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ATLAS OF WORLD TRADE



DOING BUSINESS IN HONG KONG



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we can help, advise and support you on that journey.**

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It is committed to professionalising trade through education and training, while partnering with national and international partners to facilitate the acknowledged mutual benefits of free, frictionless and legitimate trade.

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The Atlas of World Trade is a collective effort and underscores the importance of international partnerships in international trade. We look forward to continued collaboration in advancing understanding and empowering global trade.

partnership@export.org.uk

HONG KONG IN NUMBERS



7.5 million  **population**
in 2023

93%

of Hong Kong's
GDP is accounted
for by services

£25.5bn

total trade in goods and services (exports plus
imports) between the UK and Hong Kong in the four
quarters to the end of Q4 2023, down 11.8% on 2022

US\$383.5bn

Hong Kong's GDP in 2023

18

Hong Kong is the UK's 18th
largest trading partner
and the 13th largest export
market for the UK

48

new UK
companies were
established in
Hong Kong in 2023

74%

of the world's RMB
payments were cleared
through Hong Kong
in 2022, making it the
world's largest offshore
clearing centre

384%

Hong Kong's trade-to-GDP ratio in 2022

2.9%

unemployment rate in January 2024



US\$118bn

FDI inflows in 2022, ranking Hong Kong 4th on the World Investment Report

34 million

visitors to Hong Kong in 2023, a 5,000% increase on 2022 after strict Covid lockdown rules were finally relaxed

3.2%
growth in Hong Kong's GDP in 2023, with a similar rate forecast for 2024

US\$2,091bn

Hong Kong's total FDI stock in 2023, making it the 5th largest FDI host globally

1.7%

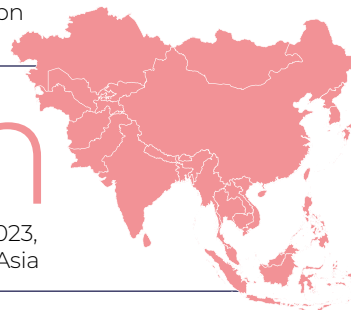
inflation (CPI average) in 2023

7

Hong Kong was ranked 7th in UNCTAD's World Investment Report for FDI outflows with a figure of US\$104bn

US\$3.9trn

total market capitalisation of Hong Kong's stock market in 2023, making it the 7th largest in the world and the 4th largest in Asia



Sources: Department for Business and Trade, The Hong Kong Trade Development Council, CEIC, UNCTAD, SWIFT

WELCOME



Marco Forgione
Director General,
Chartered Institute of Export
& International Trade

It's difficult to think of somewhere more closely and deeply connected to global trade than Hong Kong. Look up 'entrepot' in a dictionary or search engine and Hong Kong is often the example used to explain it. That term, meaning a port that primarily imports goods for onward export, is the perfect single-word description for Hong Kong.

In the opening shot of his 1980 TV polemic, *Free to Choose*, Milton Friedman stands in front of Victoria Harbour and declares: "If you want to see how the free market really works, this is the place to come." No wonder he also claimed it was his favourite economy.

As a regionally vital port, over the ages Hong Kong has welcomed trade in a vast array of goods and services. These have more often been traded onwards, with Hong Kong acting as an essential point of connection between East and West; between Europe or the US and mainland China, as well as the rest of Asia Pacific.

For the British, Hong Kong has a unique historical significance, having become a part of the Empire in 1841 during the First Opium War, and remaining under British rule until the official handover in 1997.

Its place in British history is clear, but it will also play a key role as we work out new trading, economic, diplomatic and political relationships with modern-day China.

Since 1997, Hong Kong has been a Special Administrative Region (SAR) within China, with a 50-year commitment from the Chinese to maintain the principle of 'one country, two systems'. Under this approach, Hong Kong is part of China but separate from it in vital ways. It retains its own legislature, with a legal system based on common law, and a commitment to free markets and free trade. There are now encouraging noises from Beijing that 'one country, two systems' will continue beyond 2047.

The certainty this would bring would be a further boost to the Hong Kong economy and those who trade there, either selling into the relatively small, but economically important, Hong Kong market itself, or taking advantage of the opportunities presented within the mainland.

Thanks to the sheer scale of the mainland, the opportunities for those in Hong Kong are enormous. Just in the immediate regional area of Guangdong there are close to 90 million consumers. If you are set up correctly and able to meet Hong Kong's rules of origin requirements, then for most goods you can access the mainland without tariffs, while preferential access also applies for most service sectors.

With apologies to Samuel Johnson, if you are tired of Hong Kong, you may be tired of trade, because the two remain deeply intertwined. This guide aims to help you make sense of Hong Kong. Whether you are interested in exporting to Hong Kong, or aim to use it as a gateway into the mainland; and whether you plan to launch a business in the territory or not, the opportunities are enormous. This handbook is packed with valuable advice and the support you need to help you on that trade journey.

Marco Forgione

Director General

Chartered Institute of Export & International Trade

FOREWORD



Brian Davidson CMG
British Consul General to
Hong Kong and Macau

I am pleased to introduce the Doing Business in Hong Kong Handbook at such an opportune moment for UK trade and investment in this region. With the impact of Covid finally receding, the team at the British Consulate General in Hong Kong stands ready to support UK commercial interests in this significant international finance centre (IFC).

Hong Kong remains one of the UK's most important trading partners. Total trade in goods and services (exports plus imports) between the UK and Hong Kong was £25.5bn in 2023. It is also a major export market for the UK. In 2023, 48 new UK companies established operations in Hong Kong, second in that regard only to mainland China. But we'd like to welcome even more.

Hong Kong has long been a key trading partner for the UK. With English as an official language and an administrative and commercial legal system that closely mirrors that of the UK, it is an accessible and welcoming business environment for UK companies.

The city remains a gateway into the Greater Bay Area, wider mainland China and Asia Pacific. And while Hong Kong is known for finance and banking, the UK footprint on the ground is wider reaching. From education, healthcare, fintech and infrastructure to the creative and consumer sectors, UK brands are present and thriving.



“
I encourage
you to come
to Hong
Kong and
see the huge
potential for
yourself”

While the last few years have had their challenges for Hong Kong, the history of business links in the region continues to be complemented and enhanced by the people-to-people and cultural links, regardless of whether they were developed through education, sports or the arts.

And our work in supporting UK businesses exporting into the region, driving up trade and boosting job creation, remains a core part of the UK's wider commitment to Hong Kong.

Seeing is believing. So I encourage you to come to Hong Kong and see the huge potential for your business for yourself. My team will be delighted to support you.

Brian Davidson CMG

British Consul General to Hong Kong and Macau

INTRODUCTION



Alpha Lau
Director-General of
Investment Promotion,
Invest Hong Kong

Welcome to the Doing Business in Hong Kong Handbook. I am delighted to get this opportunity to demonstrate so many of the excellent aspects of living, trading and doing business in Hong Kong.

Hong Kong has long been recognised as one of the great centres of global trade. Because of its unique history, position and status, it remains one of the most important bridges between East and West.

Here at Invest Hong Kong (InvestHK) we are playing our part in helping drive forward the transformation of Hong Kong. While we are still building on its core strengths in sectors such as financial services, business and professional services, trade logistics and tourism, we are also working to attract many more innovative companies and startups covering many exciting new technologies.

With adventurous institutions such as the Hong Kong Science and Technology Park, which is currently expanding onto a second campus, and the world-leading Cyberport, Hong Kong is running some of the world's most highly-rated technology accelerator programmes.

At the same time, Hong Kong's government is committed to supporting innovation. It is investing in programmes to encourage sectors such as advanced manufacturing, life and health technology, fintech, AI and data science. These are areas where Hong Kong has many advantages, including its deep, global talent pool and world-class infrastructure.



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There are many reasons to bring your business to Hong Kong, which are explained in detail throughout this invaluable handbook. But if there is one aspect of life and business in Hong Kong that stands out, it is the people.

The people of Hong Kong add a unique and special ingredient that will change your business for good. The people reflect the energy, excitement and vibrancy of the city itself. They are always keen to help, and so too are the team here at InvestHK.

There has never been a better time to take advantage of the many incentive schemes and packages available to entice entrepreneurs and business leaders to come to Hong Kong. I urge you to come see for yourself the excellent opportunities on offer here.

Alpha Lau

Director-General of Investment Promotion
Invest Hong Kong

10 REASONS TO INVEST IN HONG KONG

There are many excellent reasons to bring your business and investment to Hong Kong. It's an exciting, vibrant city with a long tradition for trade and business that acts as a bridge between East and West. It has a common law system, which largely mirrors that of the UK, and a low, simple taxation system. Plus, Hong Kong presents opportunities for almost any business, regardless of sector. From finance and professional services through manufacturing to innovative tech startups, there is something for everyone in Hong Kong.

1. A supportive government

With its clear mission to act as a facilitator and promoter of business, the Hong Kong Government offers lots of support for firms looking to invest. It runs initiatives in areas such as green finance, innovation and technology, with assistance for growing businesses and schemes to encourage trade, protect intellectual property, support cultural exchange and build a strong, diverse economy. There is also a desire to develop a 'headquarters economy', attracting enterprises from overseas to set up headquarters or corporate divisions here. As part of this, the Government is also keen to protect and reinforce Hong Kong's reputation as a leading international financial centre (IFC).

2. An easy place to do business

Businesses like to invest where things are stable and certain. Hong Kong's legal and regulatory system, based on common law, is familiar to international business leaders and easy for them to understand. Certainty also comes from its stable and simple tax system that offers low tax rates for businesses and individuals. Thanks to the policy of 'one country, two systems', Hong Kong runs its own affairs and offers a stable and free-trade environment for businesses and investors. There are no currency controls.

Those looking to invest in a new market will find that Hong Kong understands business. It is simple to set up a company, which can take less than 24 hours. It's one reason Hong Kong ranks third in the global list for ease of doing business. And having English as an official language also helps create a familiar business culture.



“
Hong Kong
offers a
stable and
free-trade
economy for
investors”

3. A global talent pool

Hong Kong is blessed with a deep pool of high-quality and talented workers. Most are educated to an advanced level and many are bilingual. With a strong business and professional services sector, there are plenty of professionals to help you set up. With its reputation as a trading city, there are also lots of third-party logistics suppliers, customs agents and other trade facilitators to help with importing and exporting. But there is no need to set up from day one in Hong Kong. You can be based overseas and trade into and through the port. You will easily find a partner in Hong Kong able to help with logistics. A lot of companies trade this way to start with, then see the potential for faster growth if they set up in Hong Kong. Having a base here helps when it comes to accessing Hong Kong grants and other incentive funding schemes.

Since 2018, Hong Kong has been operating a Talent List to attract high-quality talent in key sectors. Reviewed in 2023, it includes 51 professions across nine sectors, identifying where talent is most needed. Other schemes include the General Employment Policy (GEP), the Admission Scheme for Mainland Talents and Professionals (ASMTF) and the Quality Migrant Admission Scheme (QMAS).

4. An open economy

Thanks to 'one country, two systems', Hong Kong has its own currency as well as its own political and legal systems. This allows it to flourish as an international business centre while enjoying unrivalled access to mainland China. With no foreign ownership restrictions, there is free movement of capital, talent, goods and information. Hong Kong was ranked by the International Institute for Management Development (IMD) World Competitive Yearbook 2022 as the fifth most competitive economy out of 63.

“
The
government
offers a range
of support for
businesses
at different
stages and
in different
sectors”



IMD assessed the economy across four factors, including economic performance, government efficiency, business efficiency and infrastructure. Hong Kong continues to rank favourably in all categories, ranking top for business legislation and in the top three for public finance, tax policy and international investment.

5. The size of the opportunity

Most of the goods that come through Hong Kong are destined for other markets, primarily China, but also the rest of Asia Pacific. Because of the Comprehensive Economic Partnership Agreement (CEPA), the first free-trade agreement with the mainland, goods that pass the threshold for Hong Kong rules of origin enter China tariff-free. For many businesses, Hong Kong is also a strong market itself. It has an educated and growing middle class keen to engage with British brands, especially in the creative industries and luxury consumer goods sector.

Furthermore, Hong Kong is part of the Guangdong-Hong Kong-Macau Greater Bay Area (GBA) and as such enjoys special access to this market of 86 million people, with a combined GDP equal to that of South Korea. It's a win-win for businesses in Hong Kong.

6. A strong startup ecosystem

The Hong Kong economy has proved to be very resilient. This is partly due to its thriving entrepreneurial ecosystem. The city has all the fundamentals in place to enable businesses to thrive, including access to markets, talent and funding, and support networks such as trade associations, business chambers and entrepreneur organisations. Different support schemes are open to those who come here to start innovation and technology businesses, with organisations such as the Hong Kong Science and Technology Park (HKSTP) and Cyberport offering ideation, incubation and accelerator programmes.

7. A supportive environment

Startmeup.hk is an initiative from InvestHK that helps founders of innovative and scalable startups from overseas to set up or expand in Hong Kong. Services include information about the startup ecosystem, connections to the startup community and events to foster a positive environment for startups.

There are many things small businesses need to thrive, but one of the most important is access to funding. The Hong Kong Government offers a range of support for businesses at different stages and in different sectors. Schemes range from tax breaks and export credit guarantees to cash grants and assistance with internships or support for developing patents. Visit InvestHK or startmeup.hk for more details on how to qualify and apply.

8. Incredible infrastructure

Visitors arriving at Hong Kong International Airport, the world's busiest cargo gateway, get a flavour of the city's infrastructure. Hong Kong is one of the easiest cities to travel around, thanks to its low-cost public transport network. It is also a connected city and boasts reliable, secure communications and high-speed internet. Like its airport, Hong Kong's seaport is one of the world's busiest. Advanced facilities help ensure Hong Kong retains its place at the heart of world trade, with a large portion of the cargo heading in and out of mainland China.

9. The network effect

One of the hidden gems of Hong Kong is the close-knit business community. People are easy to get to know and are keen to help each other. It's why we suggest an in-person visit. Business in Hong Kong is built on face-to-face relationships. To make it more valuable, time your visit to coincide with a trade show or conference in your sector. Before you come, plan and arrange meetings; but once you get here, be prepared for people to want to meet again. It is a social business environment, with meetings often held over coffee, drinks or food.

10. Quality of life

Last, but definitely not least, Hong Kong is a city full of fun and adventure. It's a vibrant and colourful metropolis that offers visitors everything from excellent food and drink to incredible scenery and amazing culture. It has to be experienced in person to be appreciated.



OVERVIEW

Hong Kong is a city built on trade and made for business. Its history is steeped in commerce, and today it presents a unique opportunity for businesses. It offers a combination of a legal system based on common law, and tariff-free access to the huge and growing market of mainland China and the rest of Asia Pacific.

“A combination of familiarity with opportunity” is how one commentator describes Hong Kong in this handbook. It is well placed geographically to take advantage of the global economy’s ‘Asian tilt’. According to a regularly touted statistic, half of the world’s population now lives within a five-hour flight of Hong Kong.

The city offers an unrivalled melting pot of East and West, with its dynamic, entrepreneurial business culture, and an economy built almost entirely for and around international trade.

A small but open economy, Hong Kong’s success is built on financial services, tourism, trade and logistics, as well as excellent professional services. But innovation and technology are seen as the engines for long-term growth. Hong Kong wants to develop these new areas, while boosting the competitiveness of traditional industries through the better use of technology.

To align with China’s 14th Five-Year Plan for Economic and Social Development, the Hong Kong Government launched its Innovation and Technology Development Blueprint, boosting new industries, facilitating the transformation of traditional ones and promoting diversification and growth.



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This handbook provides insights for those already operating in Hong Kong, but is mostly focused on those looking to do business in Hong Kong for the first time, offering guidance and support, with a steer on key issues to consider. Whether you aim to use it as a market to export into, plan to set up an office there, or want to start a new business in Hong Kong, this handbook should have something to help.

Many view Hong Kong as a logical bridge into mainland China and a route into the rest of Asia Pacific. The statistics point to this being a terrific market opportunity. If the 7.5 million people in Hong Kong aren't sufficient for your product or service, there are 86 million more to consider in just the wider Guangdong-Hong Kong-Macau Greater Bay Area (GBA). This exciting regional development is mentioned throughout the handbook, with a more in-depth look at it on **page 70**.

Throughout the handbook you will also find interviews with leaders based in or doing business with Hong Kong, including legendary creative force Victoria Tang-Owen (**page 34**). Each one offers their perspective on how best to approach doing business in the region, and how to make the most of the opportunities it presents.

There is also advice on how to go about using Hong Kong as a springboard or gateway to the mainland, and a look at the details of the Comprehensive Economic Partnership Agreement (CEPA), the free-trade agreement between Hong Kong and China that makes it easier than ever to launch into the mainland from Hong Kong (**page 82**).

From its excellent infrastructure to its deep pool of talented workers, from its easy-to-understand regulatory and legal system to the fact English remains an official language, not to mention a government keen to support and encourage entrepreneurs and startups, there are many reasons to do business in Hong Kong.

But if one message emerges from this handbook above all others, it is that to really understand Hong Kong, you need to visit. As one contributor says: "business in Hong Kong is a contact sport". For all its advanced, high-tech approach to business, in Hong Kong there is no substitute for meeting in person.

This handbook will hopefully inspire and help you understand the size and scale of the opportunity in Hong Kong, and offers tips on how to make the most of the opportunity. However you use this it, and whatever Hong Kong adventure you subsequently undertake, we wish you good luck.

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or a new market

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networks help you
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Make your mark.



HSBC

Opening up a world of opportunity



OPENING UP A WORLD OF OPPORTUNITY FOR BUSINESSES EXPANDING INTO HONG KONG

Hong Kong plays a pivotal role as a super connector between East and West, acting as an ideal gateway to Asia's fast-growing markets and providing businesses with access to opportunities across many industries. With over 150 years of experience in Hong Kong, HSBC has a deep understanding of how to do business here.

The Hongkong and Shanghai Banking Corporation Limited (HSBC) first opened its doors for business in Hong Kong in March 1865. We have been serving customers and the community in the city throughout our long history, quickly becoming a note-issuing bank and remaining so to this day.

As of end of 2023, our global businesses serve around 42 million customers worldwide through a network that covers 62 countries and territories¹. This strong

expertise complements our heritage and roots in Hong Kong, an international financial centre strategically located at the heart of Asia.

We offer customers a broad range of banking products and services to support their business activities. For example, our comprehensive structured trade solutions can help simplify business operations, while our presence in markets throughout Asia enables us to facilitate conversations with suppliers in the region using their local language in real time.

Our market insights and experience can help you secure permits for new premises and make the expansion process smooth. As you look to grasp emerging opportunities in Hong Kong, we are uniquely positioned to support you through each step of the way.

Why Hong Kong?

Hong Kong has it all – a bustling economy, strong GDP growth, distinct competitive advantages globally, a welcome business environment rooted in free trade and open markets, a simple and favourable tax regime for regional treasury activities, and a location that is ideally situated to facilitate expansion into Asia.

Hong Kong's labour force is highly regarded, with the IMD World Competitiveness Booklet ranking it 16th in 2023 in terms of talent. The city's deep pool of financial expertise and high-quality legal, accounting, consulting and advisory services facilitate cross-border transactions, investments and business collaboration in Asia.

A snapshot of some of Hong Kong's advantages:

GDP growth	USD 383bn in 2023, representing a 2.8% annual growth rate since 1997 ²
GDP per capita	USD 50,889 in 2023 ³
Comparative advantages	Ranked 2nd most competitive economy in Asia and 5th globally in 2024 by International Institute for Management Development ⁴
Free trade	Ranked 1st for freedom to trade internationally in the Economic Freedom of the World 2023 Annual Report ⁵
Ease of doing business	Ranked 4th globally in ease of doing business (you can establish a business within 24 hours) ⁶
Geographic advantages	Within a five-hour plane ride of half of the world's population

¹ Annual Report and Accounts 2023, HSBC Holdings plc ² HKTDC Research ³ HKTDC Research ⁴ The 2024 IMD World Competitiveness Ranking ⁵ Economic Freedom of the World: 2023 Annual Report ⁶ IMF Group



“

Hong Kong is a super connector between Asia and the world that opens vast opportunities for companies. HSBC has deep knowledge and expertise in doing business here. We can help companies access the right solutions to smoothly grow and expand their businesses in the region.”

OMAR MALIK, CHIEF FINANCIAL OFFICER, HONG KONG & MACAU, HSBC

Emerging opportunities for business

Hong Kong's advantages make it a 'super connector' for Asia Pacific trade, particularly between the Association of Southeast Asian Nations (ASEAN) and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).

The GBA is comprised of the two special administrative regions of Hong Kong and Macao, as well as nine cities in Guangdong Province, with a combined population of over 86 million people in 2022⁷. With a total economic output exceeding USD 1.97trn in 2023, accounting for approximately one-ninth of China's GDP⁸, the promise of this city cluster is set to grow even further. Hong Kong is also uniquely positioned within the GBA to drive innovation and R&D through collaboration and access to the region's large consumer market.

As one of Asia's leading trade hubs, Hong Kong is ASEAN's second-largest trading partner. Total merchandise trade between Hong Kong and ASEAN amounted to USD 113bn in 2023, representing 12.8% of Hong Kong's global total⁹. Hong Kong's strategic advantages and strong economic ties position it as a vital link between ASEAN and the GBA, fostering a dynamic and interconnected business landscape that extends beyond these regions.

Hong Kong has also made significant strides to open up the opportunities around sustainable finance. The city is a major hub for sustainable finance in Asia; more than one-third of Asia's green and sustainable bond issuances are arranged in Hong Kong¹⁰; and the city has 219 authorised ESG funds comprising a total AUM of USD 169.6bn as of 31 December 2023¹¹.

How HSBC can help UK businesses expand to Hong Kong

For UK businesses looking to expand into Hong Kong, it's important to have a partner with an international approach and extensive experience. Hong Kong, renowned as an international financial centre with common law system, offers strong support for businesses in setting up and operating effectively through its robust professional services sector.

7. Constitutional and Mainland Affairs Bureau, the Hong Kong SAR Government **8.** Guangdong Provincial Office of the Leading Group for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area **9.** Trade and Industry Department, the Hong Kong SAR Government **10.** Hong Kong Monetary Authority **11.** Green and Sustainable Finance Cross-Agency Steering Group

With our dedicated International Banking team in Hong Kong, you can expect the following:

Banking support: Comprehensive assistance for UK businesses entering Hong Kong, including corporate banking, trade finance, cash management, global markets, and more.

Thought leadership: Valuable insights on navigating the local regulatory environment, understanding market dynamics and establishing a successful business presence.

Digital solutions and trade expertise: Streamlined financial management and transactions through our range of solutions, including our leading digital platform HSBCnet. Customised supply chain solutions to optimise your working capital.

Overseas and regional expansion support: Leverage our global network and strong presence in Asian markets for efficient cross-border operations and regional treasury management.

Seizing opportunities in mainland China: Access our full suite of financial and banking services with deep knowledge of the mainland China market to seize growth opportunities within the GBA and beyond.

Sustainability: Drive positive impact for your business, employees and communities through sustainable finance and initiatives like HSBC Transition Pathways.

Hong Kong is an exciting place to do business, with the potential to open up opportunities throughout Asia. As your trusted partner, we help you navigate the challenges of running a global business here with confidence.



Find out more on how HSBC can help

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Reminder: "To borrow or not to borrow? Borrow only if you can repay!"

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IN CONVERSATION

CHRIS WOODWARD AND PAUL MCCOMB



Chris Woodward is Director General, Trade and Investment at the Department for Business and Trade in Hong Kong, and **Paul McComb** is Executive Director at the British Chamber of Commerce in Hong Kong. We sat down to discuss why the city is such an appealing destination for business

Asked why a business should consider Hong Kong, either as a destination for exporting or as somewhere to set up an office or new business, Woodward and McComb agree its major appeal is the familiarity of a system based on English law. This is one legacy of Hong Kong's history, along with other cultural benefits, such as English remaining an official language. On top of this, McComb adds, is the size of the opportunity.

Familiarity and opportunity

"Businesses usually come here to make money," he says, simply. "Then the people fall in love with the city and stay for decades." He adds that there is the bonus of doing so in a like-minded market, where people follow a lot of British traditions in terms of their approach. It's "a combination of familiarity and opportunity that makes it a unique environment". The opportunity is so huge because Hong Kong is a route into mainland China and the rest of Asia Pacific.

Woodward echoes these points, adding that another element of the elevator pitch for Hong Kong is that it's an "unashamedly entrepreneurial city, with the talent to back it up". He adds, "Brand UK does well here. It's relatively easy because of those elements of common law and a regulatory system that closely echoes the UK, but also because of the capital markets and the fact it's the only place the renminbi can internationalise. Also, there are deep capital and talent pools, as well as access to a huge market. On top of this, it's a genuinely welcoming and active city."

A classic entrepot

McComb describes Hong Kong as the archetypal entrepot, or trading post. "Most of what comes here moves on somewhere else. Over half of it goes to China. This is a trading hub and there are lots of distributors, agents, customs operators and freight forwarders doing business here."

Woodward points to the ‘one country, two systems’ approach. “You are a part of China in a common law jurisdiction, in a separate immigration and customs territory. You can run a business with market access into mainland China that you can’t get anywhere else outside of Hong Kong, and you are in a system similar to the UK.”

McComb also points to the tax system. “Tax is low and simple here. The mindset on taxation is the more competitive they are globally, the more business will flow. That is an important thing for any business, particularly if you’re going to be investing here, as there’s no tax on dividends and no capital gains tax.”

Location, location, location

The opportunity Hong Kong presents is aided by its location, Woodward explains. “Hong Kong Airport is a five-hour flight to 50% of the world’s population. It is incredibly well geographically located in a high-growth region,” he says.

And, he adds, Hong Kong’s USP of acting as a gateway into mainland China has strengthened over the last 10 years. “There was a point a decade ago where if you wanted to do your business in the mainland, it made sense to go directly there. Now there is a confidence in the system in Hong Kong that means more businesses are using it as a portal to that wider market.”

Woodward adds that this shift to Hong Kong being a gateway has been boosted by support and advocacy from the Chinese Government and authorities. “The business community in Hong Kong drew reassurance from President Xi visiting Hong Kong for the 25th anniversary and advocating for Hong Kong and ‘one country, two systems’ to remain beyond 2047.”

Xi also advocated for the continuation of common law. Since his visit there has been a focus on Hong Kong’s role and function within the Greater Bay Area (GBA). Woodward adds that while some see this as a threat of wider integration, the perception of the business community has been different. “They think this is a unique opportunity for Hong Kong to integrate positively from an economic sense,” he says.

McComb makes the point that Hong Kong is well placed as an established international finance centre (IFC), with developed capital markets. “Most other expanding developing markets not operating under classic common law arrangements need to create an IFC or trading post.”

These countries or states need somewhere that runs by the international rule book if they want to trade with the world. “Hong Kong plays the role of China’s IFC,” says McComb, highlighting the desire to maintain this status.

“
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population”**



As McComb sees it, China needs “something that docks with the West” and while other cities, such as Shanghai and Shenzhen, have had a go, none has managed to achieve it as well as Hong Kong. “You need a diverse, culturally aware, internationally connected, literate workforce. If everything’s only in Mandarin, it’s too hard for people who don’t speak the language.”

A city of surprises

Woodward adds that Hong Kong is also a fun place to live and do business. He says visitors comment on its energy and atmosphere. “Without exception, every person we welcomed here from the UK last year expressed pleasant surprise at what they found. That means people’s expectations are too low. The ease of doing business, the familiarity people feel with the UK system, and the welcome the Hong Kong Government is rolling out – in terms of incentives for new businesses, they’re all great news.”

Research by InvestHK reveals that in 2023 the second highest source of new businesses opening in Hong Kong (after mainland China) was the UK, with the US in third. This shows that, despite reports of businesses shying away, there is still interest.

McComb agrees on the quality of the visitor experience, including the beautiful countryside. “The hiking, the beaches and the food are all exceptional,” he says. “Dining goes from five-star, Michelin Guide stuff through to a thriving street food scene.”

He describes it as “an explosion for the senses that people get a buzz from”. A lot of this energy comes from the people and their genuine desire to build

“
It’s an
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the senses
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always get a
buzz from”

strong networks and help each other. “There’s a pace to life and business here. People are incredibly generous with their networks. If they can’t help you, they want to introduce you to friends who can. People have the attitude we can all win. They’ll open their network, even though you’ve just met.”

“
This is a
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business”

Perceived challenges

Woodward says the biggest challenge is a lack of understanding of the opportunity. “It can feel a long way from the UK and if you haven’t traded in Hong Kong, you won’t have a sense of the scale of the opportunity or what the networks are like.”

But this doesn’t negate the need for basic business sense, as Woodward explains. “The same is true with any market, you have to be clear that there is space for your product and understand what the market looks like. You must do your research.”

He points to resources available from the UK and Hong Kong governments, with the UK offering free resources to help businesses access the market, including his team at DBT and online resources, as well as the export support service.

McComb adds that there is a difference between selling into Hong Kong and setting up a business. If you are going to incorporate, you may need to employ someone who speaks Cantonese and Mandarin, particularly if you want to sell into China. He also adds that you’ll need a local bank account and have to deal with the usual arrangements such as visas.

Woodward says now is a good time, pointing to visa incentives such as the Top Talent Pass Scheme (TTPS), that allows anyone who has graduated from one of the top 100 universities in the world to get a work visa unattached to a job. Hong Kong is, says Woodward, banging the drum for inward FDI. InvestHK wants to help businesses get onto the ground. He describes Hong Kong as “a phenomenally easy place to start a business”.

One piece of wisdom

Asked to offer a piece of advice to would-be exporters, McComb suggests starting with a visit. “You can do some research remotely and try to get a sale. But people here like business to be a contact sport. That’s the way Hong Kong tends to operate, with lots of face-to-face meetings.”

Woodward suggests looking at government priorities around innovation, fintech and R&D. “Understand there is going to be a more deluxe red carpet for some sectors than others.” He adds one crucial, if simple, tip. “Bring a giant stack of business cards, along with an appetite to meet people. Forget virtual or digital alternatives, Hong Kong must be one of the last bastions of the physical business card in the world. They reign supreme here.”



GEOGRAPHY AND GOVERNMENT

Hong Kong is one of two Special Administrative Regions (SARs) of the People's Republic of China. The other is Macau, previously a Portuguese colony. Since their respective handovers from the UK and Portugal in 1997 and 1999, Hong Kong and Macau have been run under the principle of 'one country, two systems', with their own governments, currencies and legal systems.

For Hong Kong this means a system based on UK common law. As noted elsewhere in this handbook, it is a combination that allows businesses trading in and through Hong Kong to enjoy the benefits of a stable and familiar economic and regulatory environment, with largely tariff-free access to the Chinese mainland achieved through the Comprehensive Economic Partnership Agreement (CEPA).

Located in southern China, at the mouth of the Pearl River Delta, Hong Kong consists of three main regions – Hong Kong Island, Kowloon and the New Territories. Kowloon includes the Kowloon peninsula and New Kowloon, while the New Territories include what are usually referred to as the Outlying Islands, a collection of 260 small islands and peninsulas that form the Pearl River Delta.

With a very limited supply of habitable land and high demand from a growing population, it was obvious that Hong Kong would expand upward as its numbers grew. Fans of modern architecture can enjoy the fact that Hong Kong now boasts more skyscrapers than any other city in the world.

Land and property remain at a premium in all parts of Hong Kong, but especially the more densely populated central areas. This premium is reflected in the cost of property, with even a recent downturn in the housing market unable to make it much more affordable to buy or rent in the city.

There has been continuous habitation along the Pearl River Delta for thousands of years, with various commodities sought after and traded at different points in its history. The First Opium War saw the start of British rule in 1841 and marked a turning point for what became known as Hong Kong.

Except for a brief period of Japanese rule in the 1940s during World War II, the British ran Hong Kong until the official handover to China in 1997. This period has bequeathed a legacy of values and culture to Hong Kong, with English remaining an official language and the legal and regulatory system based on common law. Thanks to 'one country, two systems', Hong Kong's free-market economy and IFC status are respected, despite it being part of China.



CUSTOMS AND TAXATION

Taxation

Much is rightly made of the simple, low-tax system in Hong Kong. The authorities have designed the tax system to be as attractive as possible to outside investors and businesses, with both always preferring a simple and certain environment. They also appreciate a tax system that's stable and predictable to one that's subject to regular change. It is even better if that system includes almost no tax on capital gains and investment returns, which is the case in Hong Kong.

- The tax year in Hong Kong runs from 1 April to 31 March.

- Hong Kong levies three different income taxes: a salaries tax, a profits tax and a property tax. The salaries tax is charged on net chargeable income, which means assessable income minus any personal deductions and allowances. The rate can either be set as a progressive one, which starts at 2% and climbs in brackets up to 17%, or be charged at a flat rate of 15%. The approach taken depends on which one results in the lowest tax bill.
- The profits tax is a two-tiered regime, with the main rate set at 15%, but with the rate on the first HK\$2m of profits for unincorporated businesses reduced to 7.5%. Any remaining profits are then taxed at 15%.
- Property tax is also levied at a flat rate of 15% on rental income, after the deduction of any rates paid by the owner and a notional allowance of 20%.
- There is no goods and sales tax or VAT, no withholding tax on dividends and interest, no capital gains tax, no inheritance tax, no global tax and no wine duty. There are no customs tariffs on products and goods imported and exported from Hong Kong.

For any questions and to read more about the Hong Kong tax system, visit the Inland Revenue Department's website at ird.gov.hk.

Customs

Hong Kong operates as a free port and does not levy a customs tariff. There is also no VAT, goods and services tax (GST) or any customs fees. The government levies excise duties on just four specific commodities, which are tobacco, hydrocarbon oil, hard alcohol (distilled spirits) and methyl alcohol.

The Customs and Excise Department (C&ED) employs a risk-based approach to selecting cargo to examine at the border to ensure intervention is kept as light touch as possible. To speed up clearance, there are several electronic systems in force to facilitate submission of advance information by shippers.

The Air Cargo Clearance System (ACCS) enables the C&ED to provide a fast customs clearance service to legitimate trade without compromising security. For cargo imported or exported by trucks through land boundary control points (LBCPs), there is an equivalent system, the Road Cargo System (ROCARS). This allows registered shippers or authorised agents to submit advance information by electronic means. Meanwhile, cross-boundary truck drivers can enjoy a seamless customs clearance service and are notified by ROCARS whether their vehicle is likely to be stopped and examined on arrival at the LBCPs.

For cargo coming by sea, the C&ED issues detention notices to shipping agents, container terminal operators and consignees, requiring the submission of cargo manifests for customs scrutiny. While conventional paper documents are accepted, the C&ED encourages carriers to submit electronic manifests via the Electronic System for Cargo Manifests (EMAN) prior to the shipment arriving.

Trade Single Window

Hong Kong is in the process of introducing the one-stop Trade Single Window (TSW) platform that will allow traders to submit all required documents and notifications via one portal. The first two of three phases are already up and running, providing a voluntary electronic option for the submissions of 42 types of trade documents, mainly for specific controlled products. The third and final phase will open the TSW platform for the submission of all trade and cargo documents and is due to be implemented some time from 2026.





**UK Export
Finance**

UK EXPORT FINANCE (UKEF): WHO WE ARE

UK Export Finance (UKEF) is the UK's export credit agency and a government department, strategically and operationally aligned with the Department for Business and Trade.

Our mission

We advance prosperity by ensuring no viable UK export fails for lack of finance or insurance, doing that sustainably and at no net cost to the taxpayer over time.



How we do it

We fulfil our mission by providing insurance, guarantees and loans where the private sector will not, backed by the strength of the government's balance sheet.

Our work means that:

- More UK companies realise their ambitions for international growth.
- More jobs in the UK are supported.
- Overall UK exports are higher.

We complement, rather than compete with, the private sector and work with around 100 private credit insurers and lenders. We help to make exports happen which otherwise might not, helping UK exporters and their supply chains grow their business overseas. In this way, we provide security of support through economic cycles and market disruptions.

You can check the current UKEF cover position for Hong Kong by visiting www.gov.uk/guidance/country-cover-policy-and-indicators

For future information about UKEF please go to www.ukexportfinance.gov.uk



IN CONVERSATION **VICTORIA TANG-OWEN**

London-born but raised in Hong Kong, **Victoria Tang-Owen** is the founder of two multi-disciplinary creative agencies, Thirty30 Creative and Victoria Tang Studio. She offers insights on doing business in Hong Kong and the art of successful collaboration

How would you characterise the business culture in Hong Kong?

People in Hong Kong have a “can-do” spirit. Anyone who comes to work here tends to be motivated and looking to make the most of the opportunities they find. I run two creative studios with my husband, Christopher Owen. Thirty30 Creative is almost a decade old, while Victoria Tang Studio launched in 2020. For the most part, I have found the business culture here to be very respectful, trusting and transparent.

What tips would you offer anyone looking to do business in Hong Kong?

Although the world has moved towards hybrid working, with online meetings and working from home, it's worth coming here in person. Being on the ground facilitates business in Hong Kong. Personal relationships matter, and taking time to get to know people face-to-face goes a long way. Hong Kongers are proud of, and keen to talk about, their city. We appreciate visitors who spend time here.

What do you most like about being based in Hong Kong?

The convenience here is unrivalled. You can set up morning, lunch and afternoon meetings and still have time to handle other tasks or enjoy down time. Working in design, I love that I can schedule a visit to a supplier based in the city, and afterwards can head to West Kowloon Cultural District, including the M+ visual culture museum or the Hong Kong Palace Museum, to seek inspiration.

Having lived and worked in London and Hong Kong, what are the links?

There is a deep, shared cultural connection between the two cities. This is especially true in how people do business, in terms of contracts and legal expectations. People are generally honest, the system is fair and transparent, and my experience of business interactions has been overwhelmingly smooth. The two cities are different in what they offer, but they are complementary. I am looking for opportunities to do more projects in London, because I miss the city, especially the arts and cultural scene, which is truly world class.

What makes for a successful collaboration?

Choose partners you trust and then allow each collaborator the freedom to express themselves creatively. I always look at collaboration as the equation $A \times B = C$. Ask what is the unique outcome that bringing A and B together creates. I want a collaboration to generate something exciting, unique and unexpected, something that is bigger than the constituent parts.

Do you have examples?

Through my career I have been fascinated by Chinese arts, crafts and techniques. I had an international upbringing, immersed in art and diverse cultures and I've always been creatively curious, influenced by my mother and father. Working across industries and collaborating with others has always felt organic. In my time as creative director at Shanghai Tang, I developed a network of artisan talents and I love working on projects that engage them. I was commissioned by Dior to develop a range of ronghua flowers, which are handmade imitation flowers in silk and velvet, traditionally worn as head pieces. I worked with a master artisan, based in Nanjing, making these beautiful pieces that became accessories worn on the runway in the Dior Men's Spring-Summer 2024 show. I love the idea of a traditional Chinese craft being identified by a French maison and paired with contemporary fashion.

How do you select the partners you want to work with?

I've been fortunate throughout my career to have worked on projects with friends or people within my network. If I'm working with a partner I don't have a personal connection to, I like to take time to get to know them and understand their goals and what the fit will be. I give a lot to each project, so I want to ensure there is a good chemistry and a strong working relationship.

What advice would you give someone bringing business to Hong Kong?

There are a lot of useful resources, depending on the industry you operate in. The InvestHK team are very supportive in guiding businesses who want to operate in Hong Kong. My advice would be to find a trusted resource like that and ask all the questions you have. And as I mentioned before, come here and do as much of that as you can in person.

Is there a secret to running a successful venture in Hong Kong?

There isn't a secret, just position yourself to be a trusted and respectful partner and enjoy the many great lifestyle perks Hong Kong has to offer.



HONG KONG ECONOMY

Overview

The Hong Kong economy remains resilient and fast-growing, having rebounded from the problems of the Covid-19 pandemic, with lockdowns in Hong Kong starting later, going on longer and ending after those in many other economies around the world.

Hong Kong has its own currency, the Hong Kong dollar, which is pegged to the US dollar and issued by three international banks.

Besides resilience, a key characteristic of the Hong Kong economy is its focus on services. It is one of the most heavily service-based economies in the world. In 2022, services accounted for 93.5% of Hong Kong's GDP.

The four most notable service sub sectors are described by the Census and Statistics Department of the Hong Kong Government as “the four key industries”. In order of contribution to GDP in 2022, they are: trading and logistics; financial services; professional and other producer services; and tourism.

Percentage share of value added in GDP (%)	2021	2022
Four key industries		
Trading and logistics	23.7	22.5
Financial services	21.3	22.4
Professional and producer services	11.4	11.0
Tourism	0.1	0.4

The creative industries are also recognised as important to the Hong Kong economy, accounting for 4.5% of GDP in both 2021 and 2022. Air transport and the sports and related industries both accounted for 1.5% of GDP. Tourism was badly affected by the Covid lockdown. The comparable figure for 2019 was 3.6%.

Trade and logistics

Hong Kong's economic and cultural history is closely linked to its past as a centre for international trade. Its geographic position means that it has always served as a connecting point between East and West. Today that heritage is reflected in the amount of trade that continues to flow through Hong Kong.

Most of what is imported to Hong Kong ends up shipped elsewhere, whether into mainland China or the rest of Asia Pacific. This explains why trade and logistics accounts for a quarter of the Hong Kong economy, with a value over US\$80bn per year. At 384% in 2022, Hong Kong's trade-to-GDP ratio is second only to Luxembourg (388%). This compares to a global average of 57%.

With the world's busiest airport for cargo and one of its busiest sea ports, Hong Kong is famous for importing what it doesn't consume and exporting things it doesn't produce. With its flourishing trade sector, in Hong Kong it's not hard to find third party logistics suppliers, customs agents and all the other consultants, advisors and intermediaries connected with global trade.

Recognising the importance of staying ahead in the logistics industry, the Hong Kong Government is investing heavily in innovation and new trade technology. Initiatives such as the Trade Single Window seek to reduce bureaucracy and increase efficiency while not compromising safety or security. These developments also increase transparency and traceability.

Connections into the mainland and improving trade and logistics infrastructure across the Greater Bay Area are other areas of focus. One example is the Dongguan-Hong Kong International Airport Logistics Park, which allows goods to be screened and packed on the mainland before being shipped by sea to Hong Kong for onward air transportation all over the world. The new arrangement

means that the goods do not have to be rescreened in Hong Kong, saving time and money. One report in China Daily noted that it enables shippers to “reduce operating costs by about half and loading and unloading time by one third”.

Logistics plays a pivotal role in sustaining Hong Kong's economic growth: not least because growth in trade with the mainland, especially the Greater Bay Area, and ecommerce bolster logistics. The Government has launched the Pilot Subsidy Scheme for Third-Party Logistics Service Providers to encourage the adoption of new technology and IT solutions.

Financial services

As one of the world's top four international finance centres, Hong Kong is ideally placed as a location for financial services firms. In the 34th edition of the Global Financial Centres Index (GFCI 34), published in September 2023, Hong Kong was ranked fourth, behind New York, London and Singapore (by only one rating point). With a robust regulatory regime, well-educated workforce and the absence of capital controls, financial services firms have the tools they need to succeed.

The Closer Economic Partnership Arrangement (CEPA) gives Hong Kong's financial services firms and professionals greater market access and flexibility for expansion into the mainland. On top of that, the city serves as a gateway for foreign firms seeking access to mainland China and for mainland enterprises looking to go global.

Hong Kong has a flourishing banking sector and has long been home to some of the globe's biggest banks. Currently, 78 of the world's top 100 banks are based in Hong Kong, part of a total of 163 licensed banks, including eight virtual banks. The growth of renminbi (RMB) business and the origination and distribution of RMB investment products and trading services is fuelling new opportunities.

Hong Kong has for a long-time been a base for a thriving asset and wealth management sector (including many family offices), with a report in August 2023 from the Securities and Futures Commission reporting total sector assets under management (AUM) of almost US\$4trn, with wealth managers alone accounting for US\$1.15trn. While there have been ups and downs along the way, this represents growth of 143% over the last decade.

Ideally placed to serve the growing population of high net worth individuals in mainland China and across the region, Hong Kong's wealth managers, including family offices, were encouraged by the Cross-boundary Wealth Management Connect Scheme (WMC) linking Hong Kong's financial community to the GBA. The scheme allows eligible residents in the GBA to invest in wealth management products distributed by banks in each other's market, and allows individuals to open and operate investment accounts directly in any of the three markets. In January 2024, the scheme was expanded to open it to more investors and institutions, with the range of eligible products expanded, the individual investor quota increased, and promotion and sales arrangements enhanced.



Opportunities have also been generated by the Shanghai-Hong Kong Stock Connect; Shenzhen-Hong Kong Stock Connect; Mainland-Hong Kong Bond Connect; and mutual recognition of funds arrangements with mainland China, Switzerland, France, the United Kingdom and Luxembourg.

Investment management

Private equity and venture capital funds, whether onshore or offshore, can enjoy a profit tax exemption, while there is also a new tax concession for carried interest issued by private equity funds and limited partnerships operating in Hong Kong.

To facilitate market expansion into the GBA, capital requirements on mainland insurers have been reduced when they cede their business to qualified Hong Kong reinsurers. A further boost has been the removal of the operating experience requirement for Hong Kong service suppliers looking to provide insurance-loss adjusting services on mainland China.

Environmental, social and governance (ESG) focused funds and sustainable investment are another important part of the investment landscape in Hong Kong. The August report showed that authorised ESG funds grew in number by 86%, with AUM growing by 8%.

Opportunities abound from initial public offerings (IPOs) to bond issuance, loan syndication and more. China's Belt and Road Initiative (BRI) has also paved the way for several infrastructure projects, generating demand for financing services.

Tax benefits are now provided under specified conditions, giving incentives for companies from different industries to establish corporate treasury centres in Hong Kong. More opportunities in asset financing business, such as aircraft leasing, have also arisen.

FinTech

Hong Kong is also an international fintech hub. It is a market on the rise with a large number of financial institutions and startups looking to expand. The city's fintech sector has bucked recent global trends and continued to grow, raise capital and hire more talent.

FinTechHK offers help and support to the thriving local fintech community, including offering a central repository of insights on what you need to know about fintech in Hong Kong, covering trends, news and useful resources around the vibrant local fintech ecosystem. Meanwhile, the Global Fast Track Programme brings together the world's leading early-stage fintechs with those already scaling and developing to showcase their solutions and connect them with corporates and investors. It can help a new fintech become more viable, visible and scalable.

Hong Kong FinTech Week is a global fintech event presented by InvestHK with dozens of events across the city and beyond. The main conference brings together fintech leaders, regulators, innovators, investors, startups and a fintech-savvy audience to discuss the industry. The flagship event is held in Hong Kong, attracting over 35,000 attendees, with over 5.5 million views online from over 100 countries.

Business and professional services


Alongside the important financial services sector, business and professional services also play a crucial part in the Hong Kong economy. Strategically located at the heart of Asia, services companies are able to use Hong Kong's position as one of Asia's key regional business hubs to serve clients both locally and regionally.

Together with the Chinese Government's BRI, there are tremendous opportunities for business and professional service firms to flourish, including in the legal, accountancy, human resources, consultancy and education sectors, and more.


The services element of the CEPA between Hong Kong and the mainland also means there is mutual recognition of many professional qualifications, with professionals more easily able to work in and even own firms in both markets.

Alongside the key business services such as consultancy, accountancy and legal services, other sectors doing well include education and training services, with Hong Kong a leading education hub in Asia Pacific.

The healthy local talent pool and growing economy also mean that executive search and HR consulting services are thriving, with these business streams boosted by business-friendly immigration policies that make it simple to recruit overseas professionals. Access to all this global talent makes Hong Kong a lucrative market for people-focused companies.



How can a
connection today
define your
tomorrow?



The better the question. The better the answer.
The better the world works.

Over 70% of international law firms, including more than half of the top 100 global firms, have a presence in Hong Kong. Low entry barriers to foreign law firms with no foreign ownership restrictions, an independent judiciary and the solid, transparent regulatory framework make it relatively easy for law firms to set up in the region.

And as Hong Kong strives to achieve net zero before 2050, there are more opportunities for consultants and advisors able to support companies and organisations to achieve their own sustainable transition.

With an active manufacturing and export sector in both the mainland and across neighbouring Asian countries, Hong Kong has become the preferred location for testing and certification operators. Accreditation services in Hong Kong are widely recognised internationally.

Creative industries

Culture and the creative industries remain a major focus for the Hong Kong Government, as much for their positive impact on the tourist economy as for how they add to the local quality of life.

Initiatives such as the West Kowloon Cultural District, Tai Kwun, PMQ, Business of Design Week and the recently revamped Hong Kong Museum of Art have helped to boost the arts and culture scene in Hong Kong. It is now one of the largest export markets for design services, with well-established supply chains and enhanced inter-city collaborations across the Greater Bay Area.

Hong Kong is also a prime regional location for media companies, including news agencies, TV broadcasters, over-the-top (OTT) platforms, content creators and more. The liberal media environment, plus excellent communication networks, allows companies to transmit and receive information at low cost, while good cellular speeds enable effective delivery of rich digital content.

The digital marketing and multimedia sector in Hong Kong is composed of businesses ranging from digital entertainment to esports, digital marketing, multimedia design, creative technologies and more. World-class broadband speeds and internet connectivity provide an excellent platform for digital marketers, and the highly developed consumer and financial markets make it an ideal testing ground for innovative concepts and new techniques.

Information and communications technology

Hong Kong's information and communications technology (ICT) market plays a key role in supporting the city's other industries. With intellectual property (IP) rules and data protection strictly enforced, Hong Kong is an excellent location for internet-based businesses. With 5G coverage reaching over 90% of the population, and the active participation of the private sector in initiatives such as the China Mobile Joint Innovation Plus Hong Kong 5G Open Lab, Hong Kong is well poised to embrace the opportunities from 5G applications.



Our purpose is to improve society by considering social outcomes in all we do, relentlessly focusing on excellence and digital innovation, transforming our clients' businesses, our communities, and employee opportunities.

Our influence in shaping Hong Kong's urban environment can be seen in its striking skyline. Since 1957, we've contributed to the development of many iconic landmarks and vital infrastructure. The innovative solutions our teams are developing bring the best value and benefits to clients as well as the communities impacted by projects – now and in the future.

Our reputation for technical excellence is acknowledged by prestigious institutions such as Hong Kong Institution of Engineers (HKIE), Institution of Civil Engineers (ICE), Architectural Services Department of Hong Kong, and many others.

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Many high-end regional data centres have set up in Hong Kong thanks to the city's sophisticated high-tech infrastructure, strong pool of talent, reliable power supply and robust enforcement of data privacy and security laws.

The city has also long been positioned as a data hub for key industries, including finance, logistics, trade and retail. The city has also opened government data for public use, with a dedicated data portal, while the Hong Kong Hospital Authority has launched its HA Data Collaboration Laboratory and is open to applications from local academic institutions to conduct health data collaboration projects.

Hong Kong is a leading hub for cloud technology and acts as a launchpad for expansion into mainland China and overseas markets. The city enjoys high demand for cloud-based services, especially from finance and manufacturing. Further demand has been driven by the Government's proposal to deliver e-services and information via cloud computing.

The software industry is a key component of Hong Kong's ICT sector, with strong demand from SMEs and multinationals. Many of the world's leading software services companies have regional operations based in Hong Kong to mirror their clients. Hong Kong's rigorous protection of IP and tech-savvy consumers provide companies with the perfect testbed for mainland China.

Hong Kong's telecommunications market has been liberalised and there are no restrictions on foreign ownership or limits to the number of market operators. Advanced infrastructure and a high take-up of services has placed Hong Kong at the forefront of global telecommunications innovations.

Tourism and hospitality

Hong Kong is recognised for a thriving food and drink scene. With a local population of 7.5 million, and 86 million in the Greater Bay Area, Hong Kong's food services and trading companies have a huge market to sell to. With 95% of food imported and the freeport making it easy for restaurants to source new ingredients, the restaurant scene is thriving.

The city boasts a restaurant for every 440 people and locals eat out and order online delivery a great deal. More recently, Hong Kong diners have become concerned about sustainability, traceability and quality, paving the way for more ethical eating. As the culinary capital of Asia, with 79 restaurants recognised with Michelin stars in 2023, the city offers a wide variety of cuisines and styles across all price ranges.

As a regional trendsetter, an increasing number of bespoke and tailored services are becoming available, ranging from fitness programmes, gyms and yoga studios to other lifestyle services.

Hong Kong welcomed 34 million visitors in 2023, a 5,000% increase on 2022, when Covid lockdowns meant the industry was unable to operate for much of the year. World-class infrastructure awaits visitors, while the city is also a great place to set up a travel or tourism agency or business, serving inbound and outbound travellers.

Some of the largest trade shows in Asia take place in Hong Kong, making it the perfect place for exhibitors and buyers to come together. Post-Covid, while there will still be virtual events, there are strong signs that people are keen to return to meeting in person.

Transport and industrial

With its enviable location at the heart of Asia, Hong Kong is regional home to many companies that want to manufacture, source and trade products. While most manufacturing takes place on the mainland and across Southeast Asia, many firms choose Hong Kong as a base for some higher value functions, including design, R&D, prototype production, technology applications, quality control, supply chain management, business development and product marketing. The city's location and thriving trade and logistics sector (see above) also help.

Hong Kong International Airport (HKIA) is the world's busiest airport in terms of cargo handled, and one of the busiest for passengers and air traffic movements. The commissioning of a third runway in 2022 will boost this further, as will better connectivity to the GBA and the integration of the mainland aviation network at Zhuhai Airport with the international network at HKIA. Hong Kong has had a concessionary tax regime since 2017 for qualifying aircraft lessors and aircraft leasing managers, under which 20% of net lease rentals are assessed. This reduces profits tax from aircraft leasing from 16.5% to 8.25%.

“
In the next few years annual capital expenditure is expected to reach US\$15bn”

Hong Kong is established as a premier international maritime centre and is home to one of the world's largest shipping communities, owning or operating around 10% of the world's merchant fleet. A vibrant maritime cluster provides a range of services. As the world's fourth largest shipping register in gross tonnage, and to promote the Hong Kong Ship Register, the Marine Department has set up regional desks at the economic and trade offices of London, Shanghai, Singapore and Sydney, with more to come in North Asia and North America.

There are concessionary tax measures in place for qualifying ship lessors and ship leasing managers. Under the scheme, tax on qualifying profits for ship lessors carrying out operating lease and finance lease activities is zero-rated, so the tax rate for ship leasing managers is either 0% or 8.25%.

Infrastructure development enables Hong Kong to sustain economic development and meet the challenges of growth. In the next few years, annual capital expenditure is expected to reach US\$15bn, with the annual total construction output increasing to around US\$40bn. The Lantau Tomorrow Vision aims to increase land supply, helping to meet housing and other needs, while the Northern Metropolis will develop the northern part of Hong Kong into a new metropolitan area over the next 20 years. There are also railway, road and airport expansion projects coming online, enabling further development and fostering cross-boundary integration.

The Government has been actively promoting re-industrialisation in recent years to develop advanced manufacturing industries based on new technologies and intelligent manufacturing. The massive Re-industrialisation Funding Scheme (RFS) has been rolled out to encourage manufacturers to set up new smart production lines in Hong Kong, while the Advanced Manufacturing Centre (AMC) provides smart production facilities. Meanwhile the Re-industrialisation and Technology Training Programme (RTTP) subsidises companies to nurture talent. With all this activity, advanced manufacturing will become one of the crucial engines driving Hong Kong's economic growth in the future.



PASSPORTS AND VISAS

Hong Kong is regarded as a free and open economy and, with demand for skills and talent outstripping supply in many sectors, the Government is keen to attract people to come to live, work and start new businesses in the city. Now is a good time to consider Hong Kong as an option, because there are plenty of routes to securing a work visa.

Visa arrangements

Nationals from 170 countries and territories can visit Hong Kong without a visa depending on the length of their stay. For some countries the visa-free period is limited to just seven days, while travellers from the UK can visit for six months without a visa.

If you intend to work, study or start a business in Hong Kong, unless you have a strong personal connection to the region, you will need a visa of some kind. Like most countries, it is not possible to change the status of your visa after you have arrived in Hong Kong.





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SCAN ME

To be granted a visa or entry permit under any of the relevant schemes, you need to meet the basic entry requirements. These include holding a valid passport or other travel document that allows you to return home, not having a criminal record and offering no other security or criminal concerns to the authorities, and not being likely to become a burden on the state.

The Top Talent Pass Scheme

The TTPS is a relatively new initiative aimed at attracting high achievers to Hong Kong. There are three main criteria and, importantly, there is no requirement to have a job offer in place before coming to Hong Kong.

The criteria are either earning over HK\$2.5m (£250,000) in the year before application, or having graduated from one of a list of top universities around the world plus at least three years of work experience. Some graduates without the required experience may be eligible, but places are limited and on a first come, first served basis.

Entrepreneurs and investors


There are various government-run schemes and programmes to encourage those looking to invest in Hong Kong, whether they are looking at investing in existing businesses or starting a new one. These usually come with a long-term visa included. Schemes to consider if you are launching a new business in Hong Kong include:

- StartmeupHK Venture Programme administered by InvestHK
- Incu-App, Incu-Bio and Incu-Tech programmes administered by the Hong Kong Science and Technology Parks Corporation
- Cyberport Incubation Programme
- Enterprise Support Scheme administered by the Innovation and Technology Commission
- Design Incubation Programme administered by the Hong Kong Design Centre

Entrepreneurial schemes also require applicants to have a decent level of education, normally a first degree in a relevant field, although technical qualifications, a proven track record and the right business experience and achievements can also do the trick.

The authorities will also want to see some evidence that the applicant will make a significant contribution to the local economy. To assess this, they consider a range of factors including a two-year business plan, as well as looking at turnover, profit and loss and cash flow statements, balance sheet, investment sum and the number of jobs likely to be created locally or new technology or skills introduced.

Where possible, showing that your business fits into an area of the economy or a sector that Hong Kong is keen to promote will help your case.



Against the backdrop
of growing connectivity
in the GBA, do you
compete or collaborate?

■■■
The better the question. The better the answer.
The better the world works.



HONG KONG'S PROFESSIONAL SERVICES LANDSCAPE

Hong Kong's professional services sector is recognised globally for its professionalism, ethics, competence and international vision. As one of the four pillar sectors of Hong Kong's economy, the sector drives the growth of other industries and creates jobs, providing long-term momentum for Hong Kong's development.

According to the Hong Kong Special Administrative Region (HKSAR) government, the professional and business services sector accounted for 4.98% of GDP in 2023. The industry is boosted by a highly educated and skilled workforce, which is adaptable, industrious and multilingual.

Strategically located at the heart of Asia, professional services firms in Hong Kong can serve clients locally, regionally and internationally. With the opportunities that arise from strategic initiatives by the Chinese central government, such as the Belt and Road Initiative (BRI), the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and the Chinese mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), there is growing demand for professional services in Hong Kong.

Business benefits from Hong Kong's professional services

Under the 'one country, two systems' arrangement, Hong Kong operates as a Special Administrative Region of China. It enjoys an active and cooperative business relationship with the Chinese mainland. To further integrate Hong Kong into the national development, as outlined in China's 14th Five-Year Plan, Hong Kong will further leverage its role as a 'super-connector' between the mainland and the rest of the world, attracting foreign investment and exploring global business opportunities.

Hong Kong is playing an increasingly significant role in facilitating global business access to the Chinese mainland, thanks to the multiple government initiatives

aimed at opening up the country. These initiatives encompass a range of services including finance, accounting, insurance and risk management, infrastructure planning, design construction and management, and legal services including dispute resolution.

As a key link and the prime platform for the BRI, Hong Kong can capitalise on its highly international, nimble, high-quality professional services to provide a diverse range of support services for BRI projects. By leveraging favourable measures under the GBA initiative, foreign businesses can leverage Hong Kong's role as a gateway to explore opportunities in the Guangdong province and into the rest of the Chinese mainland beyond.

Under CEPA, the mainland applies zero import tariffs for exports from Hong Kong that meet CEPA rules of origin for goods. It offers preferential market access for Hong Kong service companies. CEPA also allows eligible Hong Kong professionals to acquire the corresponding mainland's professional qualifications through mutual recognition or examinations, further facilitating cross-border professional services.

EY Greater China Region (EY) key services

As a world leading professional services organisation, EY member firms have been present in the Greater China region for more than 50 years, with over 23,000 professionals, more than 1,000 partners and 34 office locations in the region. Hong Kong was the first member firm office opened in the Greater China region. Services include:

- **Assurance:** Assurance inspires confidence and trust to build a better working world. We do so by protecting and serving public interest, promoting transparency, supporting investor confidence and economic growth and nurturing talent to provide future business leaders. Assurance services cover external audit, forensic and integrity services, financial accounting advisory services, climate change and sustainability services, and cost engineering.
- **Tax:** The Tax function is a cornerstone of financial management. Businesses need a transparent reporting system to establish a tax strategy that's compliant and integrated with business drivers. Tax services include global compliance and reporting services, indirect tax services, international tax and transactions, legal services, people advisory, private tax services and tax technology and transformation.
- **Strategy and Transactions:** How organisations manage capital today defines their competitive position tomorrow. Our Strategy and Transactions teams offer integrated and objective advisory services to help clients make better decisions about how to manage capital and transactions. Strategy and Transactions services include work on mergers and acquisitions, transaction due diligence, valuation, modelling and economics. The teams covers infrastructure advisory, transaction strategy and execution, digital and innovation strategy, turnaround and restructuring strategy and international tax and transaction services.

- **Consulting:** Our Consulting teams are building a better working world by transforming businesses through the power of people, technology and innovation. They are helping to put humans at the centre, leveraging technology at speed and enabling innovation at scale. Services include business consulting and technology consulting.
- **Financial Services:** The EY global organisation is the only Big Four accounting organisation to integrate global financial services into a 'sub-business segment'. Financial Services is the largest segment of the global EY industry-focused services. We actively respond to innovation and reforms in the industry. FinTech and innovation have taken centre stage in our global strategic development, and we assembled a special Asia-Pacific taskforce on FinTech in China to more efficiently integrate resources to accommodate FinTech's interdisciplinary and inter-channel nature. EY Greater China Financial Service professionals provide assurance, tax, strategy, transactions and consulting services to financial institutions, as well as providing procedure and services for banking and capital markets, insurance and wealth and asset management.

The EY focus in action

China Go Abroad, Belt & Road and EY COIN

The advancement of the BRI continues to bring opportunities for Chinese enterprises. The EY China Overseas Investment Network (EY COIN) helps Chinese enterprises seek opportunities outside of China. The highly integrated structure allows it to deploy dedicated teams with deep industry knowledge to provide high-quality services. The EY Belt & Road Task Force was built to assist Chinese enterprises develop along the route.

EY COIN has assisted many Chinese companies with globalisation, working on some of the most significant Chinese outbound investments and transactions. In the past few years, the EY COIN team has acted as advisor on several high-profile outbound transactions around the world. As a global professional services organisation with rich experience, EY teams can assist with everything from planning and deal execution to post-deal integration. EY helps Chinese enterprises manage risk, strengthen control and establish a management framework to safeguard overseas investments.

EY and the GBA

The EY Greater China region has member firm offices in the four core cities in the GBA – Hong Kong, Macau, Guangzhou and Shenzhen. As one of the world's leading professional service organisations, our clients enjoy access to both the wisdom of EY professional networks worldwide and our rich experience in China. We work with clients to help them realise the potential of the GBA.

In line with the national vision for the development of the GBA, EY has set up the EY Greater Bay Area Center of Excellence. Here we are using the structure of Six Connects in the GBA to help clients seize the opportunities that arise from economic development in the GBA.

Under the framework of the six service areas, EY focuses on technological developments, creating three major functional areas in the EY GBA Center of Excellence. There is a technology interaction and exhibition zone, a technology application and R&D zone, and the Cybersecurity Center.

With top engineering and R&D professionals, the EY GBA Center of Excellence is dedicated to working with enterprises to co-create innovative solutions, navigating through pressing challenges. So far, there are more than 30 resident engineers in the EY GBA Center of Excellence, covering AI, big data, user interaction, blockchain and other fields, and nearly 100 people are engaged in regular services.

Since the trial operation started last year, EY has conducted research in cutting-edge technology fields such as AI, Web3.0 and 5G. In that time, we have developed more than 20 technical models, serving enterprises in the fields of Internet of Things, fintech, industrial software and operations.

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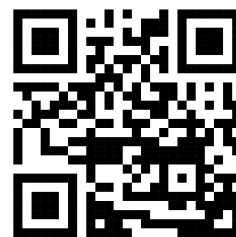
CASE STUDY:

Helping an international business extend its reach

EY teams collaborated with an international transportation group, which had its headquarters in Hong Kong, to explore how to optimise operations and make the most of preferential tax treatments for both Hong Kong and mainland China (including Shenzhen and Qianhai). We worked with the company on strategic and operational setup designs and implementation assistance, working out how to extend its management and operation hub from Hong Kong into Shenzhen, and to switch to a better position in view of the latest regulatory developments. We wanted to help expand its footprint across mainland China out from the Greater Bay Area, but with Hong Kong and Shenzhen as a twin-base centre.

This strategic expansion made use of Hong Kong as a super-connector city and Shenzhen as a world-class, high-technology base and scientific talent nest. Over time, we have helped what had been a Hong Kong-based business become a GBA-based group, with extended roots across two different cities. This enabled the unlocking of further business opportunities across the whole of mainland China, which in turn supported the deepening of the group's outreach to the rest of the world.

Trade4MSMEs Website and the Trade Game



Trade4MSMEs provides trade-related information in short guides for micro, small and medium-sized enterprises (MSMEs) and for trade policymakers .

Example guides include basics of importing and exporting, trade finance, or how to determine a product's HS code. A resource library links to over 600 verified resources.

Visitors can also explore **The Trade Game**, a “choose your own adventure” export readiness assessment tool.

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KNOW THE CULTURE

In Hong Kong, business is all about people. Despite the arrival of the age of hybrid working and digital meetings, in the city there remains a strong preference for doing business in person. Face-to-face meetings are preferred to virtual ones. This is why so many experts advise people considering doing business in Hong Kong to take the time to visit the city for themselves at least once, and possibly several times. Not only will you get to see the sights, but you'll meet potential contacts in person.

The essentials

The official languages in Hong Kong are English and Chinese (Cantonese). A very high proportion of people are bilingual, and there should be no need to use a translator. The dress code remains quite formal, with men still expected to wear a suit and often a tie. There is an expectation to conduct yourself with politeness and show respect for the people you are meeting.

Plan your meetings, but be flexible

It won't take long to meet people in Hong Kong interested in you and your business, and it is likely some will introduce you to other people who they think may be able to help you. The network multiplier effect is massive in Hong Kong because people like to help each other. If someone can't help you themselves, they will do their best to identify a few contacts who can.

Expect invites to further meetings

The business community in Hong Kong is close knit and very supportive. If you meet someone at an event and they suggest another meeting, they will expect it to happen quickly. It is not the same as the polite-but-vague Western suggestion that you "keep in touch". Sometimes people may even suggest meeting later the same day, possibly for drinks or dinner in the evening. Business meetings in Hong Kong are often sociable affairs, centred around food and drink.

Hierarchy matters

While organisations in the West are increasingly keen to stress how non-hierarchical they are, with businesses happier to be described as having flat structures, in Hong Kong hierarchy and status still matter a great deal. If you are introduced to a group, you should talk first to the most senior member of it. Likewise, being aware of who you are planning to meet and making sure it is someone at the same level as yourself is important.

Business cards

Any discussion of business culture in Hong Kong has to mention business cards. As the rest of the world moves towards digital solutions, Hong Kong remains proudly apart, standing, in the words of one contributor, as "the last bastion of the business card". In short, pack lots of them.

Etiquette when exchanging business cards is to hand over and take cards with both hands. You should present yours with the text readable to the person taking it. When accepting a card, take plenty of time to read it carefully and only then put it one side.

“
Hong Kong
offers a
stable,
free-trade
economy for
investors”



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FIRST CHOICE FOR A BETTER FUTURE

Harrow International School Hong Kong opened in August 2012, as the first British boarding school in Hong Kong, meeting growing demand for a traditional British education. The school integrates elements of educational philosophy, practice and traditions from Harrow School in London into Hong Kong's diverse international community. The result is a school fusing the best of West and East.

Harrow International School has become the obvious first choice for those pursuing a British-based education in Hong Kong. The school is steeped in UK heritage. Pupils achieve outstanding exam results, building ideal foundations for their future, with many going on to study at the best universities and colleges in the world. With its world-class facilities and high calibre of teaching staff, working in partnership with supportive pastoral teams, pupils become well-rounded individuals.

The school is located in a magnificent, regency-style, crescent-shaped building near the Gold Coast in the New Territories, and boasts an expansive site and state-of-the-art facilities. Just a 35-minute drive from Hong Kong Island, Harrow International School is served by a number of bus routes that ensure pupils can access the campus from across the territory, whether they attend as day pupils or boarders. In August 2025, a second campus for Early Years (three- to four-year-olds) will open in the newly developed Kai Tak area, to meet the growing demand for places in K1 and K2.

The school educates almost 1,600 pupils, ranging from three to 18 years of age, offering a seamless transition from early years through lower school, prep and senior school, and all on one campus. Sports needs are well served, with a 25m

indoor swimming pool, four large, multi-purpose sports halls, astro turf and tennis courts. Extra-curricular provision is second to none, with many individual music practice rooms, a black box theatre, dance studio and art gallery among the facilities for pupils of all ages. The recent addition of a state-of-the-art STEAM Centre, comprising laser cutters, 3D printers, photography studio, textiles room and presentation space, alongside computer science and Vex Robotics classrooms has propelled the school to the forefront in this area.

A vision for excellence

Harrow Hong Kong's vision is to offer educational excellence for life and leadership and the school aims to equip and challenge pupils to use their knowledge, skills and talents to become the leaders of tomorrow. Leadership is a Harrovian quality and great Old Harrovians include Winston Churchill, Nehru and King Hussein of Jordan, renowned for providing profound leadership at significant points in modern history.

With input from stakeholders across its community, including teachers, pupils and parents, the school's social vision statement of being "a caring, respectful community in which everybody thrives" was developed to provide a framework for behaviour and interactions. The school's mission is underpinned by core values shared by all Harrow schools across the world – honour, courage, humility and fellowship.

On the shoulders of a 450-year heritage

The school is the only British international boarding school in the territory and offers a weekly boarding model (Sunday evening to Friday afternoon), which represents an ideal balance between school and family life. Pastoral care is a priority, with pupils supported throughout the school by teams of house masters and mistresses, assistant house masters and mistresses, tutors, matrons, class teachers, a dedicated, 24-hour health care centre, school psychologist and counsellors.

Harrow Hong Kong stands proudly on the shoulders of the past, drawing on the 450 years of heritage, culture and educational excellence of Harrow School in London. The Hong Kong campus and facilities are some of the most extensive in the area and mark the school out as unique in Hong Kong.

The close ties with Harrow School in London are built and maintained through Harrow Educational Oversight Visits, regular Harrow Heads' Conferences, contribution to shared music and sporting events, pupil visits to the annual Harrow Fifth Form Conference, hosted by Harrow London, and shared best practice among staff.

Harrow Hong Kong is an academically selective school. All teaching, apart from Chinese, French and Spanish lessons, is in English and as such a strong level of English language is an essential entry requirement. Applications from those relocating to Hong Kong from overseas are accepted throughout the year, with priority given to those holding foreign passports.



TAKING TECH FOUNDERS TO THE HEART OF HONG KONG

The UK Tech Advocates' trade missions for tech founders are designed to help get the UK's most promising scaleups to see the potential opportunities presented by Hong Kong as a foothold into Asia Pacific, and help them make connections to exploit them.

Led by Tech West England Advocates and organised by Hewlett Rand, a leadership and business development consultancy that also focuses on fast-growth scale-ups and corporates, the annual mission is focused on helping connect UK tech founders to the opportunities presented by Hong Kong, the Greater Bay Area and Asia Pacific.

One of the best ways for a growing business to maintain momentum while also building resilience is to export. With roots in both the UK and Hong Kong,

Hewlett Rand is well placed to lead the initiative. Managing Director Richard Lowe explains that the mission to Hong Kong requires close collaboration with partners. “We work with the UK Department for Business and Trade (DBT), InvestHK, HKTDC and other local key partners each year, along with UK and Hong Kong ecosystem partners, including TechUK, the Institute of Directors, the British Chambers of Commerce and the Chartered Institute of Export & International Trade.”

“
The mission
provided
valuable
insights into
local market
dynamics”

Hong Kong is an excellent gateway into mainland China and on to the wider Asia Pacific region.

The aim is to offer a comprehensive, one-week trade mission for tech founders looking to move into Hong Kong and who want a condensed programme giving them access to stakeholders, investors, partners, customers and key players in the tech ecosystem across the region.

To help boost its value, the mission is run at the same time as the StartmeupHK festival, helping attendees meet stakeholders, as Lowe explains. “Delegates take part in our exclusive investor pitch and mission showcase events as part of the festival. Each tech company also receives social media and PR opportunities before, during and after our mission and inclusion in our pre-mission briefing and end-of-mission report, and they’re invited to attend post-mission events.”

Hewlett Rand and Tech West England Advocates promote the UK Tech Mission to Hong Kong each year through offering group and one-to-one briefings and planning meetings, to work towards each tech founder’s objectives and to assess business matching requirements. Lowe adds that for the founders who commit to the whole process and plan in advance, the mission delivers tangible business outcomes.

Hao Pang, CEO of Quantum Science, who took part in a previous mission, fully backs this claim. “The mission provided valuable insights into local market dynamics, helping us refine our market entry strategy,” he says. “It facilitated connections with industry leaders and influencers, opening doors to collaboration and future opportunities. We got significant interest from potential investors and discussions are underway.”

Another attendee, Stephen Bennington, CEO at Q5D, praises the “packed schedule” Hewlett Rand organised. This included visits to the Hong Kong Science and Technology Park and Cyberport as well as receptions at the consulate and various co-working spaces. “Despite the tight schedule, space was left for us to arrange one-to-one business meetings as well. And there was an opportunity for us to meet with potential investors through a reverse pitching event.”

Visit techwestenglandadvocates.co.uk to learn more or email enquiry@hewletterrand.com to register your interest for the next mission.

TRANSPORT TIPS

Hong Kong is rightly proud of its excellent transport infrastructure. There are usually lots of options to get from one part of the city to another. It is worth getting an Octopus card, a pre-paid contactless card widely accepted across the transport network, but also accepted in lots of shops and restaurants for small transactions.



With so many options available, it can be very helpful to download HKeMobility, the travel planning mobile app developed by Hong Kong's Transport Department.

Getting to and from the airport

Located on Lantau Island, Hong Kong's International Airport has a well-developed transport network and is plugged into the rest of the city's infrastructure. You can commute between the airport and the city in under half an hour for reasonably low fares, using the Airport Express train, buses, taxi or hotel shuttle buses.

The Mass Transit Railway system (MTR) runs the high-speed Airport Express, which takes 24 minutes to reach Hong Kong Island from the airport and is the fastest way to get between the two. Kowloon and Hong Kong stations provide in-town luggage check-in for most major airlines. Contact your airline for details before travel.

MTR is also a convenient way to get around the rest of Hong Kong. Quick and efficient, it covers all the major districts, including stops at the boundary with the mainland at Lo Wu Station and Lok Ma Chau Station. MTR also operates a light rail system between Yuen Long and Tuen Mun in the New Territories.

Buses

Most buses in Hong Kong are air-conditioned and comfortable even in summer. They are less busy than MTR trains, but also slower, especially at peak times. Double-decker buses also provide excellent views of the city. The route number and destination are displayed on the front of each bus. Fares are paid on boarding, based on the distance to be travelled. If paying by cash, you need to have the exact fare as no change is given. All buses accept digital payments, including Octopus cards.

Trams

Hong Kong's tram network, endearingly nicknamed the "Ding Ding", operates on six routes, with the iconic green double-decker trolley busses running along Hong Kong Island's north coast. There is a fixed fare of HK\$3 regardless of the distance travelled. Remember to board the tram at the back and exit from the front. You pay when you leave. Digital payments including Octopus cards are accepted and no change is given for cash. There is also the TramOramic, an open-top tourist tram that takes one hour and runs from Sheung Wan to Causeway Bay. The ticket price includes a two-day tram pass.

Taxis

There is rarely a shortage of taxis in Hong Kong. To be safe, until you are familiar with the city, it makes sense to hail one from a recognised taxi rank or from outside a hotel or other landmark.

GREATER BAY AREA

Beyond the immediate market opportunity within Hong Kong itself lies something much larger and more significant. For years there has been a move to incorporate Hong Kong into its regional surroundings and embed it in what was previously known as the Pan-Pearl River Delta Region.





Population
86 million

GDP
US\$1.7trn

Geographic area
56,000 km²

This has now transformed into a more formal initiative known as the Guangdong-Hong Kong-Macau Greater Bay Area (GBA). The GBA is made up of the two Special Administrative Regions of Hong Kong and Macau, along with the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province.

The GBA scheme has been building momentum and getting reasonable coverage in recent years, despite the Covid pandemic shifting some attention away from developments such as this. Nonetheless, the capacity for the GBA to transform Hong Kong and drive its economy to ever greater achievements has, if anything, been understated to date. It is possible that not everyone is fully aware of the huge opportunity this region presents, and how much Hong Kong can benefit from the initiative.

The statistics that describe the GBA project should be more than enough to grab people's attention. Even as they are starting to get repeated more frequently, they still have the capacity to surprise.

Daisy Ip, Head, Investment Promotion at InvestHK, paints the picture: "The combined GDP of these 11 cities, all of them within an hour's journey of Hong Kong, is similar in size to South Korea. We used to call this the Pan-Pearl River Delta Region and businesses may have heard of that, but in this new guise the size of the opportunity is on a different scale."

There are other differences, too. The GBA is a more structured arrangement, with a formal Framework Agreement, signed in 2017, that outlines several key customs clearance and trade facilitation measures, as well as policies to encourage wealth management and attract businesses from different sectors. As Ip explains: "There

is lots of trade facilitation across the three jurisdictions, which is also assisted by the proximity of so many huge cities to one another. Increasingly, this area is also being seen as the world's leading centre for new technology. A lot of the world's top international technology companies are from this area, which is right next to Hong Kong. Everything here is on a large scale, and the technology throughout the area is incredibly well advanced."

A rising middle class

But there is more to the GBA than just the quantity and scale of the market. There is also the quality of the market to consider. "Increasingly, these are cities with large populations of middle class consumers, most of them very tech savvy and looking for new ways to spend their disposable income," says Ip.

If your idea of the Chinese economy is still of a huge working-class population and a tiny elite, it is time to rethink. The reality in Hong Kong, China and across most Asian markets is of a rapidly expanding, highly educated and very demanding middle class driving growth and expanding markets for a wide range of high-tech consumer goods and services.





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HIGH-QUALITY ADVICE WITH A PRACTICAL APPROACH

The Howse Williams approach

Howse Williams is a leading independent, full-service Hong Kong law firm. As an independent law firm, we minimise legal and commercial conflicts of interest and act for clients across all industry sectors. We have extensive experience and contacts in Hong Kong and throughout Asia. Most of our partners are from international law firms and have spent their careers working in Hong Kong.

Located in the central business district, we have an excellent reputation for delivering high-quality legal advice, with a practical and commercial approach. Our advice is clear, commercial and innovative. Our partners are entrepreneurial and provide excellent legal advice in a cost-effective manner.

The benefits of Hong Kong

Hong Kong is a sophisticated and cosmopolitan global city. It is entrepreneurial, adaptable, efficient and dynamic. Hong Kong is recognised as an international financial centre and many of the world's largest financial institutions have a presence here. Hong Kong is an ideal location for businesses to tap into the opportunities in mainland China and the wider Asia-Pacific region. It is a robust and attractive environment for international investment.

Hong Kong has one of the most competitive economies in the world, with a simple, transparent tax system. There are no restrictions on foreign investment and there is free movement of capital and goods. Hong Kong also boasts a multicultural talent pool.

Renowned for its administrative efficiency, it is quick and convenient to start a business in Hong Kong (see box on page 74). Both English and Chinese are official languages, which gives a sense of familiarity to international investors.

Hong Kong has a robust and independent judiciary and a strong dispute resolution system. The courts and judiciary are well regarded and internationally recognised. Hong Kong is also regarded as an impartial venue for arbitration.

The quality of life in Hong Kong adds to its appeal. It's a safe and attractive place to live and work, with excellent healthcare, education, infrastructure and transport.

Services we offer

As a full-service law firm, Howse Williams advises clients on how to establish and maintain their business in Hong Kong. We can assist with the following:

- Establishing a company or other business entity
- Provision of company secretarial services and registered offices
- Compliance and regulatory issues
- Employment contracts and employment issues
- Immigration and visa issues, including the relocation of staff
- Business law
- Insurance
- Property and real estate, including tenancies and sale and purchase of office and residential property
- Commercial contracts and international trade
- Notarisation of documents and China Attestation services (for the mainland)
- Disputes
- Business expansion, M&A, takeovers and fundraising
- Banking and financial matters

For more details on how we can help you, contact chris.williams@howsewilliams.com or visit howsewilliams.com

Setting up a business in Hong Kong

Whatever approach you are taking to doing business in Hong Kong, Howse Williams can assist you in setting up in the most appropriate way. The most common types of business vehicles in Hong Kong are a company incorporated in Hong Kong, a branch office of a parent company, a representative office, or a sole proprietorship or partnership.

The Business Registration Ordinance requires every business in Hong Kong to register with the Business Registration Office of the Inland Revenue Department. Certain businesses require specific licenses or consents from regulatory authorities. Companies incorporated in Hong Kong can be public or private and can be limited by shares or by guarantee. Public companies that are listed on the Hong Kong Stock Exchange are subject to additional regulations.

Foreign companies are permitted to establish a branch office in Hong Kong. To do so, they have to register the branch with the Registrar of Companies within a month of establishing a place of business in Hong Kong and apply for a business registration certificate.

Foreign companies are also permitted to establish a local representative office, which is usually a liaison office. Subject to exceptions, a representative office must not undertake business in Hong Kong that creates legal obligations.

Compliance, financial reporting and regulatory issues

Certain businesses, for example in banking, insurance, securities and telecommunications, require specific licenses or consents from regulatory authorities. Regulatory reporting is specific to the type of business entity and must be strictly adhered to. All companies incorporated under the Companies Ordinance must provide annual audited accounts.

Employment contracts, immigration and visa requirements

Any person who wants to work in Hong Kong, but does not have right of abode or right to land, must obtain an employment visa. Anyone taking up residence in Hong Kong is required to obtain a Hong Kong Identity Card. People who have lived and worked in Hong Kong for seven years continuously can apply for right of abode (permanent residence). Employment contracts should comply with the Hong Kong Employment Ordinance and the terms should reflect the local regulatory framework.

Office and residential property

It's important for new businesses to understand the office and residential landscape in Hong Kong. The central business district is appropriately named Central. Other office locations may be appropriate, depending on the size of business and the sector it operates in.

Corporate tax

Hong Kong's tax system is simple and transparent. It has adopted a territorial tax system, under which only Hong Kong-sourced income is chargeable to tax. Dividend income is not subject to tax in Hong Kong and there are generally no capital gains tax or consumption taxes (e.g. VAT or GST).

Dispute resolution

The Basic Law provides for the independence of the judiciary in Hong Kong.

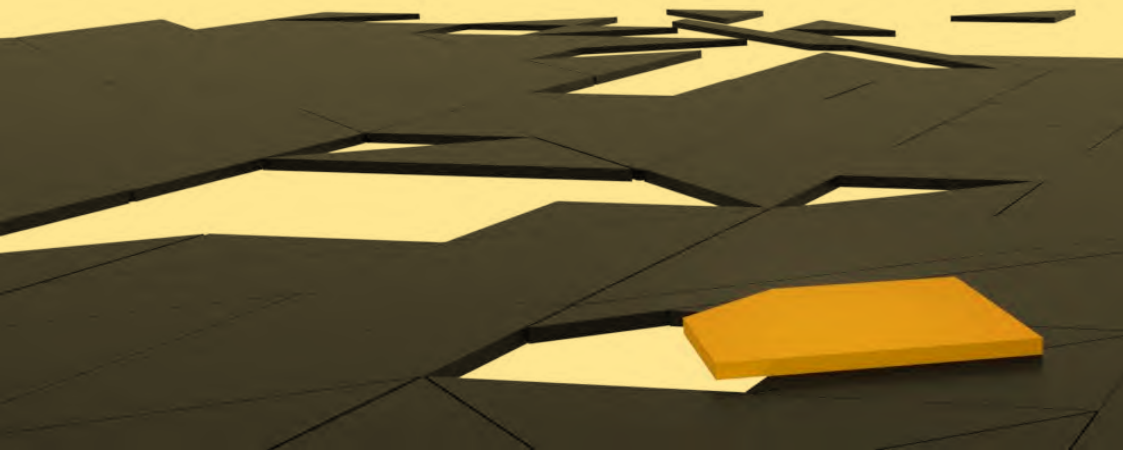
Intellectual property

Hong Kong adopts international standards in respect of intellectual property (IP) law. The Hong Kong government's Intellectual Property Department and Customs and Excise Department respectively carry out oversight and enforcement roles.

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USING HONG KONG AS A SPRINGBOARD INTO MAINLAND CHINA

Its reputation as an international financial centre plus its geographical and political proximity to the mainland make Hong Kong a natural gateway to the Chinese market. **Kiran Patel**, Senior Director, Commercial at the China-Britain Business Council, outlines the benefits of stepping through it.



Hong Kong has long been regarded as a springboard to access mainland China. Its status as a Special Administrative Region (SAR) of China and being part of the wider Guangdong-Hong Kong-Macau Greater Bay Area (GBA) regional development bestow strategic integration and enhanced interoperability. Hong Kong remains key for British businesses wanting to sell into mainland China, due to increasingly close business ties between the two markets. Notwithstanding its geographic proximity, Hong Kong's underlying competitive advantage lies in its reputation as a global financial centre with access to the world's capital markets and world-class financial and professional services.

Combined with a developed logistics port and aviation hub, highly regarded and business-friendly tax and legal frameworks, and an evolving business environment continuously harmonised to enable the smoother flow of trade and investment into the mainland, Hong Kong provides a unique platform for growing a business into China. It also attracts international capital and talent to the GBA, cementing its importance in the wider GBA strategy. Hong Kong's inclusion in the GBA provides streamlined access for Hong Kong and international investors into mainland China.

Guangdong-Hong Kong-Macao Greater Bay Area (GBA)

The GBA is located in the South China region and comprises nine cities from the Guangdong province (Guangzhou, Shenzhen, Zhuhai, Huizhou, Dongguan, Foshan, Zhongshan, Jiangmen and Zhaoqing) as well as the Hong Kong and Macau SARs.

The opportunity for UK businesses to expand out of Hong Kong into the GBA and penetrate further into mainland China is significant. Hong Kong is well connected to international trade routes, is home to a globally competitive manufacturing and artisanal base, and is a growing pioneer in the fields of technology and innovation. In addition to a vibrant consumer market, key service sectors for the GBA include technology and innovation, automotive, infrastructure, renewable and clean energy, healthcare, education and financial services. These are all areas of strength and innovation for the UK.

Leveraging the Closer Economic Partnership Arrangement

Since its implementation in 2023, the Closer Economic Partnership Arrangement (CEPA) between Hong Kong and the mainland has offered better access to mainland China's market for Hong Kong-based enterprises trading in goods and services.

CEPA applies to qualifying enterprises and exporters incorporated in, manufacturing in or selling into third markets via Hong Kong, regardless of size or nationality. This significantly simplifies the complexities of accessing the world's largest market. By either incorporating a base for your business in Hong Kong or through securing the correct partnerships to provide you with compliance and compatibility within the framework of CEPA, your business can open the corridor to sell into the mainland.

Provided products or services meet rules of origin criteria set out under the CEPA, you are only a few steps away from growing your business footprint into the GBA and the rest of the mainland. If seeking to trade goods into China, a foreign enterprise can establish its production base in Hong Kong to align with CEPA rules of origin. Should a business be trading services, a foreign-invested entity can leverage the status of a Hong Kong service supplier, if it meets specified criteria.

A financial and professional services hub

After years of development, Hong Kong boasts long-established legal and regulatory regimes and a financial system that is conducive to supporting international trade. Building on these foundations, Hong Kong’s financial system enables it to insulate itself from market shocks and to mitigate financial risks, making it a secure and trusted connector to the mainland and international markets.

CEPA has given the Guangdong Free-Trade Zone space to craft its own systems and rules to ease doing business with Hong Kong. Financial reforms in key cross-border financial products – asset transfers, renminbi (RMB) loans, bonds, capital pools and equity investment – are aligned with international investment and trade standards. In Shenzhen’s Qianhai District, you’ll find China’s first cross-border transaction platform for RMB credit assets, the first brokerage majority-owned by an overseas bank and the first reinsurance company, Qianhai Reinsurance. Compatibility with international finance and banking regimes help ease the flow of capital and transfer of funds to customers and suppliers between mainland China and Hong Kong.

Connecting markets with the zero-tariff freeport policy

Hong Kong has long adopted a zero-tariff freeport policy and doesn’t impose non-tariff barriers to protect domestic industries – ensuring the free flow of goods and reinforcing the competitiveness of Hong Kong’s international trade and logistics hub. The freeport policy ensures the flow of goods into mainland China and through the region, and affirms its role as a ‘super connector’ bridging the mainland with the world.

ABOUT THE CHINA-BRITAIN BUSINESS COUNCIL

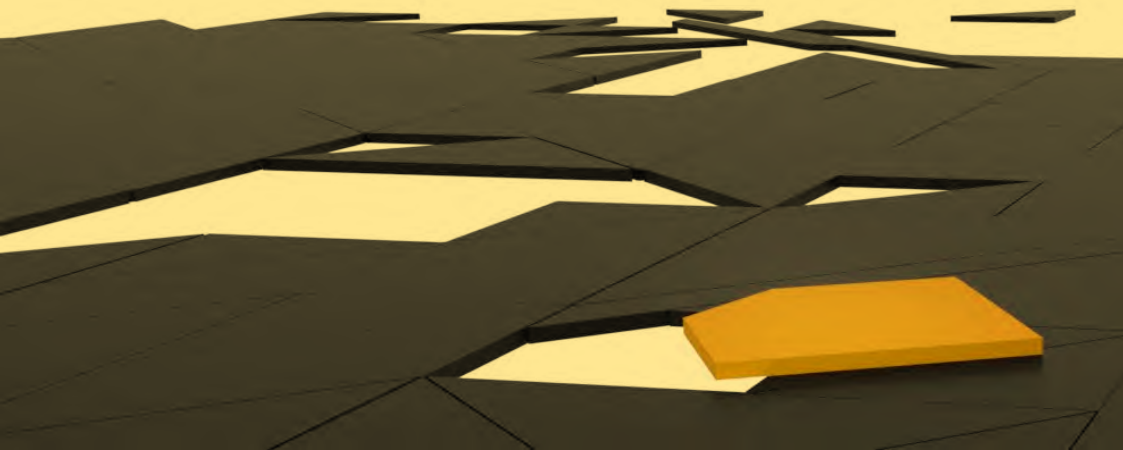
The China-Britain Business Council (CBBC) is the UK’s national business network promoting trade and investment with China. For 70 years, we have acted as the independent voice of business. We support members, clients and partners to understand and capitalise on the opportunities for their businesses in mainland China. Our South China offices in Guangzhou and Shenzhen, as well as partnerships with the British Chamber of Commerce in Hong Kong, the Department for Business and Trade and the Chartered Institute of Export & International Trade, give us a unique insight into the integration of the mainland and Hong Kong markets.

For more details on the opportunities in China, visit cbbc.org or contact kiran.patel@cbbc.org

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TURNING INNOVATION INTO MARKET-READY PRODUCTS

For the last 20 years, Hong Kong's biggest research and development hub has played a vital role in the city's entrepreneurial ecosystem, helping entrepreneurs and innovators take ideas from lab to market.

Billed as the place “where innovation becomes the future”, the Hong Kong Science and Technology Park (HKSTP) was established in 2002. In two decades of working to incubate and accelerate science and technology companies, it has nurtured more than 1,700 businesses from almost 30 countries, including 12 that have now achieved unicorn status (meaning they’re worth over US\$1bn). Over that time, it has also built a network of more than 14,000 R&D experts, while the companies it has helped have raised a cumulated US\$93bn, with 80% of the firms graduating from its incubator programmes still in business.

It’s an impressive roll call of statistics and is testament to the organisation’s ability to deliver on its vision to “create a vibrant innovation and technology ecosystem to deliver social and economic benefits to Hong Kong and the region, and to build a future abundant with innovation opportunities for the younger generations”.

Four strategic areas

With that network of 14,000-plus experts, it is no surprise that HKSTP boasts the city’s largest R&D base. With its focus on innovation, translational research, product development and go-to-market support, it has recently begun to sharpen focus on targeting four key strategic areas – artificial intelligence and robotics, biomedical, data and smart city technology, and fintech. It also works on improving the innovation and technology ecosystem through five clusters focused on biomedical technology, electronics, greentech, ICT, and material and precision engineering.

With its strong focus on turning ideas into action, it was no surprise in 2019 that HKSTP was recognised for its successes when it was named Incubator of the Year by the Asian Association of Business Incubation (AABI). It’s just one of a long line of awards recognising everything from HKSTP’s excellent architecture and green infrastructure to its work turning ideas into action.

There are various aspects to the work instigated and supported by HKSTP, not least a wide range of activities led by partner organisations and its own initiatives, including InnoHK, the Science Park, InnoCentre, InnoPark and Wheelock Gallery. Between them these are the institutions and initiatives that are driving forward research and development activity in Hong Kong, taking innovative ideas in all areas of activity and turning them into marketable products and services.

An innovation-driven future for the GBA

While HKSTP is an impressive achievement at the heart of Hong Kong’s high-tech innovation ecosystem, the future looks even brighter with the imminent arrival of the Hong Kong-Shenzhen Innovation and Technology Park, a new campus opening at the Lok Ma Chau Loop. At full capacity, it will be four times bigger than HKSTP, enabling more innovation and solutions to technological challenges, and helping the businesses developing these solutions to take advantage of the Greater Bay Area initiative.

CLOSER ECONOMIC PARTNERSHIP AGREEMENT

Hong Kong's economy is increasingly tied to that of mainland China. One of the ways this has been made possible is through the Closer Economic Partnership Arrangement (CEPA), a free-trade agreement signed in June 2003 that offers Hong Kong businesses preferential access to the mainland market.

CEPA goes beyond World Trade Organization (WTO) commitments, eliminating tariffs on goods and allowing preferential access to several service sectors. This last aspect is crucial, as services account for over 93% of Hong Kong's economic output.

And overseas companies can also benefit from CEPA. If they are trading goods, foreign investors have to set up a production facility in Hong Kong to create goods that meet rigorous, but fair, rules of origin. For services, providers in Hong Kong can use CEPA if they meet eligibility criteria to qualify as a Hong Kong service supplier. This can either be achieved by having operations based in the city for at least three years, or alternatively by partnering with, or buying, a company that does qualify.

Officially known as the Mainland and Hong Kong Closer Economic Partnership Agreement, CEPA is split into four main sections covering trade in goods, trade in services, economic and technical cooperation, and inward investment.



“
Trade in goods
between Hong
Kong and the
mainland is
now almost
entirely
tariff-free”



The product-specific rules of origin that apply under CEPA were last updated in 2022 and use the World Customs Organization's (WCO) Harmonised System (HS) Codes.

Trade in goods

Trade in goods between Hong Kong and the mainland is almost entirely tariff-free. As long as products from Hong Kong meet the rules of origin, they won't attract a tariff when imported to the mainland.

Since the initial deal was agreed, the specifications for determining the rules of origin have been widened, with a general rule of origin introduced in an updated agreement in 2018, along with updated product-specific rules. The new deal means that any goods manufactured in Hong Kong automatically qualify for tariff-free access.

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The 2018 update also looked to remove various other non-tariff barriers, with a focus on enhancing customs procedures and trade facilitation. The overall aim was to simplify arrangements and reduce border checks, while maintaining safety and security.

Trade in services

Hong Kong has one of the most service-based economies in the world, with over 93% of GDP coming from services. CEPA's agreement on services has been a major positive for the sector, not least because its broad scope means that an estimated 96% of the service sector in Hong Kong can make use of the arrangements to work in and run service businesses in mainland China.

The agreement on services was last updated in 2019, with the new arrangements coming into effect from June 2020. This introduced new measures providing even better access across service sectors including financial services, legal, building and related engineering services, the creative industries and tourism. This marked a major opening up of the mainland service sector, which had previously been limited to businesses owned and run by Chinese nationals. It also significantly boosted the degree of mutual recognition of professional qualifications, helping more Hong Kong professionals to practise in the mainland.

Economic and technical co-operation

The part of CEPA that may seem to only be of interest to trade nerds – the most recent agreement to enhance economic and technical co-operation in 2017 – saw a huge array of 22 areas of enhanced co-operation, ranging from recognition of professional qualifications to agreements in areas such as accounting and education. It also set the stage for closer co-operation across what was previously known as the Pan-Pearl River Delta Region but which is now more commonly known as the Greater Bay Area. There was also an agreement to support small businesses and to co-operate on supporting ecommerce. Hong Kong also agreed to take part in developing pilot free-trade zones. Since 2013, China has established 22 free-trade zones, including the GBA (see page 70 for more).

Investment

One of the more recent additions to CEPA is an agreement to allow corporate entities and individual investors registered or based in Hong Kong access to investment opportunities in the mainland. If they can prove their status as Hong Kong entities or individuals, these investors can now benefit from greater investment protection.

The agreement means treating Hong Kong investors, both companies and individuals, the same as mainland investors, with both subject to the same laws and regulations. It also simplifies the process and reduces bureaucracy, offers greater protection (preventing appropriation of investments) and provides a mechanism for the settlement of investment disputes.

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Department for Business & Trade Hong Kong

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Invest Hong Kong

investhk.gov.hk
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enq@investhk.gov.hk



UK Export Finance

ukexportfinance.gov.uk
 contact via online form



SOURCES AND RESOURCES

There is plenty of support and lots of available resources for startups and new entrants to the Hong Kong market. As well as help from InvestHK, the government runs a plethora of initiatives and schemes to help SMEs thrive. Here's an index of useful links.

Guides to Hong Kong

- Department for Business & Trade: great.gov.uk/markets/hong-kong-china
- HSBC: business.hsbc.com/business-guides/hong-kong
- Howse Williams guide to setting up a business in Hong Kong: howsewilliams.com/attachment/ExpertisePdf/20220620_Setting_up_a_Business_in_Hong_Kong.pdf

Guides for expats

- HSBC: expat.hsbc.com/expat-explorer/expat-guides/hong-kong
- Expat Living: expatliving.hk
- Good School Guide: goodschoolsguide.co.uk/international/hong-kong/living-expat-guide

Hong Kong government departments

- Hong Kong Trade and Industry Department: tid.gov.hk
- Inland Revenue Department: ird.gov.hk
- Customs and Excise Department: customs.gov.hk
- Hong Kong Trade Development Council: hktdc.com
- Startups at InvestHK: startmeup.hk

Doing business with the mainland

- Hong Kong Government: gov.hk/en/business/businessmainland/cepa
- GoGBA platform for support expanding into the GBA: go-gba.com
- China-Britain Business Council: cbbc.org
- Detailed information on CEPA: tid.gov.hk/english/cepa

Hong Kong resources for startups

- SME Link, consolidated, one-stop link for SME support: smelink.gov.hk/
- Hong Kong Startup Society: hkstartupsociety.hktcdc.com
- SME Support: smesupport.hktcdc.com
- Hong Kong Startup Council: startup.org.hk
- HKTDC Transformation Sandbox (see box below): t-box.hktcdc.com
- Hong Kong Government's support for SMEs: gov.hk/en/business/supportenterprises/
- Support and Consultation Centre for SMEs (SUCCESS): success.tid.gov.hk
- Trade and Industry Department funding schemes: smefund.tid.gov.hk/
- Innovation Hub offering extra support for Hong Kong tech startups: innovationhub.hk/
- The Hong Kong Productivity Council's business support scheme SME One: hkpc.org/en/support-resource/sme-one/smeone-main
- Directory of trade and industry organisations: tid.gov.hk/english/smes_industry/industry/hktio.html

THINKING INSIDE THE BOX

The HKTDC Transformation Sandbox (T-Box) is a free, three-month SME support programme that helps upgrade and transform your business across five areas: branding; digital transformation; manufacturing and supply chain solutions; new markets; and sustainability. Its dedicated team works with successful applicants to recommend suitable advisory services, workshops, government funding information, market knowledge and networking opportunities to help improve productivity, streamline process and transform the business.

For more information visit t-box.hktcdc.com

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