



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia

# Investing and Doing Business in Hong Kong 2023

## Opportunities in the Post-Covid Chapter

In cooperation with

Invest**HK**

Webinar | 11th May 2023 | Wednesday | Dezan Shira & Associates





# About Us

1992

Dezan Shira's establishment

500+

Our **team** of legal, tax, accounting, business intelligence and audit professionals

3,000+

Multinational **clients** that have already chosen us

80+

**Countries** served by our professional services

29

**Offices** in China, Hong Kong, India, Vietnam, Singapore, Indonesia and Mongolia; Liaison offices in Italy, the United States and Germany, and Asian Alliance offices in Malaysia, the Philippines, Thailand, Bangladesh, Japan, South Korea and Taiwan.



# Today's Speakers



**DEZAN SHIRA & ASSOCIATES**

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**Peggy Kwok**

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# Agenda

## Index:

**Why and How to Invest in Hong Kong in 2023 and Onwards – Updates on Key Changes and Plans for Revitalization**

**Tapping into GBA Opportunities via Hong Kong: Overview, Financial and Professional Services, and more**

**Connecting to the Greater Bay Area: Future of Mutual Prosperity**

□ Presented by Guilherme Campos & Peggy Kwok

**Q&A**



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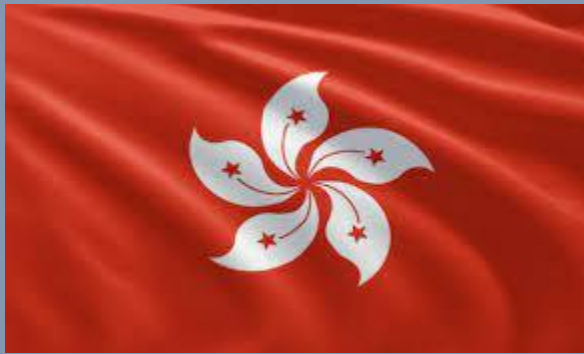
[www.china-briefing.com](http://www.china-briefing.com)

**What is new in HK:**

- Why Hong Kong
- Incorporation and business registration
- Companies (amendment) ordinance 2023
- Taxes, audit and accounting
- Human Resources and Payroll



Download the Publication  
For free



### Recent developments:

- Recovery of GDP beginning of 2023
- 5.5% forecast growth in 2023
- Removal of profits tax for some cases
- Removal of salaries tax in some cases

## Why Choose Hong Kong for Your Business?



### **Largely autonomous political system under the “One Country, Two systems”**

Hong Kong is allowed to retain its capitalist economic system and own currency, legal system, legislative system, and governmental system for 50 years till 2047.



### **Proximity to markets in Asia, including the Chinese Mainland**

Hong Kong enjoys an ideal location in Asia that enables businesses to tap into the various opportunities in the Guangdong-Hong Kong-Macao GBA and throughout the rest of the region.



### **Low, simple, and competitive tax regime**

Hong Kong enjoys one of the most tax-friendly systems in the world. It adopts the territorial basis of taxation and does not have any turnover taxes, making it a favorable location for profit shifting and conducting re-invoicing.



### **Open, fair, and efficient business environment**

The absence of exchange controls, corruption-free government, free flow of information, capital, and talents, and low taxation has enabled Hong Kong to maintain a free and efficient environment for business activities and commerce.



### **A leading international financial hub and a prime location for financial services**

Hong Kong’s financial markets operate under effective and transparent regulations that are in line with international standards.



### **Excellent legal and dispute resolution services under rule of law**

Hong Kong’s strict maintenance of the rule of law and judiciary independence, its common law tradition, and its established English Chinese bilingual legal system has made it an ideal hub for dispute resolution worldwide.



### **World-class infrastructure with sophisticated support services**

Hong Kong provides some of the most advanced business infrastructure in the world. The city is easily accessible with efficient and affordable public transport systems.



### **Improving data privacy protection**

Hong Kong has been ramping up efforts to improve data privacy protection within its jurisdiction. The Personal Data (Privacy) Ordinance, Cap 486 was amended in 2021 to cope with new privacy challenges.



### **Highly skilled and multicultural talent pool**

Hong Kong has a diverse talent pool, equipped with the skills and knowledge to drive business in Hong Kong and beyond. The HKSAR government is also ramping up efforts in pooling more high-quality talents in 2023.



### **Active participation in the global transition to a green economy**

Hong Kong pledges to reach carbon neutrality by 2050. It has been trying to lead by example and making it easier for green bond issuer to come to Hong Kong to raise fund.

## Recent developments : continuation

On February 22, 2023, Hong Kong's Financial Secretary Paul Chan announced the **Hong Kong 2023-24 Budget** that revealed his blueprint to boost the city's recovery momentum in the post-COVID era.

Hong Kong's GDP 2013-2023



Graphic © Asia Briefing Ltd.

- Profits tax will be reduced, ceiling of reduction is **HKD 6,000**
- Salaries tax will also be reduced to a ceiling of **HKD 6,000**
- Rise of **child allowance**
- hiring of mature employees **encouraged.**





**Reform and Opening Up  
under Deng Xiaoping  
(Shenzhen)**





**Reform and Opening Up  
under Deng Xiaoping  
(Guangzhou)**





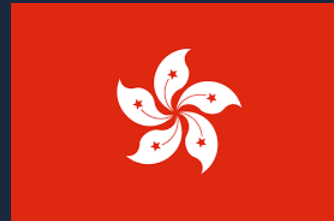
**Hong Kong**





# 03 Establishing your Business

Hong Kong



# Main Types of Private Companies Best Suited to Invest in Hong Kong

## Private company limited by shares (Limited or Ltd)

The standard trading company and **by far the most usual type of company.**

## Sole Proprietorship

Sole proprietorship is considered the easiest and simplest form of business. As the name suggests, the business is owned and operated by a sole person

## Partnership

## Limited liability partnership (LLP)

Widely used for small business and professional firms.

### Step 1

#### Decide on the Company Type

Different company types are available for different business requirements. Private company limited by shares is the most common setup..

### Step 2

#### Decide on the Company Name

The proposed company name must be distinct from the registered company names on the index of Companies Registry, and it should reflect the business nature of the company. All Hong Kong company names must end with a suffix 'Limited'. Names can be in English or Chinese language, or in both English and Chinese but not a combination of both languages in the same name.

### Step 3

#### Decide on the Company Structure - Management and Governance

A private limited company requires

### Step 4

#### Decide on the Company Structure - Share Capital and Ownership

### Step 5

#### Decide on the Financial Year End

### Step 6

#### Deliver the Documents to Company registry

#### Time Required after Delivering the Documents:

**Application delivered in hard copy form**, the Certificate of Incorporation and Business Registration Certificate ("the certificates") of a company limited by shares will be issued **within 4 working days** after the date of delivery.

For **application delivered in electronic form**, the certificates will normally be issued **within 1 hour** after delivery of the documents at the e-Registry for a private company **limited by shares**. For a company **limited by guarantee**, the certificates will generally be issued **in about 3 weeks**.



# Company Taxes



**Step 1**

**Renewal of  
Company Secretary  
and Registered  
Office**

**Step 2**

**Accounting  
and  
Auditing**

**Step 3**

**Renewal of  
Hong Kong  
Business  
Registration**

**Step 4**

**Internal  
Records**

**Step 5**

**Holding Annual  
General  
Meeting**

**Step 6**

**Maintain, Update  
and Notify any  
changes of  
company  
particulars to the  
Companies  
Registry**

**Step 7**

**Annual  
Return  
and Tax  
Filing**



# Important Notes: company incorporation and maintenance



## 01

Since **March 3, 2014**, all companies registered in Hong Kong should at least have **one natural person to act as its director**. However, there are no restriction on the nationality of the director

## 02

- **Company Secretary and Designated Representative requirements:**

### Secretary must be:

- ✓ An individual - Must ordinarily reside in Hong Kong ,or
- ✓ A body corporate - must have its registered office or a place of business in HK

### Designated representative must:

- ✓ A director , employee or member of the company who is a natural person (resident in HK), or
- ✓ An accountg, legal professiona or a person who possesses a Trus or Company Service Provider License (**TCSP**)

## 03

### Opening Bank account:

- Complex financial regulations
- Most banks will require an **initial appointment**
- A preliminary review is usually conducted by phone interview, electronic questionnaires, or physical meeting with directors, or by sending supporting documents to bank manager;



One of the most problematic parts about investing in Hong Kong is opening up a bank account. Too slow and no guarantees of success. But there are options!!

- Less vulnerable to security risks
- Not good for businesses that want to manage operations remotely (limited by schedule)
- Good for less technological savvy clients.



- Still to new, HK monetary authority granted only 8 licenses to Virtual banks
- High focus on digital services, possible cyber security risks,
- Good for technological savvy clients and remote operations,
- Corporate bank accounts are still not offered on some banks.

What about money lenders?  
**neat**

Neat is a secure digital banking solution licensed by the **Money Lenders License**, Money Service Operator Licence, and a TCSP license

**Neat offers services such as:**

- Dedicated payment instructions
- Ability to receive money via bank transfers, domestic or international
- Linking to third party services such as Stripe or PayPal
- Currency exchange

**Some differences:**

- No trips to the branch, ever. A Neat Account is solely operated online
- Neat provides Visa Commercial card to spend globally, both online & offline
- Neat provides integration with online accounting software (Xero)
- Neat have transfer limits
- Neat does not provide credit
- Neat does not provide savings accounts
- Neat does not provide investments

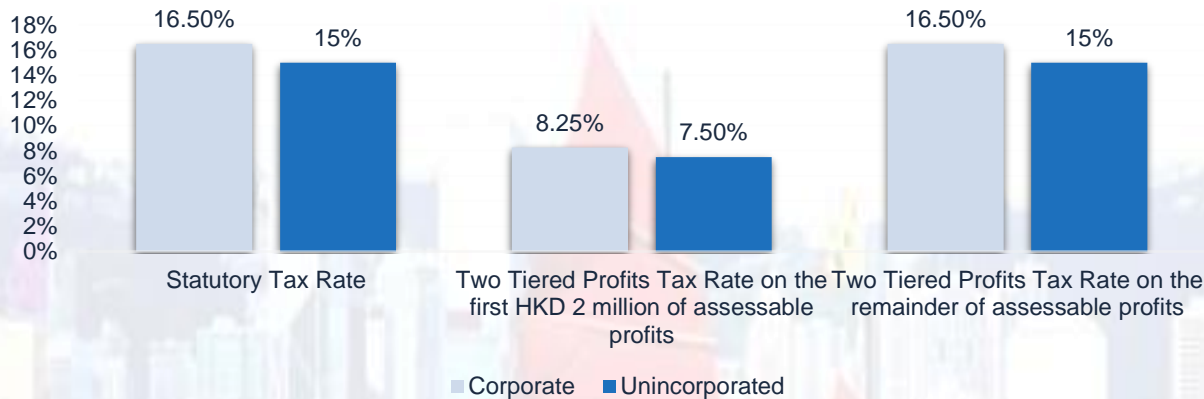
**Neat opens corporate accounts faster than traditional banks??!**

## Company Taxes

To avoid abuse of the two-tiered tax regime, each group of connected entities can nominate only one entity to apply the two-tiered tax rates.

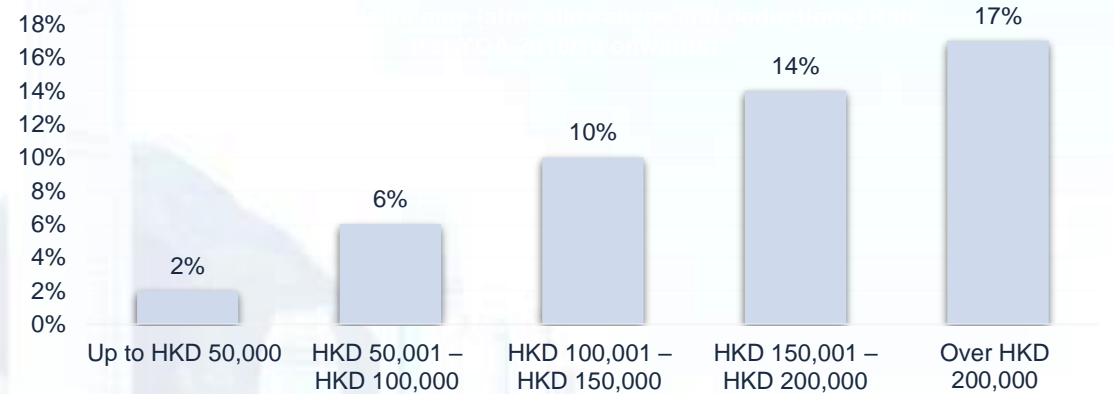
**No** Dividend tax, **No** Capital gains tax, **No** VAT, **No** estate duty.

Possibility of exemption of tax and acquiring the “offshore company” status and be tax exempt



## Individual Income Tax

Rates – Individuals are taxed at progressive rates on their net chargeable income (i.e. assessable income less deductions and allowances). The marginal tax rates range from 2% to 17% with a cap at the standard rate of 15% on assessable income (i.e. taxable income without the deduction of allowances).



### Property Tax

Stamp duty – 0.2% for transfer of shares. 0.5% and 1% of the annual or average annual rent for a lease with a term exceeding one year but not exceeding three years, and exceeding three years, respectively. Transfer of immovable property, 8.5% for nonresidential, 15% for residential and a special stamp duty (SSD) ranging from 5% to 20% if the property is sold within 36 months after the purchase.

### Betting Duty

Betting duty is charged on certain betting events

### Hotel Accommodation Tax

It is imposed on hotel and guesthouse accommodation. The proprietor of every hotel shall report and pay the amount of tax payable. With effect from 1 July 2008, the government has lowered the rate to 0%. In other words, no hotel accommodation tax is currently imposed.

### Customs and Excise Duty

### Social Security Contributions

Both the employer and the employee are required to make regular mandatory contributions of 5% of the employees' relevant income to the MPF scheme, subject to the relevant minimum and maximum income levels.



# The Offshore Status in Hong Kong



Hong Kong's principle of taxation is based on territorial source



Hong Kong sourced profits = taxed in Hong Kong



Non- Hong Kong sourced profits = not taxed in Hong Kong



稅務署  
Inland Revenue  
Department

**Not automatic!!:** Companies must apply for this exemption

**No guarantee:** Must be applied on a yearly basis!!!

## Criteria:

- No physical office in Hong Kong
- No employee working in Hong Kong
- No goods passing through Hong Kong
- No service rendered in Hong Kong
- No business relationships with any Hong Kong companies
- Director not visiting Hong Kong for business purposes

# Is it possible to establish a company in Hong Kong remotely?

Yes!

A potential investor can avail himself of a professional services firm, that can handle the whole process, which normally includes



Mandatory DD on the Client



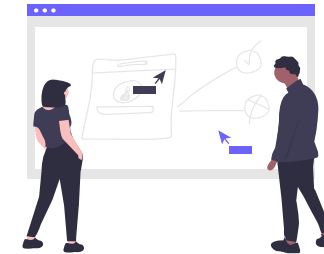
Receiving Official Documents From Client



Advising Client and Filing Documents With the Proper Authorities



Foreigners who wish to register an offshore limited liability company in Hong Kong, **must take into consideration the following points:**



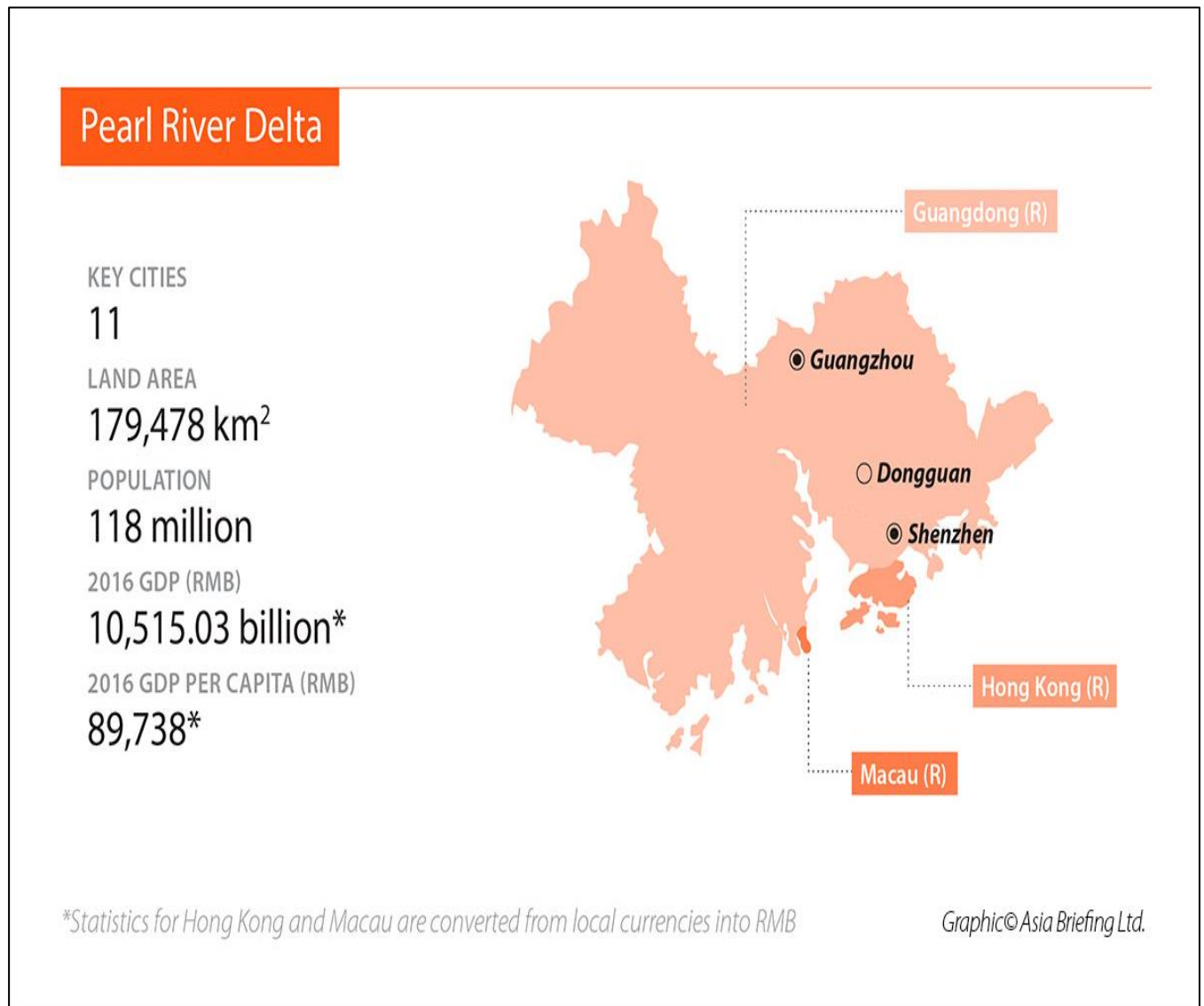
- Foreigners are free to be the sole directors and shareholders of a Hong Kong company. There are **no local resident** requirements.
- There is no requirement to be physically present at the time of company registration, physical presence **may be required** for the purpose of opening a bank account, depending on the bank chosen.
- A minimum of one individual director and unlimited maximum number of directors allowed. The director must be a natural person who can be of any nationality and need **not be resident in Hong Kong**





### Key Integration Components:

- **Internationalization and openness**
- **Infrastructure and integration in the city clusters**
- **Innovation and investor appeal**
- **Key industries to encourage**





Harmonize Different Systems  
(Legal, Tax, Acc., Customs,  
Pay., Etc.)



The “Hong Kong Problem”



Brain Drain or Brain Gain?



Trade War, Ukraine-  
Russia, Taiwan matter



Cities’ Own Agendas



Large Projects ROI



Flows Bottlenecks



Wealth Gap To Widen

**Challenges**  
longterm plans.  
2035 - 2050



Cultures and Languages



Mutual Qualifications  
Recognition



Committed Leadership  
and Lobbies











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- Dezan Shira & Associates Offices
- Dezan Shira Asian Alliance Members

# Q & A



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**Dezan Shira & Associates (11 May 2023)**

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**Peggy Kwok**

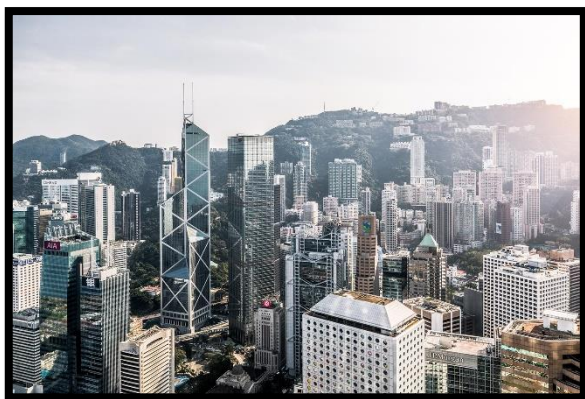
**Senior Manager of Greater Bay Area Business Development  
Invest Hong Kong**

**InvestHK**





# Hong Kong's Strategic Position in the GBA



An international financial, shipping and trading centre



Common law system

“Hong Kong's close connection with the world market and strong support from the motherland are its distinctive advantages.”

President Xi's keynote address on 1 July



**Hong Kong**  
is the ideal gateway for  
international companies to access GBA



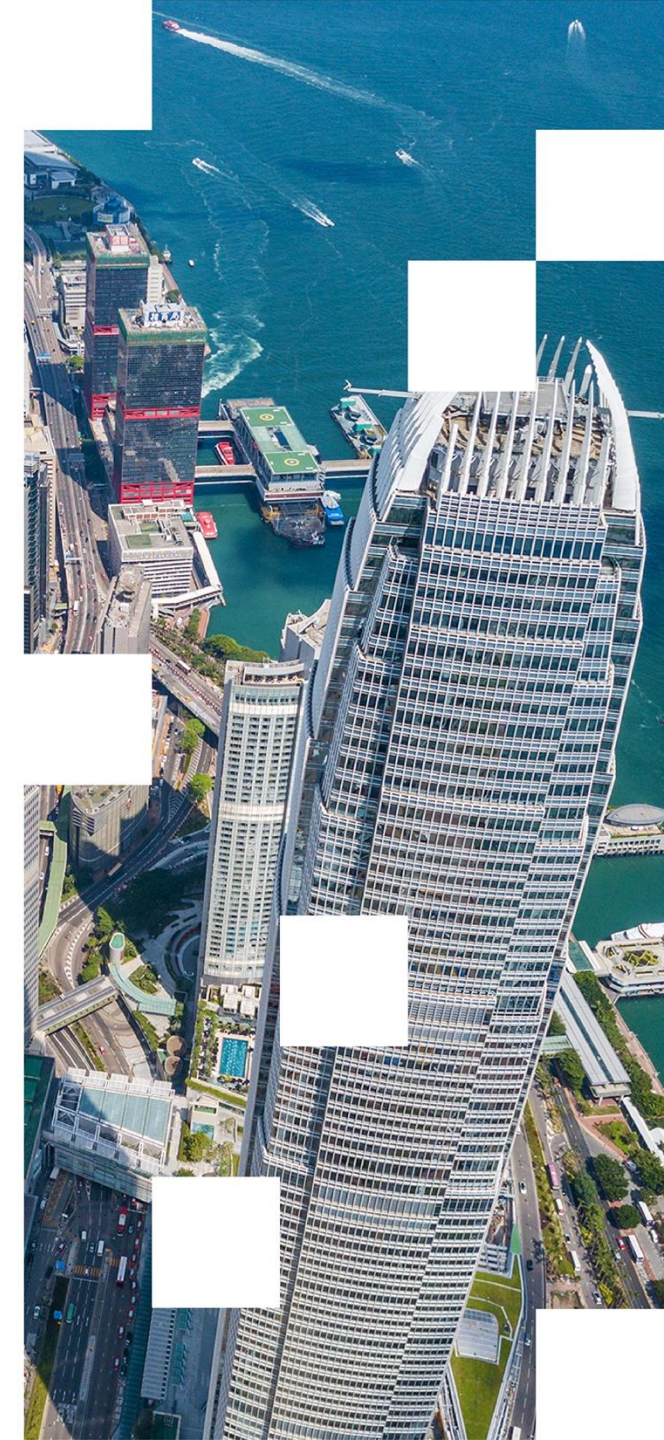
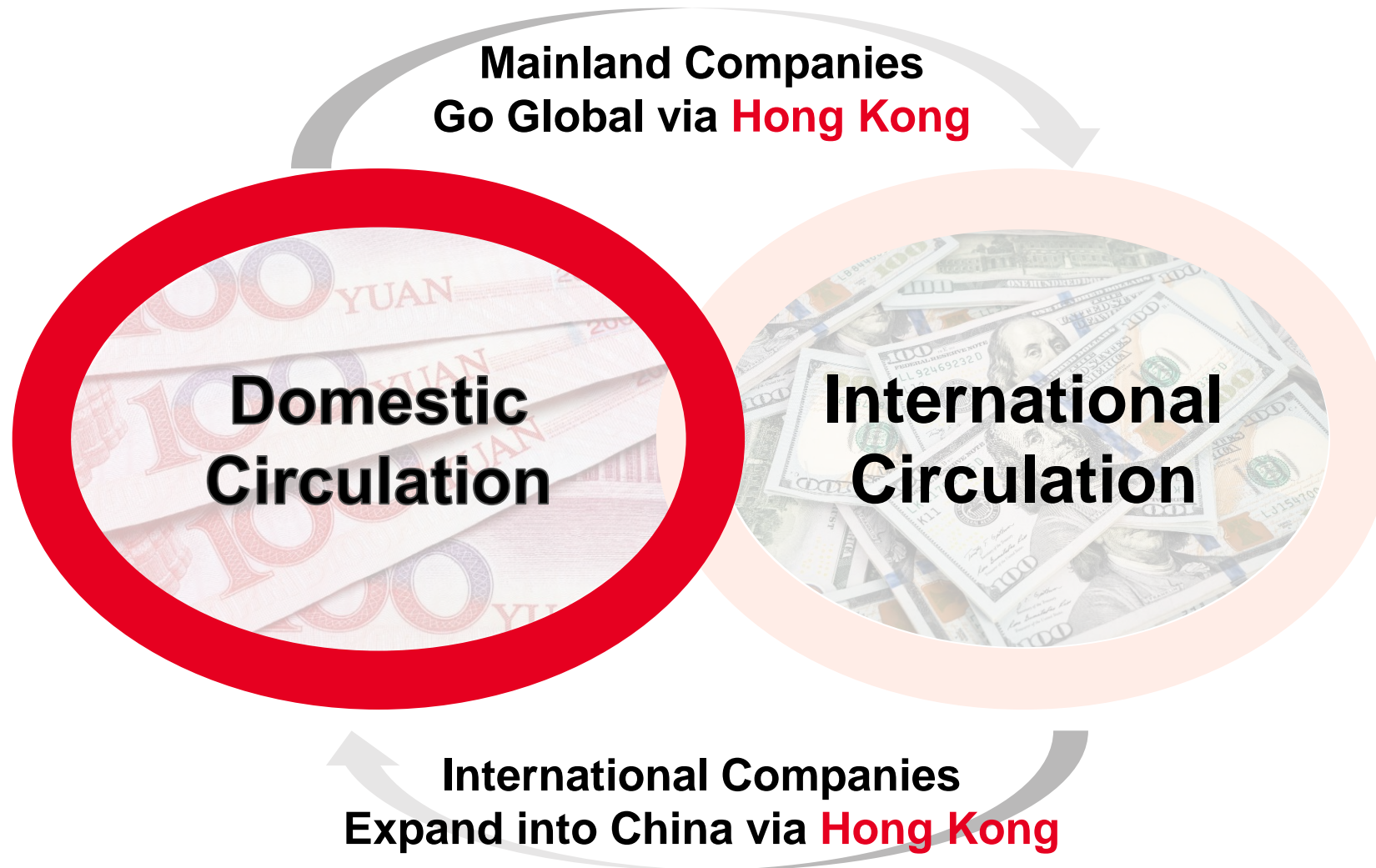
Free, open, and sound business environment



Smooth and convenient linkages with the rest of the world



# China's 14th Five-year Plan – “Dual Circulation”



# Support for Hong Kong's Strategic Sectors



## 4 Traditional Sectors



**International Financial  
Centre**



**International Transportation  
Centre**



**International Trade Centre**



**Centre for International  
Legal and Dispute  
Resolution Services**

## 4 Emerging Sectors



**International Aviation Hub**



**International Innovation and  
Technology Hub**



**Regional Intellectual  
Property Trading Centre**



**East-meet-West Centre for  
International Cultural  
Exchange**



# Cooperation Zones with Hong Kong and Macao in the GBA



**Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Qianhai (located within Shenzhen)**



**Shenzhen-Hong Kong Innovation and Technology Cooperation Zone**

**(located within Hong Kong and Shenzhen)**

Qianhai and Hengqin offers: Preferential Corporate Income Tax Rate: 15% (for qualified enterprises)

Pilot policies in the mainland (relaxation in professional to practice; cross-border finance innovation, etc.)



**Guangdong-Macao In-depth Cooperation Zone in Hengqin (located within Zhuhai)**



**Guangdong-Hong Kong-Macao Comprehensive Cooperation Demonstration Zone in Nansha**

**(located within Guangzhou)**

# GBA Opportunities – Financial Services

## Financial Integration



### Stock Connect

Shenzhen-Hong Kong Stock Connect  
Shanghai-Hong Kong Stock Connect



### Bond Connect

Trade and clear Mainland  
China bonds using Hong Kong



### Cross-boundary Wealth Management Connect

Invest in wealth management products distributed by banks in each other's market

### Insurance Connect

Support and promote the development and integration of the insurance industry

### Swap Connect

Enables mutual access arrangements between the interest rate swap markets of the Mainland and Hong Kong

## PE and VC Investment



### Shenzhen

China's Silicon Valley  
Guangdong Province  
World's Factory



18 Measures supporting linked development of Shenzhen and HK VC investments in Qianhai - facilitate cross-border PE and VC Investments



### Hong Kong

World's #1 fundraising venue  
Asia's #1 and the world's #2 largest biotech fundraising centre  
Strong growth momentum in new economy company fundraising

## Green Finance



### Common objective in Carbon Neutrality

Aim to achieve carbon neutrality by 2060 for Central Government and by 2050 for HKSAR Government



### Hong Kong's position in green finance

One of the world's largest green bond markets

Strong presence of large global financial institutions and internationally-recognized agencies for green certification



# GBA Opportunities – Business and Professional Services

## Legal

- Hong Kong and Mainland law firms can form partnership associations in the Mainland
- Hong Kong legal practitioners can obtain Mainland qualifications to practice in the nine municipalities in the GBA

## Accounting

- Commercial presence of Hong Kong's accounting, auditing and book-keeping services on the Mainland is eligible for national treatment.
- Documentation requirements for applications for conducting business on a temporary basis in the Mainland by Hong Kong accounting firms are simplified

## Construction

- Mutual recognition of qualifications for construction professionals
- Expand liberalisation measures for Hong Kong construction professionals to practice in the Mainland

## Net Zero

- ESG reporting a key focus to achieve Mainland China's goals of peak carbon emissions by 2030 and carbon neutrality by 2060
- Mainland Chinese companies need more stringent ESG reporting disclosures to meet new regulatory requirements
- Opportunities for companies specialised in ESG data analysis, ESG reporting services providing comparable emission data and advisory services for companies to reduce carbon footprint

# GBA Opportunities – Innovation and Technology



Hong Kong as an International Innovation and Technology Hub



Hong Kong's startup ecosystem is well known for its innovation, agility and diversity



Hong Kong offers total solutions to support I&T startups and companies in the entire journey.



Guangzhou-Dongguan-Shenzhen form Science and Technology Innovation Corridor (STIC)

- Together with Hong Kong, plays a catalytic role in I&T industry in the GBA
- Shenzhen-Hong Kong I&T cooperation zone and San Tin Technopole
- Cooperation: universities + research institutes & laboratories + manufacturers

1

World-class I&T infrastructure

2

Supply of top talent and research capabilities

3

Co-investment by government and venture capital

4

Robust and effective system of Intellectual Property protection

5

World's #1 fundraising venue; Asia's #1 biotech funding market

6

Tremendous support for expansion in the GBA and further to the Mainland China and overseas





## **InvestHK's Role and Services**

# InvestHK's Role



## Mission

To attract and retain strategically important foreign direct investment (FDI) and support international and Mainland investors in setting up and expanding their businesses in Hong Kong

## Significance of FDI

New jobs  
New products and services across sectors  
New technologies  
New management knowhow



Economic growth  
Competitiveness

### Global network of 32 outposts



### Local sector specialists and functional teams

Innovation, Technology & Entrepreneurship	Fintech, Financial & Professional Services	Lifestyle & Creative Industries
GBA & Mainland Business Development	Consulate & Chamber Engagement	Talent Attraction



# How InvestHK Helps Companies Grow



## Planning

- Guidance in strategic implementation and evaluation of business decisions, including opportunity identification
- Connecting with relevant Consulates, Chambers of Commerce and business associations
- Advising on living and working in Hong Kong (bank accounts, housing, healthcare, schooling and networking, etc)



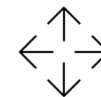
## Set-up

- Providing support with business licences, visa applications, trademark registration, IP and trade regulations, etc
- Informing on tax and business regulations
- Arranging meetings with service providers, professional associations and government departments
- Advising on sector-specific industries and opportunities



## Launch

- Connecting with lawyers, accountants, human resource specialists, consultancies, designers, interior specialists and real estate companies, etc
- Providing marketing and public relations services



## Aftercare / Expansion

- Tools for continuous expansion
- Support in identifying growth opportunities
- Ensuring a sustainable foundation for growth
- Continuing to support across marketing and public relations

# Practical Guidebook for Setting up in GBA via Hong Kong

A comprehensive guidebook in 2022



To assist foreign enterprises in setting up in the GBA via Hong Kong

Download link of the full report:  
[gba.investhk.gov.hk/en/resource-centre/booklet-practical-guide-setting-gba-hong-kong.html](https://gba.investhk.gov.hk/en/resource-centre/booklet-practical-guide-setting-gba-hong-kong.html)

Latest developments in the GBA



Innovation and Technology



Financial Services



Business and Professional Services



Lifestyle and Creative Industries



Aviation



Case studies



Tips on government policies



Advice on facilitation measures




# Get in Touch

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