

Doing Business in Hong Kong

Expert knowledge means success

Contents

1. Introduction
2. Hong Kong-UK trade
2. Reasons to do business in Hong Kong
3. Population
4. Geography
4. Climate
4. Government Structure
5. Establishing a Business in Hong Kong
6. Taxation
7. Exporting
9. Importing
9. Customs Duties
9. Terms of Payment
9. Advertising and Marketing
10. Business Hours
10. Business Etiquette
11. Transport and Travel
12. Travel Advice
13. Passports/Visas
13. Useful Contacts
14. Country Data
15. Further Information

Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction¹

Hong Kong was occupied by the British in 1841, and formally ceded by China the following year. Various adjacent lands were added later in the 19th century.

Following on from the Joint Declaration signed by China and the UK on 19 December 1984, Hong Kong became a Special Administrative Region (SAR) of China on 1 July 1997. The Declaration and the later Basic Law - the mini constitution for Hong Kong - provide the framework for Hong Kong's future. Under these arrangements, Hong Kong is entirely responsible for its own affairs (with the exception of foreign affairs and defence) for fifty years after 1997. In particular, Hong Kong maintains, distinct from mainland China:

- Its own system of government
- Its own legal and judicial systems, administered by an independent judiciary, based on English Common Law;
- Its status as a free port and a separate trade and customs territory;
- Its own freely convertible currency and foreign exchange reserves;
- Separate membership of a number of International Organisations, including the WTO and APEC.

These arrangements, sometimes known as the "one country - two systems" formulae are working well. Hong Kong has a high degree of autonomy to run its affairs. The media remains free and vigorous. The legal system is working well. The business and commercial framework remains very much unchanged and continues to reflect Hong Kong's free trade, non-interventionist philosophy.

Language

Both Chinese and English are official languages of Hong Kong. English is often used in commerce, banking and international trade. Cantonese, a Southern Chinese dialect, is the mother tongue of most of the population. Mandarin (or Putonghua) - the official dialect of mainland China - is understood by some and is becoming more popular, particularly as Hong Kong's business links with mainland China become

ever more important. Written Chinese is basically the same, irrespective of dialect. Hong Kong does, however, use the traditional complex form of characters while China uses the simplified version.

The economy

As one of the world's leading international financial centres, Hong Kong has a major capitalist service economy characterised by low taxation and free trade, and the currency, Hong Kong dollar, is the ninth most traded currency in the world².

Hong Kong has remained as the world's freest economy, according to Index of Economic Freedom since the inception of the index in 1995. The economy, governed under positive non-interventionism, is highly dependent on international trade and finance and in 2009 the real economic growth fell by 2.8% as a result of the global financial turmoil. Despite the downturn, Hong Kong's economic strengths, including a sound banking system, virtually no public debt, a strong legal system, ample foreign exchange reserves, rigorous anti-corruption measures and close ties with the mainland China, enable it to quickly respond to changing circumstances.³

Principal commercial centres and towns

Central District on Hong Kong Island is the main centre for banking and business. It is also home to some of the main Government offices.

Trading companies are based throughout the territory, but particularly on the northern shoreline of Hong Kong Island, Tsim Sha Tsui, and Kowloon Bay.

Hong Kong Island and Kowloon are connected by excellent ferry and underground rail (MTR) services, and by three cross-harbour tunnels. The MTR is often the quickest way to travel between the different areas of Hong Kong.

Taking advantage of cheap land and available labour, many of Hong Kong's manufacturers have moved their manufacturing plants into China. Headquarters and purchasing offices have been retained in Hong Kong. The factories remaining are mainly in Tai Po, Sha Tin, Sham Shui Po, Aberdeen, and Kwun Tong.



Hong Kong-UK trade

Hong Kong and the UK are close trading partners. As well as being a major market in its own right, Hong Kong serves as a trading gateway to mainland China.

With one of the most open and business-friendly environments in the world, Hong Kong offers excellent opportunities for UK companies. Hong Kong is a major centre for British business in the region. In 2010, UK exports of goods to Hong Kong were valued at £4.2 billion, up by 20% over 2009, making Hong Kong the UK's 2nd largest market in Asia (after the Mainland) and the 12th largest export market worldwide. Not only is Hong Kong an attractive market in its own right and a springboard in to the Mainland China market, it is also an ideal base for regional operations⁴.

Hong Kong is a user-friendly and easy to access market for British companies. There are no barriers to market entry. English is widely spoken as the business language. English Common Law is the basis of commercial contract law. British or British-compatible standards are widely used in engineering and construction. A large and diverse network of British companies is established in the market and able to provide support and services to new entrants and old hands alike. It is also an extremely easy place in which to get around and do business - it occupies an area the size of Greater London. The Hong Kong business scene is fast-moving and highly entrepreneurial.

Hong Kong also has a huge concentration of China trade experience and contacts and provides one of the most accessible routes for British companies, in particular SMEs, into mainland China.

The largest categories of UK exports to Hong Kong are power generating machinery and equipment and miscellaneous manufactured articles. Other major exports include telecommunications and sound recording equipment, electrical machinery, appliances and parts, and non-ferrous metal.

For further details please refer to:
UKTI, "Doing Business in Hong Kong":
<http://tinyurl.com/6prj4bx>

Reasons to do business in Hong Kong

Hong Kong companies are very entrepreneurial and always on the lookout for new products and services. Hong Kong therefore offers excellent opportunities across the board both as a market in its own right and as a gateway to China.

Strengths of the market⁵

- An easy place to do business: strong rule of law; open, transparent Government and free flow of information
- English is one of the official languages and widely used in the business world
- Springboard to Mainland China and the wider Asia Pacific region
- Second biggest market in Asia Pacific for UK exports (as of November 2009)
- The world's most service-oriented economy (services account for over 90% of GDP)
- The world's busiest airport for international cargoes and the world's third busiest container port.

Hong Kong SAR Government welcomes foreign investment. Hong Kong offers a free and liberal investment regime, absence of trade barriers, non-discrimination against overseas investors, freedom of capital movement, well established rule of law, transparent regulations and low taxation. Hong Kong's central location in Asia, its excellent infrastructure and communications have made it a regional HQ for some 1,200 businesses from around the world.

For a guide to the assistance available to overseas investors from UK Trade & Investment and information on various schemes to help overseas investors, please visit: www.uktradeinvest.gov.uk.

Export opportunities

Hong Kong companies are very entrepreneurial and always on the lookout for new products and services. Hong Kong therefore offers excellent opportunities across the board both as a market in its own right and as a gateway to China.

The British Consulate-General in Hong Kong has produced a number of flyers on key sectors in the Hong Kong market. These flyers are available on the UK Trade and





Investment website and include details of key UKTI contacts in Hong Kong and the UK, as well as a list of key upcoming events. If you would like further information on sector opportunities in Hong Kong please contact:

Caroline Sprod
Assistant Trade Commissioner,
Trade and Investment Coordination Unit
British Consulate-General
1 Supreme Court Road
Hong Kong
Tel: (00) 852 2901 3360
Email: caroline.sprod@fco.gov.uk

Government purchasing and tenders

The Government Supplies Department (GSD) is the central purchasing, storage and supplies organisation for the Hong Kong Government, serving over 80 Government Departments, agencies and non-Governmental bodies such as the Hospital Authority. The major purchases are computer systems, pharmaceuticals, equipment for medical, communications and scientific uses, water pipes and fittings as well as fire fighting vehicles and engine spare parts, among many other items.

Tenders are announced in the Hong Kong Government Gazette and in leading Hong Kong newspapers, and many can be found on UK Trade and Investment's Business Opportunities service which is available to eligible UK Businesses. UK companies can register their interest in tenders with GSD.

For information contact:

Government Supplies Department (GSD)
9/F North Point Government Offices
333 Java Road, NORTH POINT, Hong Kong
Tel: (00) 852 2231 5101
Email: info@gsd.gcn.gov.hk

Financial assistance

Hong Kong has a sophisticated banking and financial system providing all the usual commercial banking services. In addition, the Hong Kong SAR Government operates a number of funding support schemes available to suitable business applicants.

The Innovation and Technology Fund supports projects that contribute to innovation and technology in manufacturing and service industries. The Applied Research Fund encourages technology ventures and applied R & D activities that have commercial potential. The New Technology Training Scheme supports up to 75% of the cost for training staff in new technologies.

The Patent Application Grant assists companies or individuals to apply patent for new inventions. For further details visit: <http://nts.vtc.edu.hk>

Local regulations

There is no restriction or currency control over the repatriation of capital or earnings. There is an Investment and Promotion Protection Agreement in place between the UK and Hong Kong.

Population

Hong Kong's population was approximately 7.01 million in 2009, with a labour force of 3.71 million. Hong Kong is one of the most densely populated areas in the world, with an overall density of some 6,250 people per square kilometre.

Life expectancy in Hong Kong is one of the highest in the world with males expected to live 79.4 years and females 85.5 years. The birth rate (0.742) however is one of the lowest in the world. Hong Kong has an ageing population with 18.8% under the age of 20 and 33.0% over 50 (2009 estimates). The median age has risen from 34 in 1996 to 39 in 2006. It is predicted that 27 percent of Hong Kong's population will reach the age of 65 or above in the 2030s.

The gender ratio has fallen from 1,000 men per 1,000 women in 1996, to 911 men per 1,000 women in 2006. The proportion of never-married people among the male population of age 15 and over dropped from 34.2 percent in 1996 to 33.9 percent in 2001, but rose to 34.3 percent in 2006. There are less people getting married and people are getting married at an older age.

Staffing

Most of the senior, mid-level management and clerical staff (bilingual in most cases) are easily available in Hong Kong. Skilled or semi-skilled labour resources are abundant. There are 3.2 million people in the workforce and over 82% work in the services sector. Long term employment or contract terms are for agreement between the employer and employee. Labour Department supervises the local labour laws. For further information, either visit the Labour Department website or Email: esadmin@labour.gov.hk



Geography

Hong Kong lies just east of the Pearl River Estuary on the coast of the Chinese province of Guangdong, and is just south of the Tropic of Cancer. The total land area is 1092sq km and comprises Hong Kong Island, including a number of small adjacent islets, Kowloon and Stonecutters Island and the New Territories, which consist of a section of the mainland and 235 islands.

Between Hong Kong Island and Kowloon on the mainland lies Victoria Harbour, providing Hong Kong with its chief natural asset.

Climate

The Climate is subtropical. Spring and summer are hot and humid and there is heavy rainfall from May to September. Autumn is sunny with lower humidity while winter can see cold snaps.

The typhoon season is generally from July to September. If a typhoon is expected, radio and television stations will advise its position, with graded warnings of 1, 3 and 8, and occasionally 9 or 10, depending on its proximity and intensity. When a typhoon signal of grade 8 or above is raised, businesses close.

Government Structure

An organisation chart on the Government structure of Hong Kong can be found at: www.gov.hk/en/about/govdirectory/govchart

Hong Kong is known locally as Xianggang Tebie Xingzhengqu and is a special administrative region of China. It has a limited democratic government.

The Chief Executive is the head of the Hong Kong Special Administrative Region. He is elected by a broadly representative Election Committee in accordance with the Basic Law, and is appointed by the Central People's Government. The Chief Executive is responsible for implementing the Basic Law, signing bills and budgets, promulgating laws, making decisions on government policies and issuing Executive Orders. He is assisted in policy making by the Executive Council. The Executive Council, presided over by the Chief Executive, decides on matters of policy, the introduction of bills to the Legislative Council and the drafting of subordinate legislation. The Council comprises 15 principal officials and 13 non-official members. All members are appointed by the Chief Executive from among the senior officials of the executive authorities, members of the Legislative Council and public figures. They serve for a period no longer than the expiry of the Chief Executive's term of office.⁶

The Legislative Council has 60 seats: 30 seats are indirectly elected by functional constituencies and 30 are elected by popular vote. Members serve four-year terms. The next election of the legislative branch is scheduled for September 2008.

Legal Background

Hong Kong's legal system is based on the English Common Law. Hong Kong's legal system is its own final appellate court, the Court of Final Appeal (CFA), which was established on July 1, 1997. The CFA is the ultimate arbiter of the development of the common law in Hong Kong.

There are a variety of ways of resolving disputes. These include negotiation, conciliation and mediation, litigation and arbitration. Arbitration is a popular method of dispute resolution in Hong Kong. The Hong Kong International Arbitration Centre assists parties to choose the best available option to resolve disputes and provides a full set of support services for arbitration and mediation of disputes.

Establishing a Business in Hong Kong

A foreign company or investor proposing to establish a business in Hong Kong may choose from a number of different business organisations:

- Public Limited Liability Company
- Limited Liability Company
- Partnership
- Branch of Overseas Company
- Trust
- Sole Proprietor

Private limited companies and branches of overseas companies are the two most commonly used forms of business entities for foreign investors carrying on business in Hong Kong.

Registration

All new businesses must register with the Business Registration Office of the Inland Revenue Department within one month of the commencement of business. They can be contacted at:

Business Registration Office
Inland Revenue Department,
Revenue Tower, 4/F, 5 Gloucester Road,
Hong Kong
Tel: (00) 852 2594 0888

An annual registration fee is payable. Depending on the business entity, minimum capital requirements are either low or not required.

Incorporation

Incorporation applications should be made to the Companies Registry. Documents which will be required are:

- Memorandum and Articles of Association of the intended company;
- a statutory declaration of compliance; and
- a covering letter stating the intended company name, the presenter's name, contact telephone number, fax number and address.

Further information on company registration can be obtained from:

Companies Registry
15/F Queensway Government Offices
66 Queensway, Hong Kong
Tel: (00) 852 2234 9933

A registration fee is payable. Incorporation normally takes 7 to 10 working days, depending on the financial structure of the company. Shelf companies are available: they are more expensive but take only a few days. Allow an extra 3-4 weeks if the name of the shelf company is to be changed.

Limited Liability Company

The most common types of Limited Liability Companies are those limited by shares. A Limited Liability Company limited by shares can be either a public or a private company. The regulations applicable to them are broadly the same except that a private company must restrict the right to transfer shares, must limit the number of members to fifty (excluding employees) and must not invite the public to subscribe for any shares or debentures of the company.

A Limited Liability company requires a minimum of two subscribers and shareholders to maintain limited liability. (If the number of shareholders falls to one, the remaining shareholder is personally responsible for the company debts). There must be a minimum of two directors: in a private company these may be corporate directors. Director's liability can be limited if provided for in the Articles. There must be a resident secretary who may be an individual or a corporate body.

There is no minimum limit on the amount of share capital but shares of no par value and bearer shares are not permitted. Shares can be issued at a premium or discount and can be purchased by the company out of distributable profits.

Accounts must be prepared, filed and audited and annual returns must be filed. There is an annual registration fee.

Branch of Overseas Company

To establish a branch of a company incorporated outside Hong Kong the following documents must be lodged with the Registrar of Companies:

- a certified copy of the instrument defining the company's constitution;
- form F1 reporting the particulars of directors, secretary, the persons authorised to act in Hong Kong on behalf of the company, the principal place of operation, the registered office;
- Memorandum of Appointment/Power of Attorney;



- a certified copy of the company's Certificate of Incorporation and
- a certified copy of the latest company accounts.

Financial statements must be filed once a year unless an exemption has been granted by the Registrar of Companies. Profits Tax will be levied on Hong-Kong source income.

Partnership

The most common forms of Partnership are a General Partnership and a Limited Partnership. The liability of the partners for the debts of a General Partnership business is unlimited. In a Limited Partnership, there are one or more limited partners who may not take an active part in the management and cannot bind the other partners to his actions. The liabilities of these limited partners for the debts of the business are limited. There must be at least one general partner whose liability for the debts of the Limited Partnership is unlimited.

A Limited Partnership may have a maximum of 20 partners. A Limited Partnership must be registered as such at the Companies Registry or it will be deemed to be a General Partnership with unlimited liability for all partners. Partnerships require an annual business license.

Trusts

Trust law in Hong Kong is very similar to English trust law and is based on the English Trustee Act 1925. Unlike other offshore jurisdictions, the Trust law has not been altered to attract investors and Hong Kong may therefore not be the best location for an asset protection trust.

Fixed and discretionary trusts may be settled in Hong Kong. There are no statutory requirements in Hong Kong for a trust to register documents or to make annual returns, submit audited financial statements, etc., unless it is carrying on business in Hong Kong.

Sole Proprietorship

As in the UK, a sole proprietorship has no limited liability, and its personal assets may be at risk in respect of professional liabilities.

Taxation

The following is intended to provide a brief outline of tax issues⁷. You should always take professional advice on these matters to determine the correct position according to your own personal circumstances.

Tax rates are extremely low by OECD standards. Taxation case law is minimal since the low tax rate means that the costs associated with challenging a decision of the revenue authorities usually outweigh any monetary gain. Taxes are levied according to the "territorial principle" meaning that taxes are only levied on income "derived from or arising in" Hong Kong and not on income sourced outside the Territory.

A number of taxes that exist in most jurisdictions do not exist in Hong Kong. Thus, there are no capital gains taxes, no withholding taxes, no sales taxes, no VAT, no annual net worth taxes and no accumulated earnings taxes on companies which retain earnings rather than distribute them. In the long term it is intended to completely phase out stamp duty on the sale and issue of shares and securities and to reduce direct taxes further.

Basis of taxation

Hong Kong has a simple low tax regime which is levied according to the territorial principle, i.e. taxes are only levied on income "derived from or arising in" Hong Kong. Residential status is irrelevant. A resident may derive profits from abroad without suffering tax; conversely, a non-resident may suffer tax on profits arising in Hong Kong.

Company and Business Tax

Profits Tax is levied on corporations, bodies of persons, partnerships, trusts and sole proprietorships in respect of assessable profits arising in or derived from Hong Kong.

It is the source of the income that determines whether or not trading income is or is not subject to Hong Kong profits tax. "Source of income" for profits tax purposes has been defined by the Inland Revenue as the geographical location of the operation which substantially gave rise to the income.

Companies pay a standard rate of 16.5% on assessable profits. Businesses other than corporate entities pay a rate of 15% on assessable profits. These rates have applied from the year of assessment 2008/9.



In general, all business expenses incurred in the production of assessable profits are fully deductible. Generous allowances or deductions are given to investment in plant and machinery, buildings and structures, and capital expenditure on research and development, refurbishment etc.

There are also special concessionary rates of profits tax which are substantially less than the standard rates. For more information, see: www.ird.gov.hk/eng/tax/bus_pft.htm

Personal Tax

Salaries Tax is charged on all income arising in or derived from Hong Kong from any office, employment or pension. Income includes, the value of accommodation provided rent free by an employer (or the difference between rent paid and its value) and any gain realised by the exercise of, or by the assignment or release of, a right to acquire shares. In addition to the basic allowance, there are numerous allowances available for marriage, children, and other dependants.

Special provisions apply to seamen, airmen and other persons who visit Hong Kong for short periods and also to those who have paid tax of substantially the same nature as Hong Kong Salaries Tax in any territory outside Hong Kong.

For details of current rates and allowances etc, please refer to: www.lowtax.net/lowtax/html/hongkong/jhkpetx.html#salaries

For more information on personal taxation see: www.ird.gov.hk/eng/tax/ind.htm

Double Taxation

There is a double taxation agreement in place between the UK and Hong Kong.

Exporting

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit www.hmce.gov.uk

UK Trade and Investment

The UK Trade and Investment Export Finance team encourages the availability of competitive export finance to all UK companies seeking to export goods or services or invest overseas. For further information visit www.uktradeinvest.gov.uk

You should check with HMRC to see if a licence is required for any goods you wish to export to Hong Kong. There are a number of licensing requirements, relevant to exports. These include:

- Common Agricultural Policy (CAP) Licences;
- The Department for Business, Innovation & Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences;
- Department of Culture, Media and Sports (DCMS) Licences.

An export licence is mandatory if you are exporting certain products. If a licence is required and is not presented at the time of export, the consignment will not be able to leave. For further information, visit: www.hmrc.gov.uk

The BIS's Export Control Organisation is the first point of contact for information on export controls. They provide advice on many issues, including how to establish whether or not specific goods need an export licence, the different types of export licences, how to complete export licence application forms and how long they take to process. They are also the point of contact for Export Control Organisation publications and licence application forms. For further information visit: www.bis.gov.uk/europeandtrade/strategic-export-control/index.html

The Defence Export Services Organisation (DESO) can provide information concerning the export of defence related equipment. For further information visit www.deso.mod.uk

For information concerning export controls on antiques and works of art, please visit the Department for Culture, Media and Sport website. For further information visit www.culture.gov.uk

Import licenses (into Hong Kong)

Hong Kong is a free port and has very few trade restrictions. Import and export licences are required only to enable Hong Kong to fulfil its international obligations, to protect consumer health and safety, or for security reasons. Import licences are required for pharmaceutical products and medicines, pesticides and insecticides, ozone depleting chemicals, radioactive substances and irradiating apparatus, firearms and strategic dual use goods, rice, frozen meat and frozen poultry.

Import of food products into Hong Kong

Please note that import duties on wine, beer and all other alcoholic beverages except spirits were abolished in February 2008.

Any food, whether imported or locally produced, intended for sale in Hong Kong must comply with the local food laws. These relate to food labelling and composition (for pre-packaged foods), the use of preservatives, mineral oil, colouring matter, artificial sweeteners, and metals in foods. Products like frozen confections, margarine, milk products, malt vinegar and honey are subject to standards of composition.

Health certificates are required for the import of game, meat, poultry, vegetables and fruits. The imported game, meat and poultry regulations and other food laws are enforced by the Department of Health, Hygiene Division.

Export Credits Guarantee Department (ECGD)

ECGD can provide insurance or arrange medium/long-term finance packages in a wide range of markets worldwide for UK exporters of capital goods and projects. They can also provide contacts for private sector insurance for UK exporters of consumables. For more information on how ECGD may be able to help you visit the ECGD website at www.ecgd.gov.uk or contact their helpline: Tel: +44 (0)20 7512 7887.

Technical Help for Exporters

Technical Help for Exporters (THE) is a service provided by the British Standards Institution (BSI) to provide information and advice on compliance with overseas statutory and other technical requirements. THE produces a wide range of publications and provides a special updating service of information in some product fields.

THE can supply detailed information on foreign regulations; identify, supply and assist in the interpretation of foreign standards and approval procedures; research and consult on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice.

Fees vary according to the amount of work involved.

For further information visit the British Standards Institution (BSI) website at: www.bsi-global.com/Technical+Information/

BIFA

The British International Freight Association's New Importer / Exporter Initiative aims to provide specialist help and assistance to companies who are new to exporting. This service, available through selected BIFA registered members, offers up to one day's free consultancy to advise companies on such matters as modes of transport, distribution methods, costing, documentation and payment terms. They can be contacted on +44 (0)20 8844 2266.

Export Documentation

SITPRO is the UK's trade facilitation body dedicated to simplifying the international trade process by cutting red tape. A company limited by guarantee, SITPRO is a Non-Departmental Public Body for which the Department of Trade and Industry has responsibility.

SITPRO manages the UK Aligned Series of Export documents, and licenses a network of approved suppliers to provide them. SITPRO also offer advice, briefings, publications and checklists covering various international trading practices.

Contact SITPRO for more help or information on export documentation and procedures.

Oxford House, 8th Floor, 76 Oxford Street, London W1D 1BS, UK
Tel: 020 7467 7280
E-mail: info@sitpro.org.uk
www.sitpro.org.uk

Labelling and packaging regulations

Labelling in Chinese and English is required on all consumer products. Labels need to provide information that includes placement of identification data, identification of the manufacturer, product information, expiry date, and standard quality disclosures. Additionally, many food products may also have to comply with hygiene and ingredients regulations.

As for so many overseas destinations, external packaging must be strong, but for Hong Kong, packaging must also be able to withstand tropical conditions of heat and extreme humidity. Rain is often extremely heavy and prolonged, compared with Britain, and is liable to penetrate anything which can

Intellectual Property

Established in 1990, the HK SAR Government's Intellectual Property Department (IPD) bears the responsibility for administering the trade mark, designs and patents registration system in Hong Kong and assists the Trade and Industry Bureau in policy formulation.

Patents

Independent patents can be granted in Hong Kong based on re-registration of patents filed with the UK Patent Office, the European Patent Office in respect of patents designating UK or the Chinese Patent Office. Once a patent is registered in Hong Kong, it will become independent of the "original" patent, and will be subject to payment of annual renewal fees and to the provisions of the Patents Ordinance.

Trade Marks

Trade marks can be registered in Hong Kong under the Trade Marks Ordinance. The owner of a registered trade mark can take legal action in Hong Kong to prevent anyone from using the mark without consent. It is a criminal offence in Hong Kong to sell or import goods bearing a forged trade mark.

Copyright

Hong Kong has a modern and comprehensive copyright protection similar to that in the UK. Works can be protected on the Internet. There are criminal sanctions for production, sale, importation and exportation of infringing copyright works. Hong Kong adopts an open qualification system for copyright protection. If a copyright exists in a work, then the protection is automatic.

Designs

To secure protection, existing UK designs have to be recorded in Hong Kong, and rights in registered designs are governed by a local ordinance, broadly similar to the UK Registered Designs Act 1949. Legislation also protects the layout designs or topographies of integrated circuits.

quickly rust; leather and some textiles will mildew and foodstuffs will degenerate without adequate protective measures. Weather-proof wrappings, grease coat wrappings for metal items and air-tight containers for foodstuffs, etc, are useful.

Importing

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations.

Although the UK version is called the “Integrated Tariff of the United Kingdom”, the same format is used throughout the EC. For further information, visit www.hmrc.gov.uk

Import licences

You should check with HMRC to see if a licence is required for any goods you wish to import from Hong Kong. There are a number of licensing requirements, relevant to imports. These include:

- Common Agricultural Policy (CAP) Licences,
- The Department for Business, Innovation & Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences,
- European Commission Licences,
- Forestry Commission Licences, and
- Radio Communications Agency (RDA) Licences.

Customs duties

Hong Kong is a duty free port. There are no tariffs on goods imported into Hong Kong.

Excise duties are levied on imported or locally manufactured tobacco, hydrocarbon oil, alcoholic beverages and some other alcoholic products. These can be high - up to 100% on alcohol and 80% on wine.

All motor vehicles for use on the roads of Hong Kong are subject to a First Registration Tax - up to 150% for automobiles.

Terms of Payment

Most UK banks can provide advice on payment. Generally speaking any of the customary methods of payment used in international commercial transactions can be

used when doing business with Hong Kong companies ranging from confirmed irrevocable letter of credit when dealing with a new customer to open account, when the customer is well-known to you.

Should payment terms not be met, first check the payment terms of the contract. The Hong Kong Unit cannot become involved in commercial disputes but it can provide details of debt collecting agencies and lawyers in Hong Kong who can help.

Insurance for short-term credit

A number of companies provide insurance for short-term credit to guard against non-payment, such as:

Association of British Insurers
Tel: +44 (0)20 7600 3333
Email: info@abi.org.uk

AIG Global Trade & Political Risk
Tel: +44 (0)20 7954 8975
Email: AIGGlobal.Europe@aig.com



Advertising and Marketing

Market representation

Hong Kong Chinese like to deal with someone with whom they can build up a long term relationship. Good communication skills are therefore important as well as a good technical knowledge of the product. In some cases it would be an advantage if the representative were able to speak Chinese (preferably Cantonese). It may therefore be a better option to employ a Hong Kong Chinese. There is no agency legislation in Hong Kong.

Sales Promotion

Visiting the market is vital. Personal contact is vital to building a successful business relationship in Hong Kong.

Hong Kong is a major conference and exhibition centre, with hundreds of international exhibitions held annually. The main forum for exhibitions is the Hong Kong Conference and Exhibition Centre in Wanchai, which in 1997 expanded its exhibition space by 300,000 sq feet, making the total available exhibition space almost 500,000 sq feet.

Exhibition participants should provide technical catalogues in English, preferably

with some information in Chinese, to distribute to agents and companies. Company brochures are also advisable.

Advertising and participation in sales promotions and other trade events is often helpful for raising consumer awareness and gaining market share, but effectiveness will vary according to product. Appointing an agent/distributor is recommended to aid in marketing and sales. Remember that Hong Kong companies expect a quick response - slowness of response from the UK has been a common complaint from them.

Up-to-date lists of trade missions to Hong Kong supported by UK Trade & Investment and trade fairs attracting support from UK Trade & Investment can be obtained from the Hong Kong Unit.

The basic principles of trade literature are the same as in the UK. Design should be dramatic but inviting, simple and easy to follow. The style should be in keeping with the product. All commercial correspondence should be in English, although bilingual labelling (Chinese and English) is advisable.

Generally, price is the most important factor in promoting sales. Some Hong Kong firms have successfully offered special, low introductory prices on consumer products to gain a foothold in the market and develop customer awareness and loyalty. However, product quality and after-sales service are also becoming important selling factors in the Hong Kong market.

Price quotations should be given in Hong Kong dollars, all charges paid including customs duty. Failing this, prices should at least be quoted in Hong Kong dollars cif (cost, insurance and freight) Hong Kong destination.

Late delivery is a common source of complaint (which can make it more difficult to win future business) and you should do your utmost to deal promptly with orders. Ensure that the delivery dates that are quoted are adhered to. If unforeseen factors intervene to make adherence impossible, inform your customer at the earliest possible opportunity and give them the full details.

Customs clearance can be, and often is, the reason for late delivery, generally because the documentation has not been meticulously prepared.

Sea freight from the UK takes approximately 4-6 weeks, depending on the size, shape, type of goods, designated ship and which area the goods are being delivered to. Longer than scheduled shipping journeys (due to adverse weather for example) and delays at ports should be borne in mind when considering delivery dates.

Note that goods requiring transfer from the ports will require extra time and this will need to be taken into account when calculating the delivery time. Customs clearance can also add a week or two to this period, and delivery dates should take this into account.

Business Hours

International and Chinese Commercial Offices

09.00-17.00 Monday to Friday. 09.00-12.30 Saturday.

Government Offices

09.00-13.00 and 14.00-17.00 Monday to Friday 09.00-12.30 Saturday.
(Departments operate with 50% staff on Saturdays)

Banks

09.00 to 17.00 Monday to Friday, 09.00 to 13.00 Saturday - some banks only

Shops

Many Chinese shops/department stores are open seven days a week until about 21.00. Although some factories work seven days a week, most trading companies close on Saturday afternoon and Sunday. Increasingly, a five day week is being introduced in offices. Avoid visiting Hong Kong during Chinese New Year celebrations when almost everything is closed for several days. The Chinese festivals are governed by the lunar calendar and the dates vary from year to year.

Business Etiquette

In Hong Kong the family name comes first. Thus Wong Man Ying would be addressed in English as Mr Wong. In written form, some Chinese have adopted a European style, e.g. Mr M Y Wong. Western first names are common but the full name in Chinese is often retained.



Hong Kong businessmen wear very conventional dark suits all the year round. During the hot summer months lightweight suits are the usual business dress for men. Women will need lightweight clothing during the spring and summer, with a jacket or cardigan for any cool evenings. Woollen dresses or suits and a light coat are suitable for the cooler months.

Business plays an important part in Hong Kong life and business cards are used on all occasions. So it is important to bring along a large stock on a visit to Hong Kong. It is not usually necessary for cards to have a Chinese translation unless you are also travelling to other parts of China. When giving and receiving business cards, use both hands. A handshake is an appropriate greeting.

Hong Kong's business people are generally friendly. Business lunches and dinners are popular. They are a useful way to establish personal relationships, which are important for business in Hong Kong, as they are throughout Asia. Evening receptions are common in Hong Kong.

Chinese people usually entertain visitors informally at restaurants. At very formal annual celebrations, it is normal to drink a toast as each course is served, and it is appreciated if the guest of honour ends the banquet by thanking their host. It is not impolite to eat sparingly of any particular course, although a Chinese host appreciates it when his guests show a good appetite.

For information on business etiquette, visit UK Trade and Invest at www.uktradeinvest.gov.uk

Transport and Travel

Getting your goods to the market

The main options for Hong Kong are sea, airfreight, post and courier service. The method you use will depend to a large extent on the nature of your product and the date required in the market.

For all methods except post, it is often easier to use a freight forwarder. Forwarders should be approached in the early stages of market research rather than waiting until the goods are ready to go.

Air

In July 1998, Hong Kong International Airport in Chek Lap Kok (CLK) on the north side of Lantau Island replaced Kai Tak Airport and has taken over Kai Tak's reputation as one of the busiest airports in the world, at the centre of a network of routes covering Asia. British Airways, Virgin and Cathay Pacific operate daily flights from London Heathrow. Flight time from the UK is approximately 12 hours to Hong Kong and 13 hours back. There is an extensive infrastructure of bus and rail services from CLK to destinations in Hong Kong. It is linked to Kowloon by MTR services and road. The US\$900 million Tsing Ma Bridge, the world's 2nd longest road and rail suspension structure and the final part of the transport link to the new airport, opened in April 1997.

The connections between Hong Kong International Airport, Hong Kong and Kowloon are excellent. The airport railway train (Airport Express) takes about 25 minutes to reach Hong Kong station, and less to get to Kowloon station. (One Way to Hong Kong costs HK\$100. The return fare is HK\$180, valid for one month.) There are some free bus services from these stations to leading hotels. There are also excellent cheap bus services from the airport to Kowloon and Hong Kong. A taxi ride to Hong Kong Island from the airport will probably cost about HK\$350.

Sea

There are few passenger services between Britain and Hong Kong. There are frequent daily services between Hong Kong and Macau by jetfoil and turbo cat and there is also a regular helicopter service to Macau.

Air, rail and ferry services operate to and from Guangzhou (Canton).

Travelling in Hong Kong

Hong Kong is geographically compact, with plentiful taxis and one of the best public transportation systems in the world, including mainline and underground trains, buses, minibuses, trams and ferries. Like most cities however, it is best to avoid rush hours (8.00 am to 10.00 am and 5.00 pm to 7.00 pm) if possible.

All persons travelling in Hong Kong must carry some form of official identification. For visitors from the UK this must be a valid passport. Police make random checks and

persons found without identification are liable to prosecution. A British driving licence, cheque books, credit cards and business cards are not acceptable.

Buses, trams and ferries all require exact payment, so it is advisable to carry plenty of change. For taxis you pay the fare shown on the meter but remember that if you travel through a cross harbour tunnel you will need to add on the toll both for that journey and the return journey.

Anyone wishing to drive a private vehicle in Hong Kong must hold a Hong Kong civil driving licence. The exceptions are visitors who fulfil certain conditions and holders of International Driving Permits. Holders of valid UK licences may be issued with a Hong Kong licence without being required to take a test.

Travel Routes to China via Hong Kong

There are frequent air services to major Chinese cities (although it is advisable to book well in advance). Travel to Guangzhou (Canton) is probably easiest by the direct train link - Intercity Passenger Service operates by KCRC. Seven through trains run between Guangzhou and Hong Kong daily. Each journey takes about 1 hour and 45 minutes and the fare is HK\$190 for an adult single. There is a comprehensive network of turbo cat and jet foil services to destinations in the Pearl River Delta.

The opening of Shenzhen Airport in the People's Republic of China in October 1991 increased the flow of cross-border traffic, and there are now coach and ferry services between the airport and Hong Kong.

Hotels

Hong Kong is particularly well served by a large and still increasing number of hotels (there are more than 33,000 rooms available).

October/November and March/April, at the time of the Canton Fair, are the busiest time for Hong Kong's hotels. Both on Hong Kong Island and in Kowloon there are a number of deluxe, class 1 and class 2 hotels suitable for the business visitor. Hong Kong's deluxe hotels are among the best in the world and are well accustomed to catering for the travelling business visitor.

For further information contact:

Hong Kong Hotels Association
508-511 Silvercord Tower Two
30 Canton Road, Tsimshatsui
KOWLOON, Hong Kong
Tel: (00) 852 2375 3838
Email: info@hkha.org
Web: www.hkha.org



Useful Tourist Board information packs on Hong Kong are available free at the airport. There is also a Hotel Association office at the airport that can help travellers to book hotels.

Travel Advice

The Travel Advice Unit provides up-to-date advice on problems that may arise owing to political unrest, violence, natural disasters and epidemics. Travel advice is available from the Foreign and Commonwealth Office at www.fco.gov.uk

Security Briefing for Business

In addition to the help with trade and overseas investment provided by UK Trade & Investment, the FCO is ready to help businesses in assessing security risks and other broader considerations they may face when operating overseas. This will consist primarily of information and commentary the political, economic and social situation in the country in question. This information and commentary are offered in good faith. The FCO cannot accept liability for any inaccuracies or omissions.

In the first instance, businesses should contact the Political Section of the overseas post in question, since that is where the most up to date and detailed information will be available. The post will also be able to put enquirers in touch with sources of expert desk-level advice in the FCO in London.

Health advice

There are normally no health or vaccination requirements for Hong Kong. However, you should check with your travel agent when making reservations, as health regulations may change without notice. Information on health hazards, and precautions to take when travelling abroad can be found in the leaflet "Health Advice for Travellers" available from main Post Offices.

Public health standards, hospital and dental facilities are very good. To avoid stomach upsets when travelling it is prudent to take

care when eating raw food. Tap water is generally safe to drink, although for extra care, drink bottled or distilled water.

The UK Reciprocal Healthcare Arrangement no longer exists (since 1997) and visitors will need to purchase adequate healthcare insurance before travelling to Hong Kong.

Passports/Visas

You must be in possession of a valid passport to enter Hong Kong. If your passport is due to expire within three months of your departure you should obtain a new passport.

Although Hong Kong is now part of the People's Republic of China, it remains a Special Administrative Region with its own immigration controls. Whilst all visitors to mainland China should obtain a visa before travelling, visitors to Hong Kong can stay up to six months without a visa. But any British citizen wishing to take up employment must obtain an appropriate visa before arrival which may also a work permit.

For more information, contact the nearest Chinese mission with visa issuing facilities or the Hong Kong Immigration Department direct:

Immigration Department
Immigration Tower, 7 Gloucester Road
WAN CHAI, Hong Kong
Tel: (00) 852 2824 4055
Email: enquiry@immd.gov.hk
Web: www.immd.gov.hk/ehtml/home.htm

Visitors entering Hong Kong via mainland China and leaving again via the mainland should note that they will need to apply for a double or multiple entry visa for mainland China.

If you are successful with your visa application, you are normally permitted to remain in Hong Kong with a specific condition of stay, e.g. employment, for one year initially. You may be allowed an extension of stay provided that, among other things, you fulfil the relevant entry requirements. The extension of stay would normally be for two to three years. Upon completion of seven years' residence, you may apply for unconditional stay.

Visas for China

If you wish to enter China from Hong Kong you can apply for a PRC visa at the following office:

Visa Office of the Ministry of Foreign Affairs of the People's Republic of China in Hong Kong
7th Floor, Lower Block, China Resources Building, No.26, Harbor Road, Wanchai, Hong Kong SAR

Office Hours: Monday to Friday (except Hong Kong public holidays)
9:00-12:00 14:00-17:00
Tel: (00) 852 2827 1881

(Closed on Saturday, Sunday and Public Holidays)

You can ask for a single, double or multi-entry visa for up to a year. Processing usually takes three working days. Applications should be accompanied by a valid passport, a photograph, a complete visa application form and, for a business visa, an official invitation (either in the form of a letter or fax). Cost ranges from HK\$180 to HK\$1300 depending on the type of visa required. The most common type of visa is a single entry tourist visa valid for up to one month costing HK\$180. The same visa with an express service (same day processing and pick up) will cost HK\$380.

Useful Contacts

British International Freight Association
Website: www.bifa.co.uk
Tel: +44 (0)20 8844 2266

The British Chamber of Commerce in Hong Kong

The British Chamber of Commerce in Hong Kong can offer advice and help on a wide spectrum of business related issues.

British Chamber of Commerce in Hong Kong
Room 1201, Emperor Group Centre
288 Hennessy Road, Wanchai, Hong Kong
E-mail: cjah@britcham.com
Tel: (00) 852 2824 2211

The British Council

The British Council is the United Kingdom's international organisation for educational opportunities and cultural relations.

The British Council
3 Supreme Court Road, Hong Kong
E-mail: info@britishcouncil.org.hk
Tel: (00) 852 2913 5100

The Chinese Manufacturers Association of Hong Kong

CMA Building, 64 Connaught Road Central
Hong Kong
Tel: (00) 852 2545 6166
Email: info@cma.org.hk

CIA Factbook

A factbook compiled by the CIA with country statistics.
www.cia.gov/cia/publications/factbook

The Hong Kong Judiciary

Organisation and function of the judiciary, statistics, guide to court services.
www.judiciary.gov.hk/en/index/index.htm

Intellectual Property Department of The Government of Hong Kong

Intellectual property laws and applicable forms. News, tenders & consultations. Information & study aids. FAQs.
www.ipd.gov.hk/eng/home.htm

The Basic Law of Hong Kong

Basic law of the Administrative Region of the People's Republic of China. Includes the full text of the law and related court judgments
<http://www.basiclaw.gov.hk/en/index/>

Federation of Hong Kong Industries

Head Office
31/F, Billion Plaza, 8 Cheung Yue Street,
Cheung Sha Wan, Kowloon, Hong Kong
Tel: (00) 852 2732 3188
Email: fhki@fhki.org.hk
Website: <http://www.industryhk.org>
Office Hours: Mon-Fri: 9:00 a.m. - 5:30 p.m.

Hong Kong Economic and Trade Office - Embassy in UK

6 Grafton Street, London, W1X 3LB, UK
Tel: +44 (0)20 7499 9821
Email: hk@hketco.co.uk

Hong Kong Tourist Board

6 Grafton Street, London, W1X 3LB, UK
E-mail: hktourismboard.com
Tel: +44 (0)20 7533 7100

Hong Kong Trade Development Council

The Hong Kong Trade Development Council is responsible for promoting Hong Kong's external trade. Its trade portal can help you to obtain, information, business contacts and market intelligence on Hong Kong.

(London), 16 Upper Grosvenor Street
London, W1X 9PB, UK
Tel: +44 (0)20 7616 9500
Email: london.office@tdc.org.hk

(Hong Kong) HKTDC SME Centre
Hong Kong Convention and Exhibition
Centre, 1 Expo Drive, Wanchai, Hong Kong
Tel: (00) 852 1830 668
Email: hktdc@hktdc.org
Web: www.hktdc.com/en-buyer/

InvestHK

(London): Hong Kong Economic and Trade
Office, 6 Grafton Street, London, W1X 3LB, UK
Tel: +44 (0)20 7499 9821
Email: hk@hketco.co.uk

(Hong Kong): 25/F, Fairmont House,
8 Cotton Tree Drive, Hong Kong
Tel: (00) 852 3107 1000
Email: enq@investhk.gov.hk

The Hong Kong – UK Business Partnership

The Hong Kong-UK Business Partnership interlinks the services of UK Trade & Investment and the Hong Kong Trade Development Council (HKTDC), offering practical assistance to UK and Hong Kong companies seeking opportunities both in each other's markets and, through Hong Kong, in the Chinese mainland.
Website: www.tdctrade/HK-UK

UK Trade and Investment

This is the UK Government website with information to help you do business internationally.
Website: www.uktradeinvest.gov.uk
Tel: +44 (0)207 215 8000

Country Data

Feature	Country Data
Local time	+8 hours GMT
Population	7,067,800 – 2010 Source: World Bank)
Language /Religion	The majority of the population hold traditional Chinese beliefs. There has been a revival of Buddhism and Taoism in recent years, due mainly to the immigration of Buddhists from China. Of the two religions, Buddhism appears to have more followers. There are many Chinese Christians and small but active Muslim, Parsee, Hindu, Russian Orthodox and Jewish communities.
Area	1,092 sq. km
Public and Statutory holidays	Official public holiday dates can be found at: http://en.wikipedia.org/wiki/Public_holidays_in_Hong_Kong
International dialling code from UK	00 852
Local currency	In Hong Kong, the unit of currency is the Hong Kong dollar divided into 100 cents.
Weights and measures	Whilst imperial and local Chinese weights and measures are sometimes used, the Hong Kong Government uses and encourages the use of the metric system of measurement.
Electricity supply	The domestic supply is 220 volts 50 cycles AC; the industrial power is 220/380 volts, 3-phase 4-wire system, at 50 hertz. There is no uniformity about plug designs. Many five and 15 amp plugs and sockets are in use, but 13 amps are now standard for all public sector buildings and have been extensively introduced into private buildings.

Further Information

The UK Trade & Investment's publication "Doing Business in Hong Kong" is available online at: <http://tinyurl.com/6prj4bx>

Since 1997, Hong Kong has been an administrative district of China. Before 1997, it was a British Crown Colony. The British had it on lease from the Chinese and it reverted back to Chinese ownership in 1997.

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

References and Acknowledgement

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Lee & Yu, Head Office: 22/F, Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong
Tel: (00852) 2838 0448, Email: admin@leeandyu.com.hk
Web: www.leeandyu.com.hk

² Source: Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity in April 2007.

³ Source: http://en.wikipedia.org/wiki/Economy_of_Hong_Kong#cite_note-10

⁴ Source: www.ukti.gov.uk/export/countries/asiapacific/fareast/hongkongsar.html

⁵ Source: UKTI, "Doing Business in Hong Kong": <http://tinyurl.com/6prj4bx>

⁶ Source: www.gov.hk/en/about/govdirectory/govstructure.htm

⁷ Source: www.lowtax.net/lowtax/html/hongkong/jhktax.html

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