



Regulation on Doing Business in Hong Kong

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One Country Two Systems

- Basic Law
- High degree of autonomy
- PRC laws do not apply
- Hong Kong is a founding member of WTO
- Member of Asia-Pacific Economic Co-operation



World Bank's Doing Business Report

- Hong Kong ranked no.5 (2016)
- Poland continues to move up from no.28 (2015) to no.25 (2016)



Foreign Investments – *laissez faire*

- Entities – foreign companies
- Very few industry restrictions
 - Banking branches
 - Aviation
 - TV broadcasting and Sound broadcasting (49% foreign ownership)



Simple Tax System

- Low headline tax rates
- No capital gains tax
- No tax for non-HK profits
- No tax on dividends
- No death duty



Simple Tax System (cont'd)

- No tax on interest from bank deposits
- Specific tax exemptions (certain debt instruments and funds) and double taxation agreements
- Exchange of information agreements
- Simple anti-avoidance provisions
- No specific rules on transfer pricing



Platform to China

- No exchange control; availability of professional support; depth of capital and financial markets; convenient time zone
- Co-operation and integration with Mainland China
 - Closer economic partnership arrangement (CEPA)
 - Pioneer in offshore Reminbi (RMB) business



CEPA

- Signed in June 2003 and effective on 1 January 2004
- Easier access to Mainland China markets for Hong Kong made products and Hong Kong based companies in various service sectors
 - Removal of tariffs and trade barriers in goods
 - Opening up of the Mainland China market to Hong Kong service suppliers
 - Promotion of trade and investment
 - Mutual recognition of professional qualifications and closer co-operation in trade and investment
 - Evolving agreement on further concessions



Access to Capital

- Hong Kong Stock Exchange global ranking (per market cap June 2016)
 1. NYSE Euronext
 2. US (Nasdaq OMX)
 3. Japan (Tokyo + Osaka)
 4. Shanghai
 5. UK (LSE / Borsa Italiana)
 6. Europe (Euronext)
 7. Shenzhen
 8. Hong Kong

- China/HK – market cap June 2016 ranked no.2



Access to Capital

- Use of foreign companies: acceptable jurisdictions for listing
 - Brazil, BVI, Delaware, India, Japan, Russia, Korea etc. etc.
 - List not closed
 - Accounting standards
 - Alignment with international financial reporting standards
 - Flexibility: China accounting standards for business enterprises also acceptable; others (e.g. dual primary listing – HSBC; secondary listing (US and Canadian GAAP); list not closed



Access to Credit and Minority Protection

- World Bank's ranking comparable
 - Strength of legal rights index (HK:8; Poland:7)
 - Depth of credit information index (Poland:8; HK:7)
 - Foreign companies – minority protection
 - Minority protection World Bank's ranking (HK:1; Poland:49 out of 189 economies)
 - Class action
 - Contingency fees



Corruption and Data Protection

- Extra-territorial effect (FCPA etc)
- Keeping data off-shore

Employment

- Secondment to Mainland China



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