

Bird & Bird

# Setting up a business in Hong Kong

2025



# Our Corporate Expertise

*Our Corporate Group is an international cross-border practice, comprising of over 200 lawyers across our international network of offices.*

Local knowledge is vital, especially in law and when our work involves multiple jurisdictions. Most of our work is cross-border and multi-jurisdictional. We excel at managing complex projects across multiple regions with a seamless one-firm approach. Lawyers in our team also regularly assist clients with their multi-jurisdictional cross-border activities throughout the Asia Pacific region including Australia, China, India, Indonesia, Japan, Malaysia, Singapore, South Korea and Taiwan.

Our Beijing, Hong Kong and Shanghai offices are composed of bilingual professionals with extensive experience in representing companies establishing themselves in China or developing existing China operations.

With five offices in Asia-Pacific and over 20 other offices worldwide, we are strategically well placed to offer local expertise within a global context. Furthermore, Bird & Bird applies a "one firm" approach, giving clients a highly integrated service. We also have cooperation arrangements in place with leading local firm K&K Advocates in Indonesia.

We have a strong track record advising on a full range of corporate matters including:

- M&A transactions;
- Disposals;
- Takeovers;
- Joint ventures;
- IPOs; and
- Venture Capital and Private Equity financings.

## Mergers & Acquisitions

Our M&A practice represents a diverse portfolio of clients in transactions involving the change in control of all or part of a business enterprise, group reorganisation and business alliances such as joint ventures. We add value by guiding our clients through the entire process from a legal analysis of the business strengths and weaknesses to the conclusion of the deal.

Our full-service capability coupled with Bird & Bird's international network enables us to put together a

local and international team as needed, encompassing multiple practice areas such as intellectual property, employment, stamp duty relief, property, environment and competition law/merger regulation, who work together to resolve the complex issues raised in international business combination transactions.

Our services include advising the directors and shareholders, working with management on strategy, managing and conducting due diligence, drafting and negotiating agreements, making required domestic and international filings, and pre- and post-acquisition planning and restructuring, including HR integration.

## Our approach to M&A

M&A transactions are becoming more complex, costlier, riskier, and are taking longer to complete. Through identifying commonly occurring hurdles, we seek to see around corners and deliver a new kind of value to your business.

We listen to our clients to ensure that their M&A transactions are undertaken as seamlessly and as cost efficiently as possible.

## Strategy, integration and mind-set

We place a strong emphasis on the planning and integration stage. No two deals are the same and our experience across a wide portfolio of transactions gives us the edge in helping to guide your decisions in the core areas in M&A transactions where the maximum value can be gained. This includes earn outs, escrows and price adjustments mechanisms, handling minority shareholders and option holders, auction sales, public takeovers, separation of a business from a larger group, transfer of contracts on asset deals, related supply arrangements between buyer and seller and post-deal integration.

## Risk analysis - due diligence

Bird & Bird has the experience and resources to handle intensive due diligence exercises in multiple jurisdictions. We are able to provide high-level 'exceptions only' reports, or detailed analysis on a contract-by-contract/liability-by-liability basis. We

are completely comfortable with investigations that require a quick turn-around, using electronic data sites or physical data rooms and we can report daily on key issues. We can filter information through a single point of contact and, in real time, feedback deal-critical information to the core transaction team, so that price and viability concerns can be dealt with early.

## Regulation and compliance

Increasing regulation and compliance across industries is of key concern to clients executing M&A deals. In response to this, we have increased our focus on compliance risks that could affect your transaction and we are able to offer forward thinking expertise in this field across multiple jurisdictions.

## Efficiency and value

We recognise that when engaging a law firm, you want certainty and transparency regarding the legal costs you will incur. We have introduced a pricing and reporting system that is fully integrated with our online time recording. This means that as lawyers record time, reflecting the agreed fee structure, we can produce a detailed electronic comparison of actual fees against the agreed budget at any time you need.

## International reach

The market for M&A deals has become increasingly international and we are well placed to advise you on all the international aspects of your M&A transaction. Internationally, we come at things as a single team, so we understand the differences between local approaches, laws and customs. We are proud of our ability to manage the teams of people involved in complex, multi-jurisdictional mandates to deliver smooth and efficient transaction implementations for our clients.

Skilled at central management, coordinating multiple jurisdictions or teams, our lawyers listen and seek to identify your commercial objectives, understand the context in which you are operating and advise accordingly.

This global capability and our commitment to provide a seamless international service is why three quarters of our major clients work with more than one of our offices, enabling us to help them ensure country borders are not barriers to their commercial aspirations.

## New legal M&A roles

Overall, we seek to offer our clients more than just plain vanilla transactional advice. We have sought to broaden the scope of our roles and deliver value in areas that our clients have identified as being the most challenging.

## Public Securities IPO Expertise

Our Corporate Group comprises experienced corporate lawyers from across the firm with a focus on advising clients involved in public security related transactions (primarily equity securities). The Group advises both multinational and domestic public (or quasi-public) companies, together with investment banks and other financial advisers on all manner of transactions involving public (or quasi-public) companies, including public takeovers, acquisitions or disposals, IPOs and secondary issues, such as rights issues and non-pre-emptive issues.

We have advised clients on IPOs and related stock exchange across the Asia Pacific region, including listing on the Hong Kong Stock Exchange and the Singapore Stock Exchange.

# Setting up in Hong Kong

*Hong Kong is a welcoming environment to foreign investors.*

In Hong Kong, bank accounts may be held in any foreign currency and there are no specific laws governing inward investment. Hong Kong's access to the markets in Mainland China, coupled with its prominence in financial services and flexible employment law, makes it a highly attractive location to conduct business.

## Choice of legal entity

A company can carry on business in Hong Kong either by incorporating a subsidiary company or by establishing a branch.

Subsidiary	Branch
<b>A subsidiary is a separate legal entity, entitled to contract in its own name and on its own behalf.</b>	A branch has no separate legal personality, remains part of the parent company and contracts as a branch on behalf of the parent company.
<b>Can have limited liability (depending upon preferred legal form).</b>	The parent Company is liable for the branch.
<b>Normally takes 4 working days for incorporation of company limited by shares.</b>	Slower registration process, takes up to 13 working days.
<b>Incorporation filing fee is HK\$1,720. Capital duty was abolished with effect from 1 June 2012.</b>  <b>There is no minimum capital required to be subscribed. A Company can be established with HK\$1 issued share capital.</b>  <b>The business registration fee for a subsidiary is currently set at HK\$2,200 (for a 1-year certificate) or HK\$6,020 (for a 3-year certificate).</b>	Registration of a non-Hong Kong company's branch office in Hong Kong requires a registration fee of HK\$1,720.  The business registration fee for a non-Hong Kong company's branch office in Hong Kong is currently set at HK\$2,200 (for a 1-year certificate) or HK\$6,020 (for a 3-year certificate).
<b>Directors do not need to be Hong Kong residents. They must have a company secretary and at least one director who is a natural person (i.e. an individual). The sole director must not also be the company secretary. A company having only one director must not have a body corporate as its company secretary if the sole director of such body corporate and the company is the same person.</b>  <b>If the company secretary is a natural person, he must ordinarily reside in Hong Kong. If the company secretary is a body corporate, the company secretary must have its registered office or a place of business in Hong Kong.</b>  <b>The Company must appoint at least 1 designated representative to provide assistance relating to the Company's Significant Controllers Register.</b>	There needs to be at least 1 authorised representative, who is resident in Hong Kong and authorised to accept legal notices served on the company. The authorised representative can be an individual or body corporate (firm or corporate practice of solicitors or professional accountants only).

<p>The designated representative must be a member, director or an employee of the Company (who must be a natural person resident in Hong Kong), an accounting professional, a legal professional, or a TCSP licensee under Cap 615.</p>	
<p>Meetings need to take place annually (though written resolutions may be signed in place of having physical meetings).</p>	<p>Need for meetings depend on detailed terms of the parent company's constitution.</p>
<p>Company accounts to be prepared and audited annually. They are not filed on any public register but are submitted to the tax authorities.</p>	<p>Need for company accounts depends on requirements of the law of its place of incorporation of the parent company.</p>
<p>Subsidiaries are subject to the same tax regime and tax rates as other private limited companies in Hong Kong. Profits tax is payable on profits arising in or derived from trades and business in Hong Kong. Offshore profits are beyond the general scope of Hong Kong tax. In general, Hong Kong has a profits tax rate of 8.25% on assessable profits up to \$2,000,000; and 16.5% on any part of assessable profits over \$2,000,000.</p> <p>There are no capital gains taxes or value added taxes in Hong Kong. Dividends are generally payable free of withholding tax, though royalty payments may be subject to withholding.</p>	<p>Profits tax (at a rate of 8.25% on assessable profits up to \$2,000,000; and 16.5% on any part of assessable profits over \$2,000,000) is payable on profits generated in Hong Kong by the branch.</p> <p>There are no capital gains taxes or value added taxes in Hong Kong. Dividends are generally payable free of withholding tax, though royalty payments may be subject to withholding.</p>
<p>Can benefit from double tax treaties.</p>	<p>Can benefit from double tax treaties.</p>
<p>Intra-group transactions require arms' length terms.</p>	<p>Intra-company allocations require arm's length terms.</p>





# Hong Kong Private Limited Company

## Structure

A private company incorporated in Hong Kong must have at least one director, one company secretary, one registered shareholder and one designated representative to provide assistance relating to the Company's Significant Controllers Register. One of the directors must be a natural person. The company secretary and the shareholders can either be natural persons or a body corporate. If the company secretary is a natural person, he must ordinarily reside in Hong Kong. If the company secretary is a body corporate, the company secretary must have its registered office or a place of business in Hong Kong. The designated representative must be a member, director or an employee of the Company (who must be a natural person resident in Hong Kong), an accounting professional, a legal professional, or a TCSP licensee under Cap 615. A sole director must not also be the company secretary. A company having only one director must not have a body corporate as its company secretary if the sole director of such body corporate and the company is the same person. There are no other residency requirements for officers or shareholders of the company.

## Characteristics

A private company may be limited by shares. This means that the liability of shareholders will be limited to the unpaid capital on their issued shares in the company. A private company must restrict the right to transfer its share, limit the number of shareholders to 50 (excluding employees and former employees), and prohibit any invitation to the public to subscribe for any shares of debentures of the company.

## Company name

Any company name identical to that of an existing company is not permitted. A company name may be in English, Chinese or both, but subject to restrictions on the use of certain words by the Companies Registry.

## Registered office

Every Hong Kong private limited company must have a registered office in Hong Kong for communications and notices. Any change of address of the registered office must be notified to the Registrar of Companies for public filing.

## Accounts and audits

The accounting records of the company must be audited for each financial year and approved by shareholders in an annual general meeting.

## Share capital

There is no prescribed minimum or maximum share capital for any type of company in Hong Kong. A company can be formed with different types or classes of shares including ordinary, preference or deferred shares with special rights attached to them. These must be set out in the company's Articles of Association. If no separate share classes are designated, then the shares will be considered ordinary shares.

## Annual general meeting

Every Hong Kong private limited company must hold an annual general meeting of its shareholders nine months after the end of its accounting reference period for that financial year. If the first accounting period exceeds twelve months, then the private company must hold an annual general meeting nine months after the anniversary of the company's incorporation.

## Annual returns

Annual returns must be delivered to the Registrar of Companies for registration within 42 days after the anniversary of the date of the company's incorporation.

## Taxation

Profits tax is levied in Hong Kong against all companies, at the rate of 8.25% on assessable profits up to \$2,000,000; and 16.5% on any part of assessable profits over \$2,000,000, which carry on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong. Offshore profits are beyond the general scope of Hong Kong tax. There are no capital gains taxes or value added taxes in Hong Kong. Dividends are generally payable free of withholding tax, though royalty payments may be subject to withholding.

## Business Registration Certificate

Every company incorporated in Hong Kong must obtain a Business Registration Certificate. The application must be made within one month from the start of business. If a company carries on a business using one or more business or trade names, a Business Registration Certificate is required for each such name. A branch business registration certificate is needed for each separate

office of the company in Hong Kong. Capital duty was abolished with effect from 1 June 2012. There is no minimum capital required to be subscribed. A Company can be established with HK\$1 issued share capital. For a concession period of 12 months beginning on 1 April 2025, the business registration fee for a subsidiary is set at HK\$2,200 (for a 1-year certificate) or HK\$6,020 (for a 3-year certificate).

## Formation

Under the one-stop company and business registration service, a company may be incorporated in Hong Kong by submitting the prescribed forms, documents and fees to the Companies Registry and it will be deemed to have made a business registration application at the same time. Incorporation filing fee is HK\$1,720 and the business registration fee is set out above. The Certificate of Incorporation and the Business Registration Certificate may be issued within four working days. The company legally exists from the date of incorporation.

## *Branch Office of a Foreign Company*

### Introduction

Foreign companies (non-Hong Kong companies) that establish a place of business in Hong Kong such as a branch office must register prescribed particulars with the Companies Registry within one month from establishment of that office. The foreign company and its branch office in Hong Kong are the same legal entity, and do not have separate legal liability.

### Place of business

Generally, if a foreign company enters legally binding contracts in the course of business from a continuing location in Hong Kong, then it will have established a place of business in Hong Kong. A place of business can include a share transfer office and a share registration office.

### Translation of registration documents

A certified English or Chinese translation of registration documents must be provided if registration documents are not in English or Chinese.

## Accounts

A foreign company must file a certified copy of its annual accounts at the Company Registry in Hong Kong, if the law of the place of incorporation of the company or the law of any other jurisdiction where the company is registered as a company, or the rules of any stock exchange or similar regulatory bodies in that jurisdiction requires the company to publish its accounts or to deliver copies of its accounts to any person in whose office the accounts may be inspected as of right by members of the public. After registration of the branch office, the foreign company must file a certified copy of its latest published accounts annually, along with an annual return.

## Annual filing

A foreign company must file an annual return within 42 days of the anniversary of its registration in Hong Kong. The foreign company must promptly file updated particulars with the Companies Registry in Hong Kong for changed details on the public record in its home jurisdiction.

## Authorised representative

A foreign company that registers a place of business in Hong Kong must also appoint an authorised representative in Hong Kong. The authorised representative may be a natural person, solicitors' firm or accountancy practice.

## Taxation

Profits tax is levied in Hong Kong against a foreign company that carries on a trade, business or profession in Hong Kong at the rate of 8.25% on assessable profits up to \$2,000,000; and 16.5% on any part of assessable profits over \$2,000,000 in respect of profits arising in or derived from Hong Kong. There are no capital gains taxes or value added taxes in Hong Kong. Dividends are generally payable free of withholding tax, though royalty payments may be subject to withholding tax.

## Business Registration Certificate

A foreign company that has a branch office must obtain a Business Registration Certificate from the Inland Revenue Department. Under the one-stop company and business registration service, a foreign company that has a branch office will only be required to lodge one single application for both company and business registration. For a concession period of 12 months beginning on 1 April 2025, the business registration fee for a non-Hong Kong company's branch office in Hong Kong is set at HK\$2,200 (for a 1-year certificate) or HK\$6,020 (for a 3-year certificate).

## Registration

Particulars of a foreign company may be registered in Hong Kong by submitting the prescribed forms, documents and fees to the Companies Registry. Registration of a non-Hong Kong company's branch office in Hong Kong requires a registration fee of HK\$1,720 and the business registration fee is set out above. The Certificate of Registration and the Business Registration Certificate may be issued within 13 working days.

## *Representative Office of a Foreign Company*

### Introduction

Foreign companies can have a business presence in Hong Kong by setting up a representative office. If a foreign company in Hong Kong has an office in Hong Kong but does not enter into legally binding contracts in Hong Kong, then that office is referred to as a representative office.

### Limited activities

The activities conducted by a representative office are limited. A representative office cannot transact any business which creates legal obligations that would amount to the establishment of a place of business. Its activities are limited to liaison with offices in other parts of the world, and business representation, customer promotion and customer liaison in Hong Kong.

### Business registration

A foreign company that has a representative office must obtain a Business Registration Certificate from the Inland Revenue Department within one month from the establishment of its office.

### Taxation

A representative office is a cost centre. It does not incur profits or liability in Hong Kong and may be exempted from filing profits tax returns by applying to the Inland Revenue Department.

## *Employment*

### Legislation

The Employment Ordinance (“EO”) (Cap. 57) is the primary piece of legislation affecting employment in Hong Kong. The EO prescribes certain basic rights and protection for all employees, including maternity leave, paternity leave, rest days, annual leave, sick leave, long service leave, severance pay, and rights upon termination of employment.

## Mandatory Provident Fund

The Mandatory Provident Fund Schemes Ordinance (Cap. 485) requires that every employer in Hong Kong contribute an amount equal to at least 5% of an employee's salary (up to a maximum contribution of HK\$1,500 per month) to a retirement scheme that is registered as an MPF scheme. Every employee will also be required to contribute at least 5% of his or her salary (again up to a maximum of HK\$1,500 per month) to the scheme.

### Insurance coverage

Pursuant to the Employees Compensation Ordinance, employers are required to maintain insurance coverage in respect of work-related injuries. There is no statutory requirement to provide medical benefits otherwise.

### Employment visa

All persons having no right of abode or right to land in Hong Kong, must obtain an entry permit/employment visa before coming to Hong Kong for the purpose of employment. Applications should be made through the sponsor (usually the employer company in Hong Kong) prior to the employee's arrival in Hong Kong.

## *Commercial Contracts*

### Introduction

Hong Kong has a common law system similar to England, Australia and other Commonwealth countries. There is considerable freedom in Hong Kong for all types of collaboration, licensing and distribution agreements. There are certain restrictions against unfair contract terms in contracts, under the Control of Exemption Clauses Ordinance (Cap. 71) and the Unconscionable Contract Ordinance (Cap. 458).

### Competition

The Competition Ordinance (Cap. 619) came into effect on 14 December 2015. The law prohibits anti-competitive agreements and abuse of market power in all sectors and anti-competitive mergers in the telecommunications sector.

### Industry specific laws

Overseas companies should be aware of industry specific laws that apply to their businesses, such as the Banking Ordinance (Cap. 155) and the Securities and Futures Ordinance (Cap. 571) which regulate the manner in which companies enter into contracts with consumers. The Communications



Authority was set up on 1 April 2012 as a unified regulator for the broadcasting and telecommunications sectors. The Authority is an independent statutory body with a role to enforce the relevant ordinances including the Broadcasting Ordinance (Cap. 562) and the Telecommunications Ordinance (Cap. 106).

## *Data Protection / Privacy*

Businesses in Hong Kong need to comply with the Personal Data (Privacy) Ordinance (Cap. 486), which is the primary piece of data protection legislation in Hong Kong.

The PDPO covers all “personal data” relating directly or indirectly to a living individual, from which it is possible to ascertain the identity of the individual and which is in a form in which access or processing is practicable.

Under the PDPO, “data users” (i.e. organisations collecting, holding and processing or using the data) must follow the data protection principles set out under the PDPO concerning:

- the purpose and manner of collection of data;
- the accuracy and duration of retention of data;
- use of data;
- security of data;
- information to be made available regarding the data user’s policies and practices; and
- requests for access to personal data.

The Personal Data (Privacy) (Amendment) Ordinance 2012 introduced various amendments to the PDPO. In particular, new requirements must be observed by data users who intend to use personal data in direct marketing. The new provisions on direct marketing took effect on 1 April 2013.

A new section 33 of the PDPO prohibits the transfer of personal data to places outside Hong Kong unless one of a number of conditions is met. One of these conditions is that the data user has taken all reasonable precautions and exercised all due diligence to ensure that the personal data concerned are given equivalent protection to that provided for by the PDPO. This section came into force at the end of 2016.

## *Intellectual Property*

The law in Hong Kong affords legal protection of different rights in intellectual property, including trademarks, patents, designs, and plant varieties

(for which registration is required for effective protection) and integrated circuit designs and copyright (for which registration is not required).

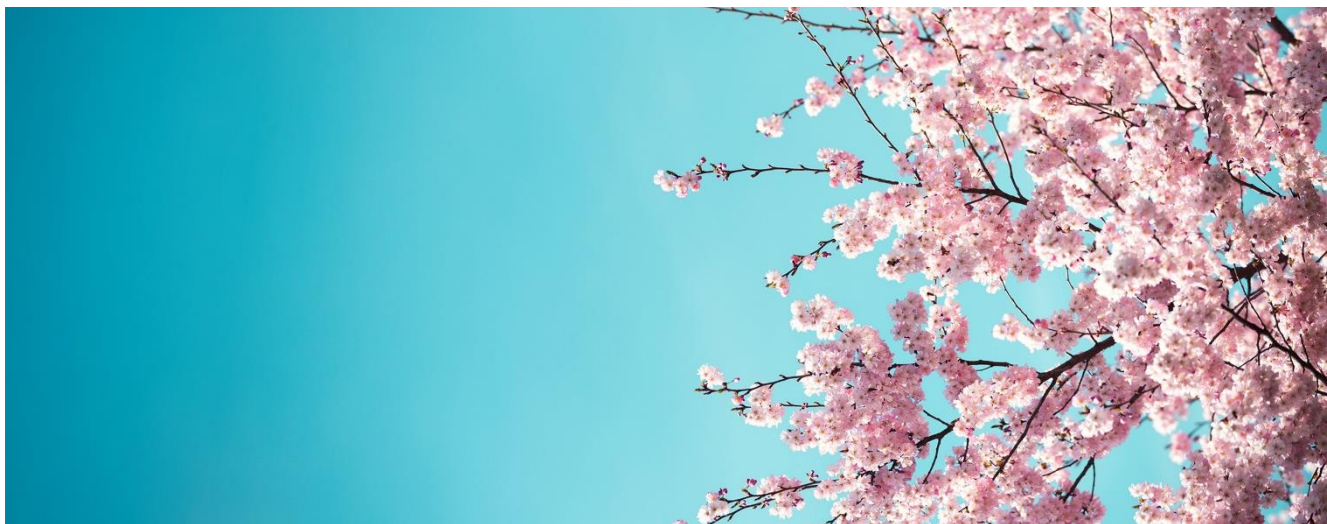
In cases of infringement of intellectual property rights, affected parties may seek criminal enforcement as well as civil remedies. The Customs and Excise Department in Hong Kong carries out the criminal enforcement of copyright and trademark infringements.

Businesses should note that company name registration under the Hong Kong Companies Ordinance (Cap. 622) does not provide protection against infringing trademark use.

Business or company names that have been registered in Hong Kong should also be registered separately as trademarks if proprietors wish to prevent them from being registered or used by others as trademarks.

# Selected Experience

- Advised **Jiangsu Nandasoft Technology Company Limited** (HKEX: 8045) on its connected transactions, involving the setting up of a joint venture enterprise in China.
- Advised **Rentokil Initial Plc**, a worldwide leading pest control and hygiene company, in acquiring a medical and clinical waste management company, Magic Lead Limited.
- Advised **Deca Games EOOD** on its proposed acquisition of two free-to-play mobile games entitled "Call Me A Legend" and "Call Me A Gangsta" from Six Waves Inc.
- Advised **Zhuhai Huafa Industrial Investment Holding Co., Ltd.** and **Hong Kong Huafa Investment Holdings Limited**, subsidiaries of Zhuhai Huafa Group Co., Ltd., on their mandatory general cash offers for the domestic and H shares of Beijing Digital Telecom Co., Ltd., a PRC company listed on the Main Board of the Hong Kong Stock Exchange (HKEX: 6188).
- Advised **Sonepar Group** on a series of technology related acquisitions and disposals in China, Hong Kong and throughout the Asia-Pacific region.
- Advised **Rui Er Holdings Company Limited** on the acquisition of all the issued shares of Summi (Group) Holdings Limited (HKEX: 0756) for approximately HK\$149.5 million and triggered the unconditional mandatory cash offer for all the issued shares of Summi pursuant to the Takeovers Code.
- Advised **Guangxin Holdings**, in connection with the acquisition, through its subsidiary Guangxin Aluminium (HK) Limited, of all the issued shares of Xingfa Aluminium Holdings Limited (HKEX: 0098) for approximately HKD1.66 billion and triggered the conditional mandatory cash offer for all the issued shares of Xingfa Aluminium Holdings Limited pursuant to the Takeovers Code.
- Advised **Singapore-based Temasek Holdings** in connection with its investment in a Hong Kong-listed company, including compliance issues with the Codes on takeovers and mergers and share buy-backs.
- Advised **the major shareholder of China Paradise Electronics Retail Limited** on the acquisition of GOME Electrical Appliances Holding Limited (HKEX: 0493), involving complicated compliance issues with the Hong Kong Listing Rules and the Codes on takeovers and mergers and share buy-backs.
- Advised **Hong Kong Johnson Holdings Co., Ltd.** in connection with its initial public offering listed on the Main Board of HKEX.
- Advised **Wise Ally International Holdings Limited** in connection with its initial public offering listed on the Main Board of HKEX.
- Advised **NF Trinity Fund**, the family office of Nam Fung Group, in their investment in a US biopharmaceuticals company through a subscription of common stock.



# What clients say



Bird & Bird's advice is commercially prudent and takes into account the company's objectives and vision.

*Chambers Asia-Pacific, 2025*



# Thank you

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