

10 Reasons Why You Should Start a Business in Hong Kong



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Both Hong Kong and China are popular locations for entrepreneurs wanting to enter the Chinese market, but deciding where to incorporate isn't a decision to take lightly. Here's why we think [incorporating your company](#) in Hong Kong is the right choice to make.

① **Strategic location within Asia**

Being in the heart of Asia, Hong Kong businesses are primed to capture opportunities anywhere in the region, and government bodies like InvestHK work with entrepreneurs to help them make the most of these market opportunities.

Hong Kong is also well placed for companies to enter the Chinese market — a goal for many businesses — without incorporating a company directly in China. Any business set up in Hong Kong can get preferential access to the mainland China market through the CEPA (Closer Economic Partnership Arrangement) free trade agreement between the Central People's Government and the Government of the Hong Kong Special Administrative Region. This means that all goods qualified as originating in Hong Kong may be exported to the mainland without tariffs.

2 Access to the Greater Bay Area

The Greater Bay Area is a close economic integration between Hong Kong and Macao, consisting of two special administrative regions of China, as well as nine key cities in Guangdong. With a population of 70 million people all living within roughly one hour's travel, the Greater Bay Area produces an economy that is already the size of South Korea.

Enjoying the dual advantages of 'one country, two systems', Hong Kong plays an important role in the Greater Bay Area development. As the most open and international city in that area, Hong Kong is known as an international financial, transportation and professional services trade centre and aviation hub.

3 Fewer restrictions for foreign business owners

Hong Kong is more flexible and open to foreign entrepreneurs than China. Choosing to open your company in Hong Kong means you're not restricted to any type of business structure, even if you're not a Hong Kong resident.

Foreigners in China are eligible for only three company structures, which makes business operations very limited. If you don't have trusted contacts in mainland China to open a joint venture, Hong Kong allows you to start a business with a structure you're probably already familiar with.

4 Quick and easy company incorporation

It's sometimes difficult for overseas entrepreneurs to incorporate a company in a country that's not their home. Compared to China, incorporating a company in Hong Kong saves you both time and money.

Forming a company in Hong Kong takes one to two weeks and costs ~US\$250, including government fees. There are also some [government funds](#) you can consider applying for to help you start your business.

5 An attractive taxation system

One of the most common reasons foreign entrepreneurs choose Hong Kong to incorporate a company is its low-tax regime. The amount of tax a company pays can affect its total revenue, so it's always beneficial to reduce the payable tax of your company.

Hong Kong adopts a two-tiered rate for corporate earnings:

- 8.25% for assessable profits up to 2 million HKD
- 16.5% for any assessable profits above 2 million HKD

To put this into perspective, taxes may range from 17%-30% in other countries. Plus, **the following types of income aren't subject to any tax rates in Hong Kong:**

- dividend tax
- tax on capital gains
- withholding tax
- value-added tax (VAT)
- goods and services tax (GST)
- sales tax
- hotel accommodation tax (HAT)

If you're running an import business, you'll be glad to hear that **Hong Kong doesn't charge tax for goods imported to Hong Kong** — although this does exclude tobacco, liquor, motor vehicles, hydrocarbon oil and methyl alcohol.

6 Free enterprise from the Hong Kong government

Hong Kong allows corporations to run almost any type of business, making it one of the freest economies in the world. Based on the free trade policy, there are no trade barriers and no limits for foreign onshore and offshore investments. You can open bank accounts in other parts of the world without restrictions from the Hong Kong government. On top of that, there are also no tariff quotas or fees on general import and export trade. For business owners, this means fewer restrictions on business operations and no limit on how much you can earn.

7 A regulated legal system

Instead of following China's legal system, Hong Kong employs English common law. This means Hong Kong law enforces very strict regulations for things like Intellectual Property Rights (IPR), which includes copyrights, trademarks, patents and registered designs.

8 Little to no language barriers

If you're planning to move to Hong Kong to set up your company, you'll be happy to hear that the majority of the Hong Kong workforce speak English, Cantonese and Mandarin. English is the chosen language of communication between businesses in Hong Kong, although individuals are often fluent in Cantonese and Mandarin in order to communicate with Chinese colleagues.

According to [Startmeup.HK](https://startmeup.hk), after China, most people starting companies in Hong Kong come from the US, UK and France.

9 One of the best infrastructures in the world

Due to the increasing demands of businesses in Hong Kong, the country has been continuously improving and upgrading its infrastructure. Apart from having one of the best airports and busiest ports in the world, transportation services are incredibly efficient within the country.

For businesses, this means that goods can move in and out of the country without problems. Industrial and business parks such as Cyberport and Hong Kong Science and Technology Park also provide integrated infrastructure, which helps the movement of goods due to the proximity and accessibility to major locations.

According to Startmeup.HK, the high number of startups in 2021 was facilitated by the growth of affordable co-working spaces and incubator and accelerator programmes as more companies provided innovative technological solutions to mitigate the impact of the pandemic.

10 Resilient financial system

As an international financial centre, Hong Kong's financial system remains stable even after weathering one crisis after another.

Its linked exchange rate system has been operating smoothly and the aggregate balance of the banking system has increased significantly, reflecting continued investors' interest and confidence in Hong Kong's capital market.

Need more personalised advice on incorporating your company in Hong Kong?

We can help. Osome provides company secretary and [accountants in Hong Kong who are experts](#) in their field to help you through setting up a company no matter where you are in the world! Contact our team to chat through your business requirements and we can get you up and running in no time.



Got any questions?
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