



# Doing business in Hong Kong

2026

“Our aim is to help you navigate the challenges and opportunities you will encounter as you establish your business in Hong Kong. The experience, knowledge and integrity of the Forvis Mazars team means we can work alongside you as a strategic local partner you can trust.”



**Jimmy Yip**  
Managing Director,  
Forvis Mazars in Hong Kong



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# Forvis Mazars in Hong Kong

## About us

**Forvis Mazars Group SC is an independent member of Forvis Mazars Global, a leading professional services network. With over 300 highly skilled professionals at Forvis Mazars in Hong Kong, we provide an unmatched client experience and deliver audit & assurance, tax and advisory services.**

Forvis Mazars entered China market in 1997. After more than 20 years of development, we have achieved significant milestones. Our “ZSZH-Mazars International Alliance” established with leading Chinese accounting firm Zhongshen Zhonghuan enables us to jointly leverage through 30+ cities in China with more than 5,500 staff and 200+ partners.

We approach every piece of work with independence, accountability and a social conscience, and we take responsibility for shaping a sustainable industry as well as helping build the economic foundations of a fair and prosperous world. We have the skills and the scale to serve clients of all sizes, across all sectors, while remaining agile, personal and distinct.

### Hong Kong coverage



**1**  
office



**300+**  
professionals



**20+**  
partners



# Introduction

## Welcome to Hong Kong: the great investment destination

### Welcome to Hong Kong

As the premier global hub for Initial Public Offerings (IPOs), Hong Kong boasts a highly international and business-friendly atmosphere, characterized by an open and equitable competitive landscape, alongside a robust financial infrastructure complemented by a top-tier transport and telecommunications network.

To foster a fair and accessible business climate, Hong Kong implements comprehensive policies and legislation aimed at safeguarding intellectual property rights.

With a straightforward, transparent, and competitive tax framework, Hong Kong's tax advantage is evident in its limited direct tax structure and a tax exemption system that alleviates the tax burden on businesses. Strategically located in the Asia-Pacific region, Hong Kong operates within the same time zone as other key financial markets, thereby reinforcing its substantial economic influence through inherent strategic and competitive benefits.

Hong Kong's business ecosystem is in constant flux, responding to both global and local forces. In 2019, the World Bank ranked Hong Kong fourth globally for ease of doing business, a testament to its business-friendly environment. Our brochure delves into the intricacies of this dynamic landscape, offering a roadmap to succeed in Hong Kong's vibrant business environment by 2026. We'll examine the current economic conditions, including key metrics like GDP growth and international trade volume, and explore why staying informed and adaptable is crucial in today's rapidly evolving global economy.

### Why Hong Kong

Hong Kong's strategic position as a global business hub is deeply rooted in its history and unique advantages. From its origins as a bustling trading port to its evolution into a global financial centre, Hong Kong has consistently demonstrated resilience and adaptability.

- **Historical significance:** Hong Kong's rise as a centre for trade and finance began in the 19th century. Its free port status and strategic location facilitated its growth into a major commercial centre connecting East and West.
- **Strategic location:** Geographically, Hong Kong sits at the heart of Asia, providing unparalleled access to Mainland China and the burgeoning Greater Bay Area. Its efficient logistics and transportation networks further enhance its connectivity and attractiveness for international businesses. This strategic advantage is key to its continued importance as a global trade and finance hub.
- **Favourable business environment:** Hong Kong boasts a free-market economy characterized by transparent regulations, low tax rates, and robust legal protections for businesses. This predictable and business-friendly environment encourages both local and foreign investment.
- **Key economic sectors:** Finance, trade, logistics, and technology are the pillars of Hong Kong's economy. The city's robust financial infrastructure, coupled with its growing tech sector, positions it for continued growth and innovation in the years to come. The finance sector alone contributes significantly to Hong Kong's GDP, underscoring its importance to the overall economy.

# Introduction

## Governmental policies and reforms for 2026

The Hong Kong government has been proactive in implementing policies and reforms designed to support businesses and foster a thriving economic environment. These initiatives aim to streamline regulations, promote innovation, and attract foreign investment.



### Taxation policies

Hong Kong offers attractive tax incentives for foreign investors, including low corporate tax rates and exemptions on certain types of income. This favourable tax regime makes it an enticing destination for businesses seeking to optimize their tax burdens.



### Regulatory frameworks

The government continues to refine its regulatory frameworks to ensure transparency and efficiency. Ongoing reforms aim to simplify business registration processes, reduce bureaucratic hurdles, and enhance investor protection.



### Compliance and reporting

As part of its commitment to global best practices, Hong Kong is implementing new compliance standards, particularly in areas like sustainability reporting. These changes, while presenting initial adjustments for businesses, ultimately contribute to a more sustainable and transparent business environment. The roadmap on Sustainability Disclosure, released on 11 December 2024, outlines Hong Kong's commitment to aligning with IFRS Foundation's ISSB standards.

New or revised standards or requirements were released since 2024.

# Introduction

## Emerging business trends in Hong Kong

Hong Kong's business landscape is evolving rapidly, driven by technological advancements, changing consumer behaviour, and global trends towards sustainability. Staying ahead of these trends is vital for businesses seeking to maintain a competitive edge.



- **Green and sustainable businesses:** There's a growing emphasis on sustainability in Hong Kong, with increasing government support for green initiatives. Businesses adopting eco-friendly practices and embracing sustainable development are poised for long-term success in this evolving market.
- **Technological advancements:** Digital transformation, powered by technologies like AI, big data, and IoT, is reshaping industries across the board. Hong Kong's tech sector is vibrant and innovative, creating numerous opportunities for businesses that leverage these technological advancements.

- **Fintech and blockchain:** Hong Kong is rapidly becoming a leading hub for fintech and blockchain innovation. The regulatory environment is evolving to support these emerging technologies, providing fertile ground for startups and established companies alike.
- **E-commerce and logistics:** The surge in e-commerce, accelerated by the pandemic, has transformed the retail landscape. Hong Kong's robust logistics infrastructure and strategic location make it an ideal hub for e-commerce businesses seeking to reach regional and global markets.



## Setting up a business in Hong Kong

We've highlighted key legal and regulatory areas to create a practical, action-focused guide. We will help you ask the right questions in areas such as reign investment policy, tax requirements, compliance, insurance regulations, employment laws and government initiatives.



# Setting up a business in Hong Kong

## Establishing an entity

### There are four basic ways of establishing a business in the Hong Kong Special Administrative Region (HKSAR):

#### Sole proprietorship

Other than ensuring that business registration requirements are complied with, there are little restrictions on the way in which an owner runs the business (provided it is legal). However, a sole proprietorship gives rise to unlimited liability for the owner, and therefore it is not normally recommended.

#### Partnership

General and unlimited partnerships are formed under the Partnership Ordinance. In a general partnership, all partners are jointly and individually liable without limit for the debts and obligations of the partnership. Each partner is also personally liable, without limitation, for all the debts and obligations of the partnership not satisfied by the partnership assets. It is possible to register, with the Registrar of Companies, a limited partnership, which is governed by the Limited Partnership Ordinance, under which the liability of at least one of the partners must remain unlimited.

#### Limited company

Limited companies may be either private or public companies limited by shares or a guaranteed company without share capital and the operation of which is subject to the provisions of the Companies Ordinance. The liability of shareholders/members of a company for the company's debts is limited to the issued share capital, or in the case of a company limited by guarantee, to the amount of the guarantee.

Most business operations in the HKSAR are private companies limited by shares, whose articles of association:

- restrict the right to transfer the company's shares;
- limit the number of shareholders to 50;
- prohibit any offerings to the public to subscribe for shares or debentures.

Any company whose articles of association do not contain these three restrictions is a public company and is subject to additional requirements beyond the scope of this guide.

#### Branch or representative office

Any overseas company that establishes a place of business in the HKSAR is required to register pursuant to the Companies Ordinance. A place of business includes a share transfer or share registration office, any place used for the manufacture or warehousing of goods, and/or a place used by the company to transact any business, which creates legal obligations. If the office in the HKSAR has a liaison function and no business is conducted in the HKSAR that creates legal obligations, then the only action that must be taken is for the company to register a representative office under the Business Registration Ordinance.

#### Re-domiciliation regime

Apart from incorporation of a company, one may apply for re-domiciliation of an overseas company to Hong Kong provided that the laws of the originating jurisdiction of the company permit outward re-domiciliation.

#### Foreign business restrictions

There are no restrictions on setting up a foreign business in Hong Kong and no foreign exchange control. There is also no Hong Kong residence requirement for shareholders or directors of an entity in the HKSAR.

## Setting up a business in Hong Kong

### Investment incentives

**There are few incentives to promote business investments since its low tax rates, excellent financial infrastructure and favourable investment climate are considered sufficient to attract investments in Hong Kong.**

In recent years, Hong Kong has introduced tax incentives for certain targeted industries or sectors such as the asset and wealth management industry, insurance and insurance brokerage businesses, corporate treasury centres and aircraft and ship leasing.

Qualified R&D expenditure may enjoy up to

# 300%

tax deduction for the first

# HK\$2m

of such expenditure.

The remainder will be entitled to

# 200%

tax deduction without any cap.



# Setting up a business in Hong Kong

## Taxation

### There are no value added tax, sales tax or capital gains tax in Hong Kong\*.

#### Profits tax

Profits tax is imposed for each tax year on Hong Kong-sourced profits derived from a trade, profession or business conducted in Hong Kong. There is no distinction between residents and non-residents. The source of profits is determined by an “operations test” (i.e. identifying the activities which directly produce the relevant profits and the place where these activities are carried out). Expenses are generally deductible to the extent that they are incurred in the generation of assessable profits.

Under the refined foreign source income exemption regime now in place, foreign sourced interest income, dividends, IP income, and gains on disposal of all types of property received in Hong Kong by a member of a multinational enterprise (MNE) conducting a trade, profession or business in Hong Kong may be deemed to be sourced from Hong Kong and subject to profits tax if the member of MNE fails to meet the exception criteria, i.e. economic substance, participation or nexus requirements.

A tax year covers a period of 12 months from 1st April to 31st March of the following year. Profits earned by a business during an accounting year ending within a tax year will be deemed to be its profits for that tax year.

Tax losses incurred cannot be carried back but can be carried forward indefinitely to be set off against any future assessable profits. Anti-avoidance provisions restrict the use of tax losses where a change in shareholding was made solely or predominantly for the purpose of utilising the losses to obtain a tax benefit.

Under the two-tiered profits tax rates regime, the profits tax rate for corporations is 8.25% on assessable profits up to \$2 million and 16.5% on any part of assessable profits over \$2 million.

For unincorporated businesses, the profits tax rate is 7.5% on assessable profits up to \$2 million and 15% on any part of assessable profits over \$2 million. However, for two or more connected entities, only one of them may choose to be taxed at two-tiered profits tax regime.

Hong Kong has implemented the global minimum tax in accordance with the Base Erosion and Profit Shifting 2.0 framework promulgated by the Organisation for Economic Co-operation and Development, and a related Hong Kong minimum top-up tax from 2025 onwards. The above framework seeks to ensure that a multinational enterprise group, with an annual consolidated revenue of at least EUR 750 million in at least 2 of the 4 fiscal years immediately preceding the current fiscal year (in-scope MNE group), pays a minimum level of tax at 15% on the income arising in each of the jurisdictions where it operates. In view of the above, a constituent entity that is located in Hong Kong and is part of an in-scope MNE group may be subject to a top-up tax in Hong Kong.

#### Salaries tax

Salaries tax is imposed for each tax year on an individual’s income arising in or derived from Hong Kong from any office, employment or pension. For Hong Kong employment, all income derived is subject to salaries tax; even if some services are performed outside of Hong Kong. Income from non-Hong Kong employment is only taxed to the extent that is derived from services rendered in Hong Kong.

In determining whether employment is classified as related to Hong Kong employment or not, the practice of the Inland Revenue Department is to take into account all of the relevant facts with particular emphasis on where the employment contract was negotiated, entered into and where it is enforceable; where the employer is resident; and where the employee’s remuneration is paid to him. Income from services rendered during visits to Hong Kong by a person not exceeding 60 days in a tax year is exempt.

Salaries tax is charged at progressive rates from 2% to 17% on a taxpayer’s net chargeable income (i.e. income after deduction of expenses and personal allowances), with the maximum limited to the standard rate of 15% on the taxpayer’s first HK\$5 million of net assessable income (i.e. income after deduction of expenses but with no personal allowances granted) and 16% on the remainder.

\*Capital gains may be subject to “profits tax” under certain circumstances.

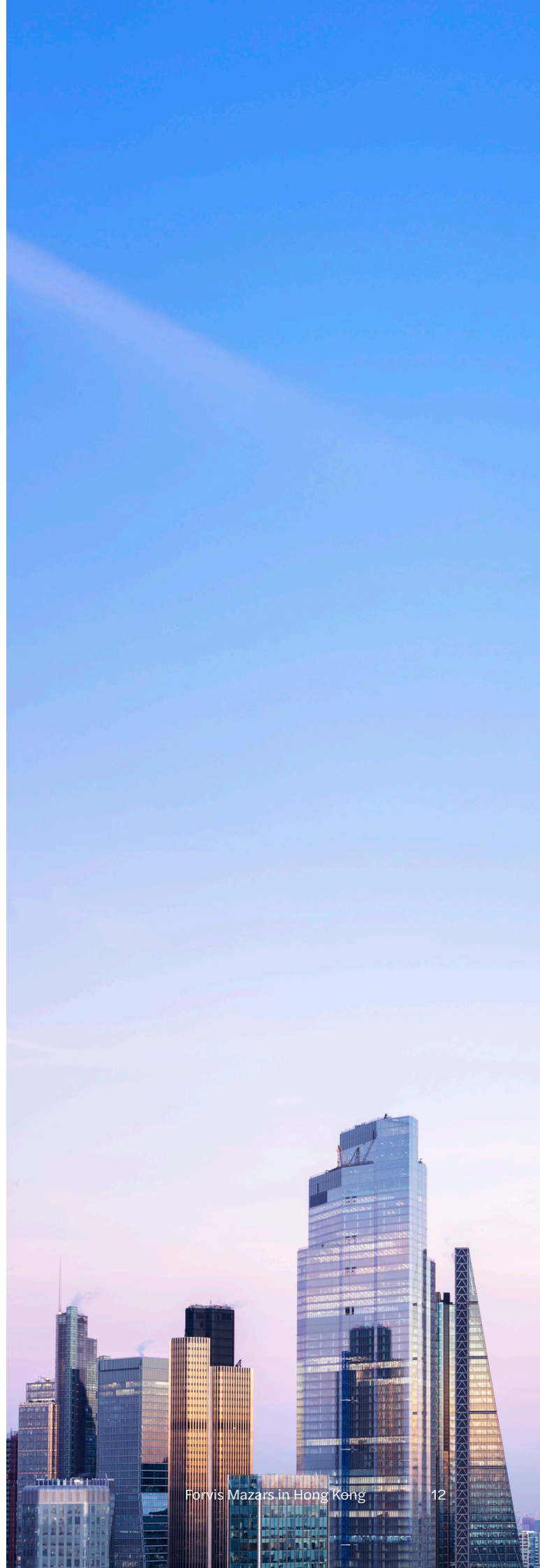
# Setting up a business in Hong Kong


## Work permits and visas

**Other than people who have the right of abode or right to land in the HKSAR, all foreigners require an appropriate visa to live or work in Hong Kong.**

Generally, any person who wishes to study, enter into employment, invest in Hong Kong, settle for permanent residence, or stay beyond the visa free period, must obtain a proper visa before arrival via a Chinese consulate or visa office in their country of residence or citizenship. Online submission options are now widely available.

People who take up residence in the HKSAR are required to register for an identity card. After living in the HKSAR for seven years continuously, individuals can apply for a permanent residency and a permanent identity card. Once granted, the individual will no longer need a visa or a work permit.





## Setting up a business in Hong Kong

### **Intellectual property**

**As a leader in the development and protection of intellectual property, Hong Kong aims to reach the highest international standards by establishing a strong framework of intellectual property law.**

The framework comprises the Patents Ordinance, the Trademarks Ordinance, the Registered Designs Ordinance and the Copyright Ordinance. In addition, special departments within the Hong Kong Government, including the Intellectual Property Department and Custom and Excise Department, monitor the Intellectual Property regime and ensure the enforcement of the relevant laws and regulations. Enforcement efforts now include enhanced monitoring and investigation of online infringement activities. They are also responsible for investigating complaints alleging infringement of trademarks and copyright respectively.

Hong Kong continues to strengthen its IP regime through recent legislative amendments and digital enforcement measures, maintaining compliance with international standards and promoting its role as a regional IP trading hub.

# Setting up a business in Hong Kong

## Employment

### The Employment Ordinance is the law governing employment practice and labour relations in Hong Kong.

#### Types of employment

All employees in Hong Kong (except seamen, apprentices, and family members living in the same dwelling) are entitled to wage protection and statutory holidays. After 4 weeks of employment, an employee who works at least 17 hours per week or 68 hours in total over any 4-week period automatically falls under a continuous contract and becomes eligible for statutory benefits.

An employment contract must stipulate the wage, wage period, notice requirements, and bonus calculations if applicable. If a contract is in writing, the employee must receive a copy; and if the contract is made verbally, the employee is entitled to a written contract upon request.

Additionally, the employer must keep records of the employee's name, identity card number, job title, wage, wage period, notice requirement, leave entitlement and record, as well as payments made during leave. If applicable, the employer must also keep a record of the number of hours in a wage period, bonus calculations, and date of termination. Employers are required to maintain these records for at least the preceding 12 months.

#### Working hours and compensation

Wages must be paid within 7 days after the wage period. There is no statutory provision on regular working hours and overtime hours in Hong Kong. However, regular working hours must be specified in the employment contract.

Employers are only required to provide 1 rest day per week.

#### Wages and benefits

##### Minimum Hourly Wage

Since 2011, Hong Kong has enforced a statutory minimum wage. The current level of minimum wage is HKD 42.10 per hour (effective from 1 May 2025, with annual review starting May 2026).

#### Paid leave

Each full-time employee is entitled to 15 statutory holidays for 2026 (including Easter Monday). To align with the public holidays' calendar, the number of statutory holidays has been progressively increasing since 2022 by adding one statutory holiday every two years until 2030.

Moreover, an employee who has rendered 1 year of service is entitled to a minimum of 7 days of paid leave annually. After the third year of service, the minimum number of paid leave days increases by 1 every year, up to a cap of 14 days.

#### Mandatory Provident Fund

The Mandatory Provident Fund (MPF) is designed to provide a formal, compulsory system of retirement protection by way of a privately managed contribution scheme.

Generally, all benefits derived from mandatory contributions must be preserved until the contributor reaches the prescribed retirement age of 65. Early withdrawal of benefits may be allowed when a person: (a) retires between ages 60 and 65; (b) has departed or will depart from Hong Kong permanently; (c) has become totally incapacitated; (d) has died before the age of 65; (e) terminal illness; or (f) small balance of HK\$5,000 or less with no contributions for 12 months.

The benefits accrued from mandatory contributions to MPF schemes are withdrawn in a lump sum upon retirement rather than as an annuity.

Certain categories of employees are not required to join an MPF scheme, including employees who are covered by overseas retirement schemes, and foreigners who enter Hong Kong for employment with a working visa for a validity period that does not exceed 13 months.

# Setting up a business in Hong Kong

## Employment (Cont'd)

Under the MPF system, the employee is required to contribute 5% of their monthly income (capped at HKD18,000 p.a.) and the employer must match this amount. Each employee and employer may make voluntary contributions in addition to the mandatory contributions.

The MPF offsetting mechanism was abolished effective 1 May 2025, meaning employers can no longer use MPF contributions to offset severance or long service payments. In addition, the eMPF Platform is being rolled out from 2025 to streamline administration and reduce costs.

### Termination of employment

An employee may be eligible for severance payment or long service payment under certain conditions. An employee, who has been employed for not less than 24 months under a continuous contract, is entitled to severance payment if the employee was laid off or dismissed by reason of redundancy. Under certain conditions/ requirements, employees who have been employed under a continuous contract for not less than 5 years are entitled to a long service payment. The amount payable is the lower of 2/3 of the previous month's salary or 2/3 of HKD 22,500, multiplied by the recognizable years of service. The payment is capped at HKD 390,000. Employer can no longer use MPF contributions to offset severance or long service payments for service after 1 May 2025.

The service of an employee can be terminated and the employer/the employee should be given notice according to the employment contract. If it is not specified in the employment contract, at least 1 month notice should be given before the date of termination.

Summary dismissal is allowed only if the employee has committed serious misconduct or habitually neglects their duties and fails to improve after repeated warning. The employee may disagree and file a case with the Labour Tribunal. An employee can terminate the employment without notice if they are reasonably threatened by violence or disease, subjected to ill-treatment by the employer, or certified permanently unfit for the work by a registered medical practitioner after 5 years of service.



# Setting up a business in Hong Kong

## Audit and accounting

**All companies incorporated under the Companies Ordinance (unless specifically exempted), regardless of size, must have their (annual) financial statements audited by a practising Certified Public Accountant registered with the Accounting and Financial Reporting Council (AFRC).**

HKFRS Accounting Standards issued by the The Hong Kong Institute of Certified Public Accountants (HKICPA), which are almost fully converged with IFRS Accounting Standards, are commonly adopted for the preparation of financial statements of companies incorporated under the Companies Ordinance.

Hong Kong also adopts the Hong Kong variation of IFRS for SMEs Accounting Standard, which is known as the HKFRS for Private Entities Accounting Standard, for companies that do not have public accountability. Companies that meet certain criteria, such as a size test and shareholders' approval (if applicable), can also choose to apply the Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (SME-FRF & SME-FRS).



# Setting up a business in Hong Kong

## Doing business in China via Hong Kong



**Hong Kong is a major business hub commonly known for its tax-friendly system, free port, free economy and competent legal system. The city's intrinsic competitive advantages and its distinctive role as the gateway to Mainland China have significantly contributed to its prosperity.**

Today, China stands as the world's second-largest economy and is recognized as one of the fastest-growing major economies. In addition to being a leading global manufacturer, the nation's increasingly prosperous population is emerging as a substantial consumer market. The economic liberalization policies of Mainland China present significant opportunities for Hong Kong, enabling it to attract foreign investors to establish headquarters or liaison offices within the territory to oversee their investments in the dynamic region.

### **Gateway to Mainland China**

Hong Kong serves as a strategic gateway to Mainland China, facilitating access to lucrative business opportunities. Its economy benefits from seamless capital, talent, goods, and information flow, alongside no foreign ownership restrictions. The city is a primary investment source for Mainland China, positioned to leverage initiatives connecting it with Asia, Europe, and beyond.

Additionally, the Pearl River Delta (PRD), the largest manufacturing hub in China, lies just north of Hong Kong, enhancing logistics and enabling efficient merchant transit. The PRD hosts numerous factories operated by Hong Kong and international firms.

### **The Greater Bay Area (GBA)**

The Guangdong-Hong Kong-Macao Greater Bay Area (the Greater Bay Area) is a world-class cluster of 9 municipalities in Guangdong Province, plus the Special Administrative Regions (SARs) of Hong Kong and Macao. A major national initiative of China, the GBA offers tremendous opportunities to the global community, in particular business, investors and professionals. Hong Kong is proud to act as "facilitator" to help global businesses tap these opportunities.

The cross-border Wealth Management Connect (WMC) pilot scheme has been launched to enhance the financial market in the GBA and establish it as an economic hub. This initiative allows eligible retail investors from Mainland China, Hong Kong, and Macao to directly open and manage cross-border investment accounts, offering a streamlined channel for diverse investment opportunities.

The GBA accounts for 20% of China's ultra-high-net-worth and high-net-worth households. The scheme promotes cross-border investment and facilitates the circulation and use of renminbi.

# Setting up a business in Hong Kong

## Doing business in China via Hong Kong (Cont'd)

The National 14th Five-Year Plan is advancing the development of the GBA while supporting Hong Kong's integration into the broader development framework of Mainland China. It enhances the coordinated growth of industry, education, and research, and promotes cross-border exchanges of innovative elements through the establishment of the "four emerging centres." These include an international aviation hub, an international innovation and technology (I&T) centre, a regional intellectual property trading hub, and a hub for arts and cultural exchanges between China and the global community. As the financial markets of Hong Kong and Mainland China become increasingly interconnected, Hong Kong's position as a global offshore renminbi business hub will be continuously strengthened.

Furthermore, the Central Government's initiatives for the Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Qianhai Plan) and the Development Plan for the Guangdong-Macao Intensive Cooperation Zone in Hengqin (Hengqin Plan) are fostering favourable conditions for the diversified growth of the GBA. These policy measures leverage Hong Kong's connectivity with Mainland China and international markets, capitalizing on the significant opportunities presented by the GBA development and the Belt and Road Initiative to contribute to the nation's economic development and opening.

### Closer Economic Partnership Arrangement (CEPA)

The Closer Economic Partnership Arrangement (CEPA) between Mainland China and Hong Kong represents the inaugural free trade agreement between the two regions. This agreement significantly expands market access for Hong Kong's goods and services, thereby strengthening the already robust economic and technical collaboration and integration.

Furthermore, Mainland China has committed to implementing zero import tariffs on exports from Hong Kong that meet the rules of origin criteria, along with granting preferential market access to Hong Kong enterprises across 153 service sectors, including banking, legal services, audio-visual, transportation, and logistics, among others.

For investors based in Hong Kong, CEPA offers advantageous conditions for entering non-service sectors within Mainland China. Additionally, it facilitates market liberalization for Hong Kong-based companies seeking access to various service sectors in Mainland China.

Overall, CEPA presents a significant opportunity for Hong Kong businesses to enhance their presence in the Mainland China market. International companies can also capitalize on these benefits, as they are exclusive to Hong Kong, thereby creating avenues for both Hong Kong firms and foreign investors to explore new market opportunities.



# Setting up a business in Hong Kong

## Internal Control for Companies

For companies doing business in Hong Kong, internal controls provide confidence that operations are conducted efficiently, assets are safeguarded, and financial reporting is accurate and reliable. In a dynamic and competitive environment, sound internal control systems enhance transparency, strengthen corporate governance, and build stakeholder confidence.

The Companies Ordinance and applicable financial reporting standards place responsibility on directors to maintain adequate internal control systems that support effective risk management, compliance, and financial oversight. Specific regulatory requirements are further mandated by bodies such as the Hong Kong Exchanges and Clearing Limited (HKEX) for listed companies and the Securities and Futures Commission (SFC) for licensed corporations.

### Core Principles of Internal Control

Hong Kong's internal control framework aligns with international standards and commonly rests on five key components:

- **Control Environment:** Establishing integrity and ethical values, initiated by the board's "tone from the top."
- **Risk Assessment:** Identifying and analyzing business and fraud risks to achieve objectives and ensure effective risk management practices.
- **Control Activities:** Implementing policies, procedures, and activities—such as segregation of duties and IT controls—to mitigate identified risks.
- **Information and Communication:** Ensuring timely and reliable information flow within the organization and maintaining external transparent communication channels.
- **Monitoring:** Continuously reviewing the effectiveness of internal controls and promptly addressing any deficiencies.



# Setting up a business in Hong Kong

## Internal Control for Companies

### Specific Regulatory Requirements

#### HKEX Listed Companies

- **Board Responsibility:** The board has ultimate responsibility for the issuer's risk management and internal control systems, overseeing their design, implementation, and monitoring.
- **Annual Review:** Boards are required to conduct an annual review of the effectiveness of these systems and disclose the results in the Corporate Governance Report.
- **Scope of Review:** Reviews should encompass all material controls, including those related to financial, operational, and compliance-related areas.

#### SFC Licensed Corporations

- **Adequate Internal Control Systems:** Licensed corporations or registered persons must maintain effective internal control and management systems to safeguard operations and protect clients and other stakeholders from potential financial loss.
- **Policies and Procedures:** Companies should develop documented policies that outline accounting standards, liquid capital monitoring, compliance measures, and segregation of duties to prevent conflicts of interests and ensure adequate oversight.
- **Management Oversight:** Managers-in-charge (MICs) or responsible officers (ROs) are accountable for ensuring compliance with regulatory requirements, such as the Financial Resources Rules (FRR) and for the overall integrity of the internal control systems.

### Guidance for Implementation

Effective implementation of internal control relies on practical and well-documented approaches:

- **Documentation:** Develop comprehensive manuals, guidelines, and templates to ensure consistent implementation of internal control standards across the organisation.
- **Segregation of Duties:** Clearly define and separate supervisory and operational roles to prevent conflicts of interest and enhance accountability.
- **Personnel and Training:** Employ qualified staff and provide regular training sessions to reinforce understanding of internal control requirements and best practices.
- **Third-Party Consultation:** Engage independent auditors or consultants to support ongoing monitoring and to conduct periodic reviews of control effectiveness if internal controls.
- **Speak-Up Culture:** Foster an organisational environment that encourages employees and stakeholders to confidentially raise concerns about potential misconduct without fear of reprisal.

For growing businesses and those preparing for public listing or cross-border expansion, building a robust internal control framework from the outset can support strategic objectives and long-term compliance. Professional advisory support—encompassing risk assessment, control design, and internal audit—can help ensure internal controls remain relevant, effective, and aligned with evolving regulatory standards and business expectations.



## Your next steps How we can help you



### **The life cycle of any business involves challenges and opportunities. When you decide to invest in Hong Kong, Forvis Mazars is ready to support you at every stage.**

As an international audit, tax and advisory firm committed to helping our clients confidently build and grow their businesses. We always seek to understand our clients and their environments, adjusting our recommendations and support accordingly.

We combine our skills and expertise with both a global perspective and local knowledge to provide you with a broad array of professional services. We empower our people to help businesses make the most of opportunities, operate with conviction, and give confidence to stakeholders.

We take pride in our technical expertise and the quality of our work. We have the skills and the scale to serve clients of all sizes, across all sectors, while remaining agile, personal and distinct in our approach. When working with us, you can expect the utmost quality within ethical and legal frameworks. Our clients' trust in our judgement is the reason we exist. And we want to continually earn that trust. We approach every piece of work with independence, accountability and a social conscience, and we take responsibility for shaping a sustainable industry as well as helping build the economic foundations of a fair and prosperous world.

# Your next steps

## Our services

### Audit & assurance

We have the technical knowledge, commitment to quality and dedication to service to provide clients with a first-class audit.

- Financial audit
- Initial public offering
- Corporate reporting
- Independent assurance & reviews
- Training services

### Financial advisory

We provide certainty and clarity to clients during critical business lifecycle events – whether it's raising funds, developing an acquisition strategy, restructuring or carrying out an investigation.

- Deals
- Financing
- Financial reporting and valuation
- Restructuring and insolvency
- Crisis and disputes, litigation support & Investigation
  - i. Fraud investigation
  - ii. Anti-money Laundering investigation & review
  - iii. Expert witness reporting & testimony

### Outsourcing

With unprecedented levels of disruption, we aim to guide our clients through business issues and find opportunities. From managing risk to introducing new, complex technology, we have it covered.

- Payroll & HR services
- Corporate secretarial
- Accounting & reporting
- Secondment services

### Risk advisory & sustainability

We equip our clients with the knowledge, techniques, and solutions to anticipate and respond to critical challenges. We understand that firms need to be able to seize new opportunities in a quick and nimble fashion. This is why we build tailored risk management frameworks, systems and controls that are the right fit for our clients to steer them towards future success.

- Internal control review (Pre-IPO and Post-IPO)
- Enterprise risk assessment (“ERA”)
- Environmental, Social & Governance (“ESG”) reporting
- IT General Control (“ITGC”) and IT Application Control (“ITAC”)
- Multiple Credit Reference Agencies (“MCRA”)
- Resumption of trading
- Regulatory compliance
- Anti-Money Laundering and Counter-Financing of Terrorism review
- Internal audit outsourcing services
- Others (e.g. AUP circled-up, due diligence review, IT process review etc.)

### Tax

We provide bespoke advice in all areas of taxation, helping corporates and private clients at both local and international levels.

- Hong Kong tax
- China tax
- International tax
- Global mobility and employment tax
- VAT and indirect tax
- Transfer pricing
- M&A tax
- Private client tax
- Tax compliance
- Tax dispute resolution
- Global tax credits & incentives
- Corporate structures

# Appendix

Resources	Link
Home Page	<a href="http://www.gov.hk">www.gov.hk</a>
Census and Statistics Department	<a href="http://www.censtatd.gov.hk">www.censtatd.gov.hk</a>
InvestHK	<a href="http://www.investhk.gov.hk">www.investhk.gov.hk</a>
Inland Revenue Department	<a href="http://www.ird.gov.hk">www.ird.gov.hk</a>
Fraser Institute	<a href="http://www.fraserinstitute.org">www.fraserinstitute.org</a>
Labour Department	<a href="http://www.labour.gov.hk">www.labour.gov.hk</a>
Mandatory Provident Fund Schemes Authority	<a href="http://www.mpfa.org.hk">www.mpfa.org.hk</a>
Intellectual Property Department	<a href="http://www.ipd.gov.hk">www.ipd.gov.hk</a>
Trade and Industry Department	<a href="http://www.tid.gov.hk">www.tid.gov.hk</a>
Securities and Futures Commission	<a href="http://www.sfc.hk">www.sfc.hk</a>
Hong Kong Institute of Certified Public Accountants	<a href="http://www.hkicpa.org.hk">www.hkicpa.org.hk</a>
Hong Kong Exchanges and Clearing Limited	<a href="http://www.hkex.com.hk">www.hkex.com.hk</a>

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