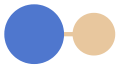


2025 EDITION

Doing Business in Hong Kong

Your gateway to Asia — a practical guide for investors and businesses entering the Hong Kong market.



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Hong Kong at a Glance

POPULATION	~7.5 million
GDP (2024)	~US\$407 billion
CURRENCY	HKD, pegged to USD (7.75–7.85)
CORPORATE TAX	8.25% / 16.5% two-tiered
VAT / GST	None
CAPITAL GAINS TAX	None
WITHHOLDING TAX ON DIVIDENDS	None
COMPANY SETUP TIME	As fast as 1 day (online)
LEGAL SYSTEM	Common law
OFFICIAL LANGUAGES	Chinese and English



CHAPTER 1

Hong Kong Overview

A global financial centre at the heart of Asia

Why Hong Kong

Hong Kong is a Special Administrative Region of the People's Republic of China operating under the "one country, two systems" framework. It maintains its own common law legal system, freely convertible currency, independent customs territory and free flow of capital and information.

Consistently ranked among the world's freest economies, Hong Kong serves as the primary gateway between mainland China and international markets, and is a leading centre for finance, trade, logistics and professional services.

Economy & Key Indicators

Services account for over 90% of GDP, anchored by financial services, trading and logistics, tourism, and professional and producer services — the four traditional pillar industries.

GDP PER CAPITA

~US\$54,000

EXCHANGE RATE REGIME

Linked Exchange Rate System since 1983

STOCK MARKET

HKEX — among the world's top listing venues

TRADE

One of the world's top 10 trading entities

Government & Policy Direction

The Hong Kong SAR Government is led by the Chief Executive, with policy bureaux overseeing financial services, commerce, innovation and other portfolios. The Basic Law guarantees the capitalist system and way of life.

Key growth strategies include deeper integration with the Guangdong–Hong Kong–Macao Greater Bay Area (GBA) — a market of over 86 million people — the Northern Metropolis development, and positioning as an international innovation and technology hub and family office centre.



CHAPTER 2

Market Entry & Business Setup

Choosing the right vehicle and getting started

Choice of Entity

Vehicle	Key features	Best for
Private limited company	Separate legal entity; limited liability; 1+ shareholder and director (one director must be a natural person); no minimum capital	Most foreign investors
Branch (non-HK company)	Extension of the parent; registers under Part 16 of the Companies Ordinance; parent bears liability	Banks, established groups
Representative office	Liaison and promotion only; cannot conclude business or generate profits	Market research phase
Sole proprietorship / partnership	Simple; unlimited liability (LPs available for funds)	Small local businesses

Incorporation Process

- Reserve a company name and submit incorporation form NNC1 with articles of association to the Companies Registry — online incorporation can complete in as little as one business day.
- Business Registration Certificate is issued together with the Certificate of Incorporation under the one-stop service.
- Appoint a company secretary (HK resident or HK body corporate) and maintain a registered office address in Hong Kong.
- 100% foreign ownership is permitted in virtually all sectors; there is no general foreign investment approval regime.

Bank Account & Practical Matters

Account opening requires enhanced due diligence — expect requests for business proof, ownership structure and source of funds. Virtual banks and fintech alternatives have simplified onboarding for SMEs.

Certain regulated activities (e.g. securities, insurance, banking, money services, employment agencies, food and beverage) require sector-specific licences before commencing business.



CHAPTER 3

Legal Framework & Compliance

A trusted common law jurisdiction

Companies Ordinance

The Companies Ordinance (Cap. 622) governs incorporation, directors' duties, financial reporting and corporate transactions. Companies must file an annual return, hold annual general meetings (subject to dispensation) and keep audited financial statements — audits are mandatory for all Hong Kong companies regardless of size.

Transparency & Registers

- Significant Controllers Register (SCR): every company must identify persons holding more than 25% of shares or voting rights and keep an SCR available for law enforcement inspection.
- A designated representative must be appointed to assist law enforcement with SCR matters.

AML / CTF & Data Privacy

The Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) imposes customer due diligence and record-keeping duties on financial institutions and designated non-financial businesses, including TCSPs, accountants and lawyers. Virtual asset service providers are licensed by the SFC.

The Personal Data (Privacy) Ordinance (PDPO) regulates the collection, use and security of personal data through six data protection principles. Hong Kong also implements FATCA and CRS automatic exchange of financial account information.

Dispute Resolution

Hong Kong courts operate independently with final adjudication by the Court of Final Appeal. The city is a leading seat for international arbitration (HKIAC), and mainland-Hong Kong mutual enforcement arrangements enhance the enforceability of judgments and arbitral awards across the border.



CHAPTER 4

Taxation Framework

Simple, low and territorial

Territorial Source Principle

Hong Kong taxes only profits arising in or derived from Hong Kong. There is no VAT/GST, no capital gains tax, no withholding tax on dividends or interest, and no estate duty. Royalties paid to non-residents attract limited withholding (generally an effective 4.95%).

Profits Tax

The Foreign-Sourced Income Exemption (FSIE) regime requires MNE group entities to meet economic substance, participation or nexus requirements for certain offshore passive income (dividends, interest, IP income, disposal gains) to remain tax-exempt. Hong Kong has implemented the BEPS Pillar Two 15% global minimum tax for large MNE groups (revenue \geq EUR 750 million) from 1 January 2025.

FIRST HK\$2M OF PROFITS

8.25% (corporations)

UNINCORPORATED BUSINESSES

7.5% / 15%

PROFITS ABOVE HK\$2M

16.5% (corporations)

LOSS CARRY-FORWARD

Indefinite

Salaries Tax & Stamp Duty

Salaries tax is charged at progressive rates of 2%–17%, capped at the standard rate — 15% on the first HK\$5 million of net income and 16% on the remainder. Stamp duty applies to Hong Kong stock transfers (0.1% per side) and property transactions (scaled rates up to 4.25%; the extra buyer/residential duties were abolished in 2024).

International Tax

Hong Kong has signed comprehensive double taxation agreements with around 50 jurisdictions, including mainland China. Transfer pricing rules codify the arm's length principle, with master file / local file documentation required above prescribed thresholds and country-by-country reporting for large groups. Offshore claims and FSIE positions should be supported by robust documentation.



中環匯豐中心
CENTRAL MTR

中環匯豐中心
MTR LEVEL 1 ESCALATOR



CHAPTER 5

Labour & Immigration

Employing and relocating talent

Employment Ordinance

- Governs wages, rest days, statutory holidays, annual leave, sickness allowance, maternity/paternity leave, severance and long service payments.
- Statutory Minimum Wage applies (reviewed regularly); most employees under a "continuous contract" (4+ weeks, 18+ hours/week) enjoy full statutory benefits.
- No statutory maximum working hours for most employees; termination generally requires notice or payment in lieu.

Mandatory Provident Fund (MPF)

Employers and employees each contribute 5% of relevant income, capped at HK\$1,500 per month each (income cap HK\$30,000/month). The MPF offsetting arrangement against severance/long service payments was abolished from 1 May 2025.

Visas & Talent Schemes

Scheme	Who it serves
General Employment Policy (GEP)	Professionals with a confirmed job offer; no quota
Top Talent Pass Scheme (TTPS)	High earners (HK\$2.5M+/yr) or graduates of top global universities
New CIES (investment migration)	Invest HK\$30M+ in permissible assets
Admission schemes for mainland talent (ASMTP) & others	Mainland Chinese professionals; intra-group transferees



CHAPTER 6

Regulators & Incentives

Who you'll deal with — and what support is available

Key Regulators

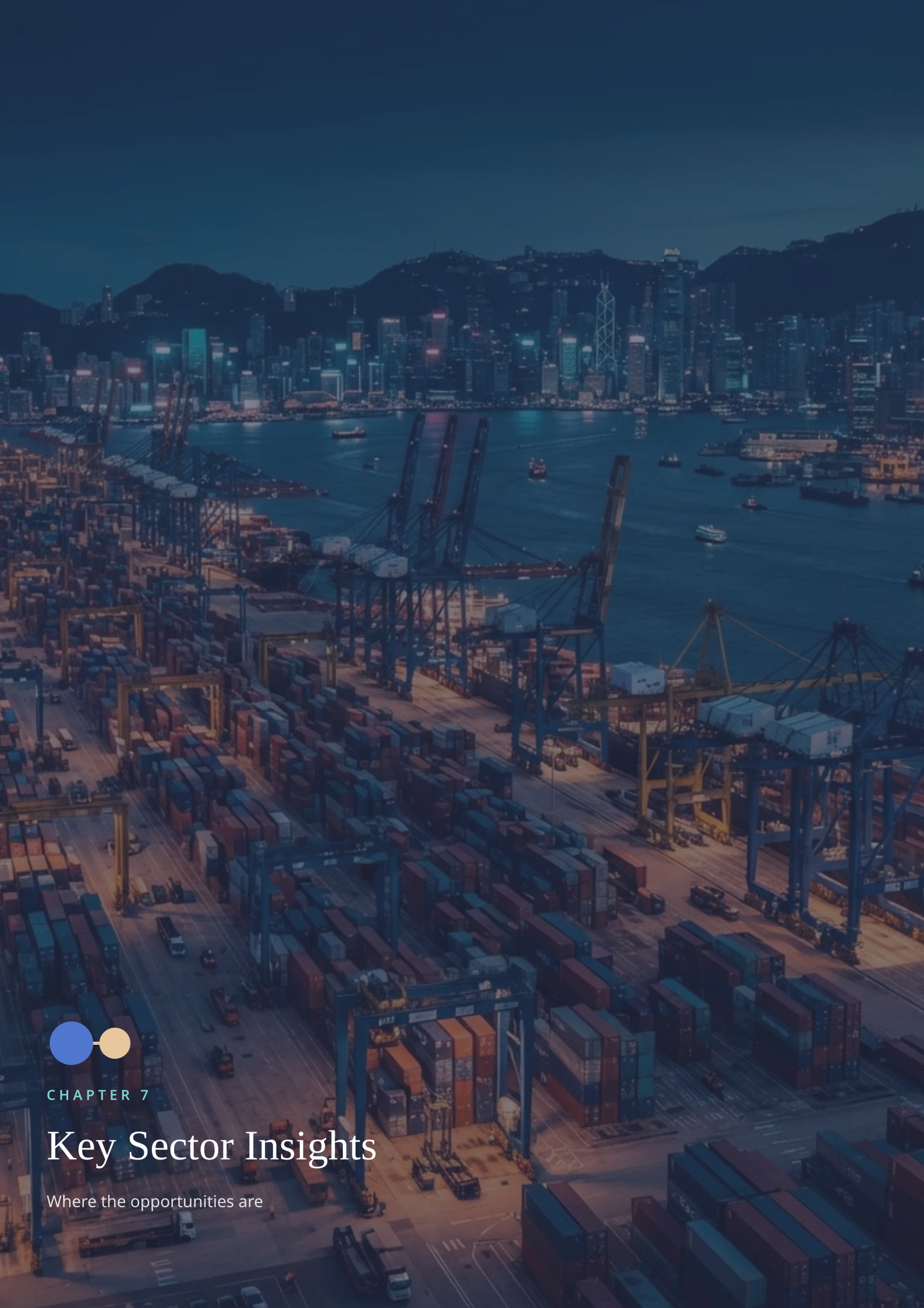
Body	Remit
Companies Registry (CR)	Incorporation, filings, registers, TCSP licensing
Inland Revenue Department (IRD)	Profits, salaries and property tax; stamp duty; business registration
Hong Kong Monetary Authority (HKMA)	Banking supervision, monetary stability, stored value facilities
Securities & Futures Commission (SFC)	Securities and futures markets, asset managers, virtual asset platforms
Insurance Authority (IA)	Insurers and insurance intermediaries

Funding & Support Schemes

- BUD Fund — up to HK\$7 million per enterprise for developing brands and businesses in the mainland and FTA/IPPA markets.
- Technology Voucher Programme (TVP) — up to HK\$600,000 for technology adoption by local enterprises.
- InvestHK provides free, confidential support to foreign companies setting up or expanding in Hong Kong.

Tax Concessions

- Family-owned investment holding vehicles (FIHVs) managed by single family offices — 0% profits tax on qualifying transactions.
- Corporate treasury centres, aircraft leasing, ship leasing and marine insurance — concessionary 8.25% or 0% rates.
- Unified funds exemption — 0% profits tax for qualifying funds; carried interest concession for qualifying PE funds.
- Enhanced R&D deduction — 300% on the first HK\$2 million of qualifying expenditure, 200% thereafter.



CHAPTER 7

Key Sector Insights

Where the opportunities are

Financial Services

Asia's leading international financial centre: a top global IPO venue, the largest offshore RMB hub, a fast-growing wealth and asset management centre (AUM over US\$4 trillion), and an emerging virtual asset and green finance hub with dedicated licensing regimes.

Trade & Logistics

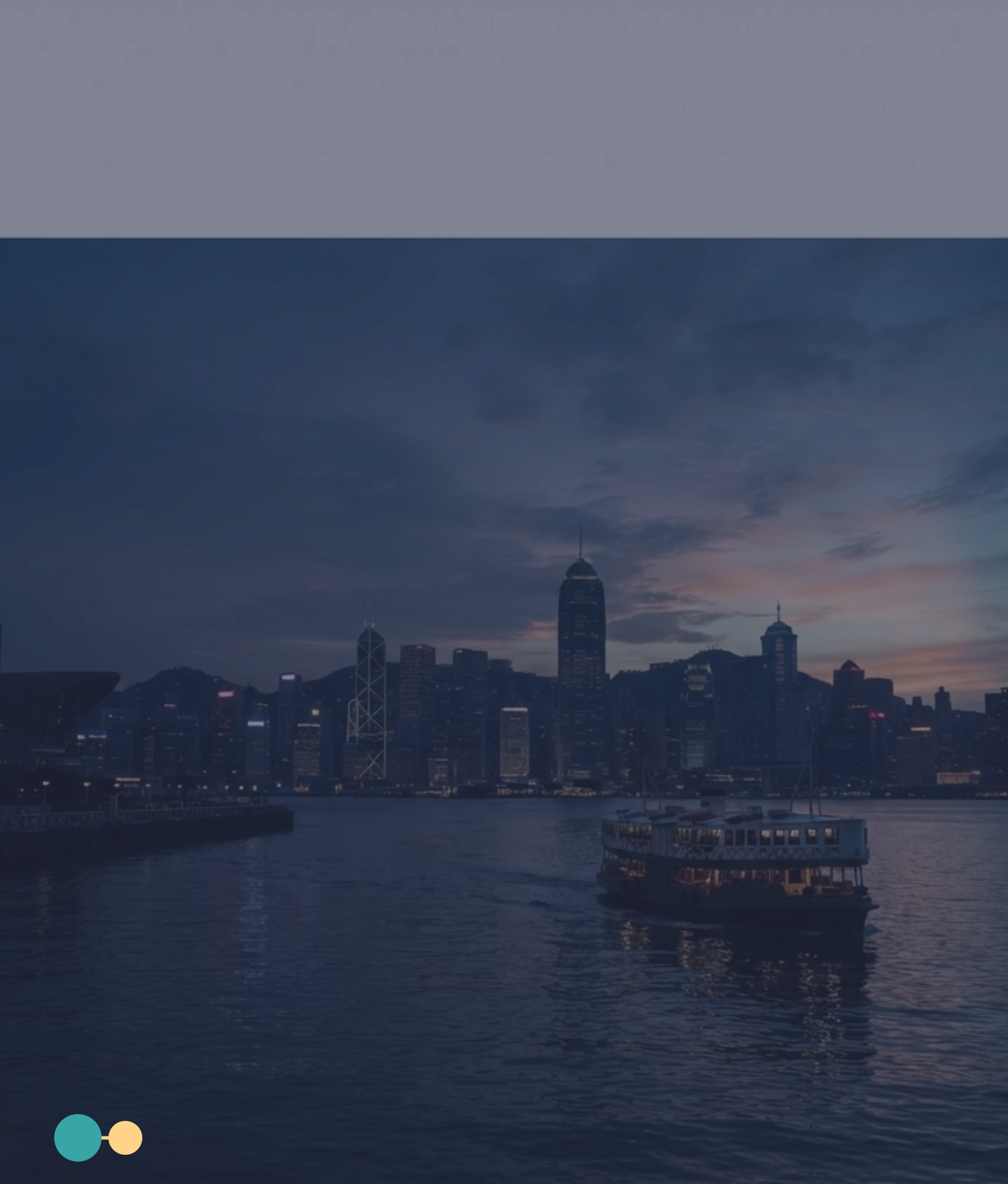
Home to one of the world's busiest international air cargo airports and a leading container port. The free port status — no customs tariffs on general imports — plus CEPA access to the mainland market make Hong Kong a natural regional distribution and sourcing base.

Innovation & Technology

Anchored by Cyberport and Hong Kong Science Park, with the Hong Kong–Shenzhen I&T Park under development. Focus areas include fintech, AI and data science, biotech and smart city. Generous R&D super-deductions and funding schemes support both startups and corporates.

Professional Services, Tourism & Retail

Hong Kong hosts deep pools of accounting, legal, consulting and design expertise servicing the region. Tourism and retail continue to recover, supported by mega events, the arts scene (M+, West Kowloon Cultural District) and GBA visitor flows.



CHAPTER 8

Exit, Restructuring & Liquidation

Options when circumstances change

Deregistration

A solvent, defunct private company may apply for deregistration — a simple and inexpensive process requiring a Notice of No Objection from the IRD, no outstanding liabilities and members' approval. Typically completes in around five months.

Winding Up

- Members' voluntary liquidation — for solvent companies; directors make a certificate of solvency and a liquidator distributes assets.
- Creditors' voluntary liquidation — for insolvent companies choosing to wind up without court involvement.
- Compulsory (court) winding up — usually on a creditor's petition; the Official Receiver or an appointed liquidator administers the estate.

Restructuring & Re-domiciliation

Schemes of arrangement enable court-sanctioned restructurings and takeovers. From 23 May 2025, the new inward company re-domiciliation regime allows non-Hong Kong companies to transfer their domicile to Hong Kong while preserving legal identity and continuity — with no economic substance test.

Cross-border insolvency cooperation with mainland China operates under a mutual recognition mechanism covering designated pilot areas.



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