 contributed · Form 2 for every later change · the register protects the limited partner only while he stays out of management*

| Form 1(a) — business registration, sole proprietorship | Specimen · example only |
|---|---|
| **Business name** | M&K Design Studio |
| **Nature of business** | Interior design consultancy |
| **Proprietor** | CHEUNG Man Kit, Hong Kong identity card A123456(7), of Flat 8B, 22 Fort Street, North Point |
| **Principal place of business** | Unit 5, 3/F, 88 Java Road, North Point, Hong Kong |
| **Date of commencement** | 1 December 2026 — the certificate is dated from the commencement date, not the date of application |
| **Certificate chosen** | One year at **HK$2,350** (HK$2,200 fee + HK$150 levy), or three years at **HK$6,170** |
| **Deadline** | Within **1 month** of commencement; a late application is still accepted, and the certificate is backdated to the commencement date |
| **What is not covered** | No limited liability, no reserved business name in the company sense, and no protection of the name as a trade mark — that is a separate application to the Intellectual Property Department |
| **If a branch opens** | A branch certificate, HK$230 for one year or HK$658 for three, applied for within 1 month |

*HK$2,350 a year, and the levy is back after a two-year waiver · the commencement date fixes the fee, not the payment date · a business name is not a trade mark*

| Society registration — three office-bearers and a constitution | Specimen · example only |
|---|---|
| **Society** | North Point Community Sports Association |
| **Objects** | To promote amateur sport among residents of North Point, and to organise coaching, leagues and events on a non-profit basis |
| **Office-bearers signing** | Chairman: LAU Chi Keung, Marcus · Secretary: CHAN Mei Ling · Treasurer: HO Ka Wai — **three** signatures are required |
| **Principal place of business** | Room 302, 3/F, 45 Tong Shui Road, North Point, Hong Kong |
| **Other premises** | A storage unit at 12 Oil Street, occupied under a licence — every place owned or occupied must be listed |
| **Constitution** | Attached: objects, membership, subscriptions, the committee, meetings, voting, the financial year, and what happens to the assets on dissolution |
| **Deadline** | Within **1 month** of establishment, to the Societies Officer; a branch within 1 month of the branch's establishment |
| **The alternative** | An application for exemption from registration, in the same form and within the same month |
| **The liability point** | The society has no separate legal personality: the lease and the insurance should be in the names of trustees holding office under the constitution, not in the names of the current committee |

*Three signatures, one month, and every set of premises listed · registration does not create a legal person · a club that holds property or employs staff should be a company limited by guarantee instead*

| Notice of dissolution — partnership, and the Gazette advertisement | Specimen · example only |
|---|---|
| **Notice to the partner** | "Notice is hereby given that the partnership between CHEUNG Man Kit and WONG Siu Fung carrying on business as M&K Design Studio at Unit 5, 3/F, 88 Java Road, North Point, was dissolved by mutual agreement with effect from 31 March 2028." |
| **Who signs** | Both partners, and the notice is dated the day of dissolution — a dissolution by notice takes effect when the notice is given, not when the other partner accepts it |
| **Winding up** | Stock valued and sold or divided, debtors collected, creditors paid in full before any partner is repaid capital, and the surplus divided in the profit ratio |
| **The final accounts** | Prepared to the date of dissolution, signed by both partners, and filed with the profits tax return for the year |
| **Third parties** | Banks, landlords, insurers and regular suppliers notified in writing; a partner retiring from a continuing firm must ensure the creditors know, or he remains liable for later debts |
| **Business registration** | Notify cessation to the Business Registration Office; the certificate is not cancelled, it simply expires |
| **Gazette** | Advertising the dissolution is not required by Cap 38, but a firm whose deed requires it, or which wants a public record, advertises in the Hong Kong Government Gazette |
| **The trap** | Dissolution is not the same as the end of liability: debts incurred before dissolution remain the partners' joint and several liability |

*Creditors before capital, always · a retiring partner who does not give notice to creditors stays liable for the continuing firm · dissolution does not extinguish the debts already incurred*

## 10 Worked example: choosing the vehicle

**Two designers, HK$1,000,000 of capital, one lease, and a client who may sue** Specimen · example only

**CHEUNG and WONG — the comparison put to the client**

| Factor | Sole proprietorship | Ordinary partnership | Limited partnership | Company |
|---|---|---|---|---|
| Set-up cost | HK$2,350 | HK$2,350 | HK$2,350 + HK$340 + HK$8 per HK$1,000 | HK$1,545 + HK$2,350 |
| Liability for the lease | The proprietor, personally | Both partners, jointly and severally | General partner only | The company, and the lease is the company's |
| Liability for professional negligence | The proprietor | Both partners | General partner | The company; the individual who did the work may also be liable |
| Annual filing | Tax return only | Tax return only | Tax return, and Form 2 on changes | NAR1, audited accounts, tax return, registers |
| Audit required | No | No | No | Yes, unless the small company reporting exemption applies |
| Can take in an investor | No | Only as a partner, with liability | Yes — that is what it is for | Yes, by shares, with limited liability |
| Ending | Stop trading | Dissolve and wind up | Dissolve and notify | Deregister or wind up |
| **What I would advise** | If the work is low-risk and the capital is small, register the business and sign a deed. If there is a lease, employees, or a client who could sue for a defective design, incorporate: the incorporation fee is HK$3,895 including business registration, which is less than one month of a commercial lease and buys the separation of liability. | | | |

*The comparison is not about prestige; it is about who bears the lease and the negligence claim · a partnership deed still matters if they stay a partnership · the company's annual obligations are the price of the separation, and they have to be resourced*

## 11 Fees and deadlines

### What each vehicle costs, and when it has to be done

| Vehicle and event | Fee | Deadline |
|---|---|---|
| Sole proprietorship — business registration, 1 year | **HK$2,350** | Within 1 month of commencement |
| Sole proprietorship — business registration, 3 years | **HK$6,170** | At the same time |
| Branch certificate, 1 year / 3 years | **HK$230** / **HK$658** | Within 1 month of the branch opening |
| Ordinary partnership | Business registration only — no registry fee | Within 1 month of commencement |
| Limited partnership — registration | **HK$340** + **HK$8** per HK$1,000 contributed by each limited partner | Before the partnership begins to carry on business |
| Limited partnership — notice of change | Per the Companies Registry scale | As soon as the change occurs |
| Company — incorporation | **HK$1,545** electronic / **HK$1,720** paper, plus **HK$2,350** | Before trading |
| Company — annual return | **HK$105**, then HK$870 / HK$1,740 / HK$2,610 / HK$3,480 by lateness | Within 42 days of the anniversary |
| Society — registration | No Companies Registry fee; the application goes to the Societies Officer | Within 1 month of establishment |
| Business registration renewal | **HK$2,350** a year, or **HK$6,170** for three | Before expiry; the demand note arrives about a month ahead |

## Official forms, and which office each goes to

**The form for each step, by vehicle**

| Step | Form | Lodged with | Fee |
|---|---|---|---|
| Register a sole proprietorship or partnership | **Business registration application, Form 1** | Business Registration Office, Inland Revenue Department | **HK$2,350** for one year · **HK$6,170** for three, including the levy |
| Register a branch | **Form 1(a)** | Business Registration Office | **HK$230** a year · **HK$658** for three |
| Notify a change of business particulars | **IRC 3110A** (name) · **IRC 3111A** (address) | Business Registration Office | No fee |
| Incorporate a company | **Form NNC1**, with the articles and the incorporation fee | Companies Registry | **HK$1,545** electronic · **HK$1,720** paper, plus the business registration fee |
| Register a limited partnership | **Form 1** under Cap 37 | Companies Registry | **HK$340**, plus **HK$8** per HK$1,000 contributed by each limited partner |
| Register a limited partnership fund | Application under Cap 637, with the investment manager's and auditor's confirmations | Companies Registry | Per the Cap 637 scale |
| Register a society or club | Application to the Societies Officer, with the constitution and the office-bearers' particulars | Societies Officer | No Companies Registry fee |
| Notify a change of society particulars or a dissolution | Notice in the form the Societies Officer requires | Societies Officer | No fee |
| Keep the company filings current | **NAR1** annual return · **ND2A** / **ND2B** directors · **ND4** resignation · **NR1** registered office | Companies Registry | NAR1 **HK$105** within 42 days, rising to HK$3,480; the others no fee |

*The business registration fee is not a Companies Registry fee, and it is not optional for a company: incorporation and business registration are two applications, paid together. A company that has filed NAR1 has still not renewed its business registration, and a partnership that has renewed its business registration has still filed nothing at the Companies Registry, because it files nothing there at all.*

## 12 What goes wrong

- **The partnership is never documented.** Cap 38 then divides profits equally, makes each partner liable without limit for the others' acts, and dissolves the firm on a death or a bankruptcy.
- **A limited partner helps run the business.** Signing the lease, hiring staff or negotiating with a client can make him liable for the debts of the period he was involved.
- **A sole proprietor thinks registration limits liability.** The business registration certificate is a tax document; it protects nothing.
- **The business name is assumed to be protected.** Neither business registration nor a company name gives trade mark rights; the name has to be registered separately at the Intellectual Property Department.
- **A society holds property in the committee's names.** The committee changes, the lease does not, and the new officers inherit a liability they never agreed to.
- **More than 20 partners in an ordinary partnership.** The limit is in Cap 38, with narrow exceptions for professional firms.
- **A retiring partner does not notify creditors.** He remains liable for the continuing firm's later debts unless the creditors agree to release him.
- **A company is deregistered with assets still in it.** Deregistration requires no liabilities and no assets; anything left vests in the Government as bona vacantia.

## 13 Checklist

**PRINT THIS**

- Vehicle chosen against liability, cost, investors and exit — and the reason recorded on the file
- Business registration applied for within 1 month; certificate type and fee recorded
- Partnership deed signed, with profit ratio, capital, management, retirement, expulsion and dissolution clauses
- Limited partnership: Form 1 filed, contributions stated, and every limited partner kept out of management
- Company: incorporation documents, first registers, company secretary and registered office in place
- Society: three office-bearers signed, all premises listed, constitution attached and filed within 1 month
- Bank mandate matches the constitution or the deed — signatories and thresholds
- Trade mark application considered, separately from the business or company name
- Insurance and the lease in the right legal name
- On dissolution: creditors paid, final accounts signed, banks and suppliers notified, and the register updated

## 14 Sources


- Partnership Ordinance (Cap 38) — definition, the 20-partner limit, authority of partners, liability, dissolution and winding up.
- Limited Partnerships Ordinance (Cap 37), ss 6 and 7 (registration statement and particulars); Companies Registry guidance on Form 1 and Form 2, and the fee of HK$340 plus HK$8 per HK$1,000 contributed.
- Limited Partnership Fund Ordinance (Cap 637); Companies Ordinance (Cap 622).
- Business Registration Ordinance (Cap 310), including the fee and levy table in force from 1 April 2026 (HK$2,350 for one year, HK$6,170 for three, HK$230 and HK$658 for branches); Inland Revenue Department guidance on Forms 1(a) to 1(d) and the one-month deadline.
- Societies Ordinance (Cap 151), s 5 (application in the specified form within one month, signed by three office-bearers, with the objects, office-bearers and premises).
- Companies Registry, *Registration of a Limited Partnership*; Inland Revenue Department, *A Brief Guide to Business Registration*.