A World Bank Group Flagship Report

16TH EDITION

DOING BUSINESS 2019

Training for Reform

Economy Profile

Hong Kong SAR, China

WORLD BANK GROUP

Comparing Business Regulation for Domestic Firms in 190 Economies

Economy Profile of Hong Kong SAR, China

Doing Business 2019 Indicators
(in order of appearance in the document)

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of labor market regulation. Although *Doing Business* does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, *Doing Business* offers detailed subnational reports, which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

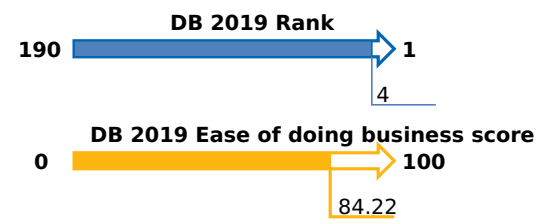
The first *Doing Business* report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

More about Doing Business (PDF, 5MB)

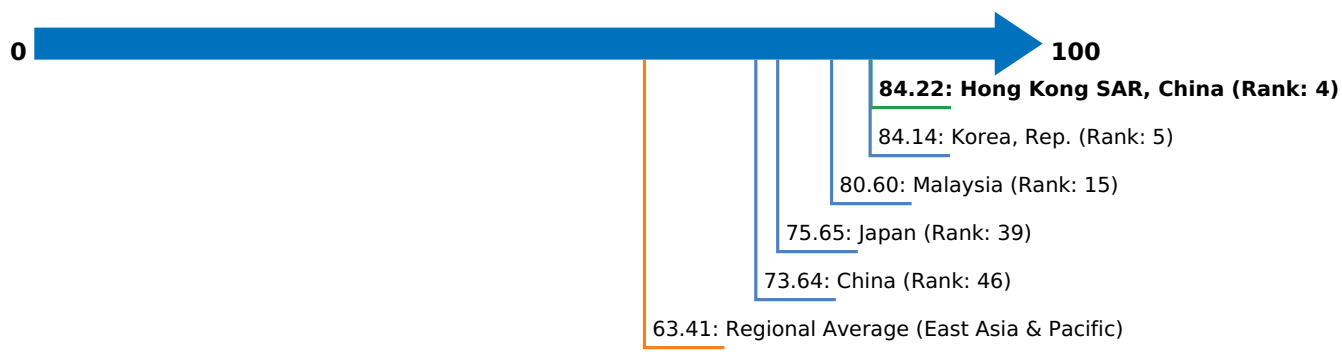
Ease of Doing Business in

Hong Kong SAR, China

Region	East Asia & Pacific
Income Category	High income
Population	7,391,700
City Covered	Hong Kong

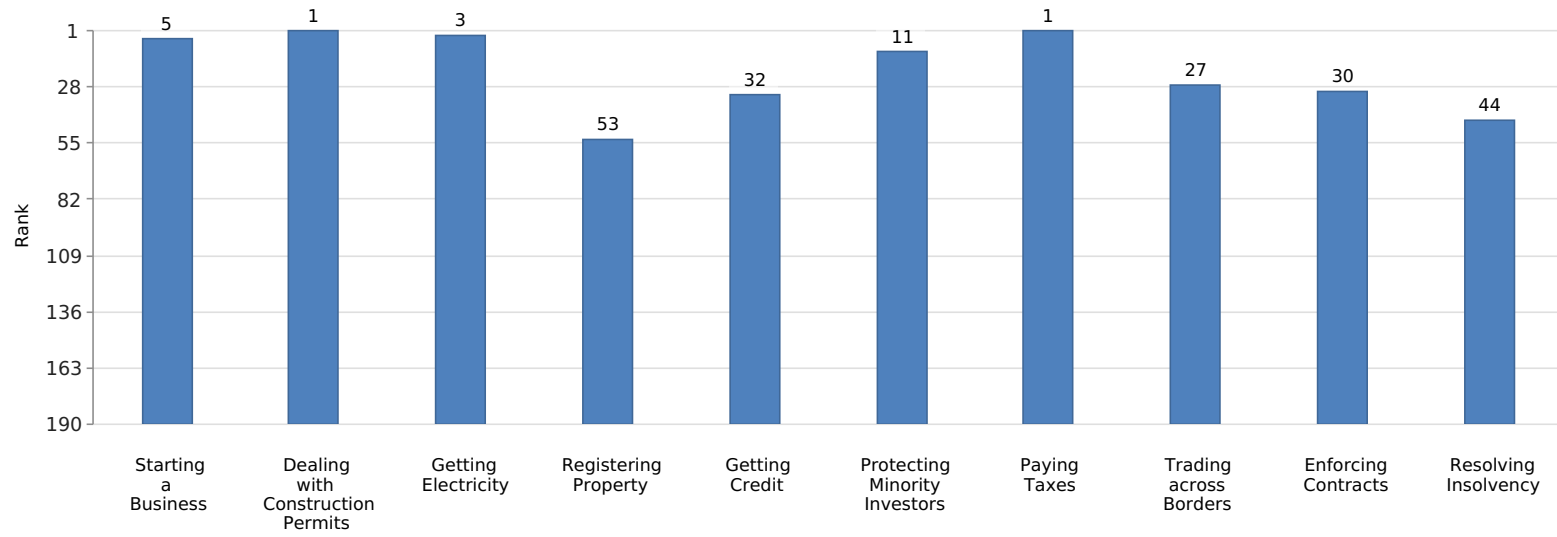


DB 2019 Ease of Doing Business Score

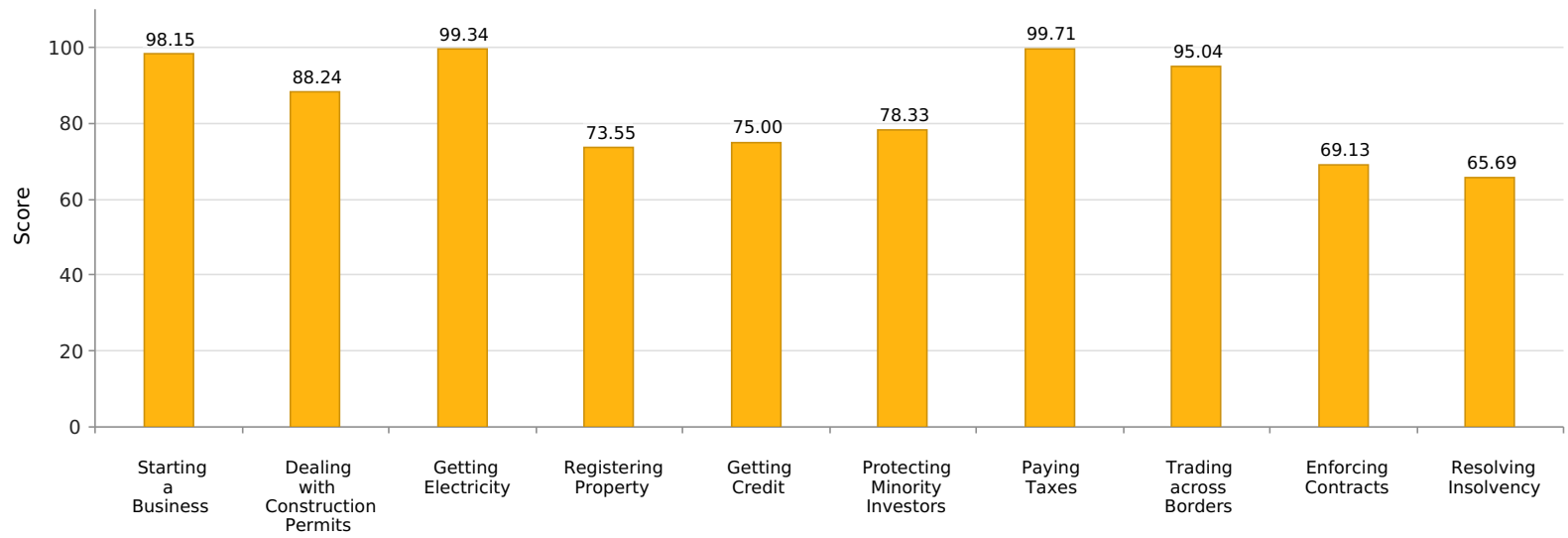


Note: The ease of doing business score captures the gap of each economy from the best regulatory performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005. An economy's ease of doing business score is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance. The ease of doing business ranking ranges from 1 to 190.

Rankings on Doing Business topics - Hong Kong SAR, China



Ease of Doing Business Score on Doing Business topics - Hong Kong SAR, China



Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2018. See the methodology for more information.

What the indicators measure

Procedures to legally start and formally operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration in the economy's largest business city
- Postregistration (for example, social security registration, company seal)
- Obtaining approval from spouse to start a business or to leave the home to register the company
- Obtaining any gender specific document for company registration and operation or national identification card

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

Paid-in minimum capital (% of income per capita)

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The entire office space is approximately 929 square meters (10,000 square feet).
- Is 100% domestically owned and has five owners, none of whom is a legal entity; has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to the income per capita.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.
- Has a company deed that is 10 pages long.

The owners:

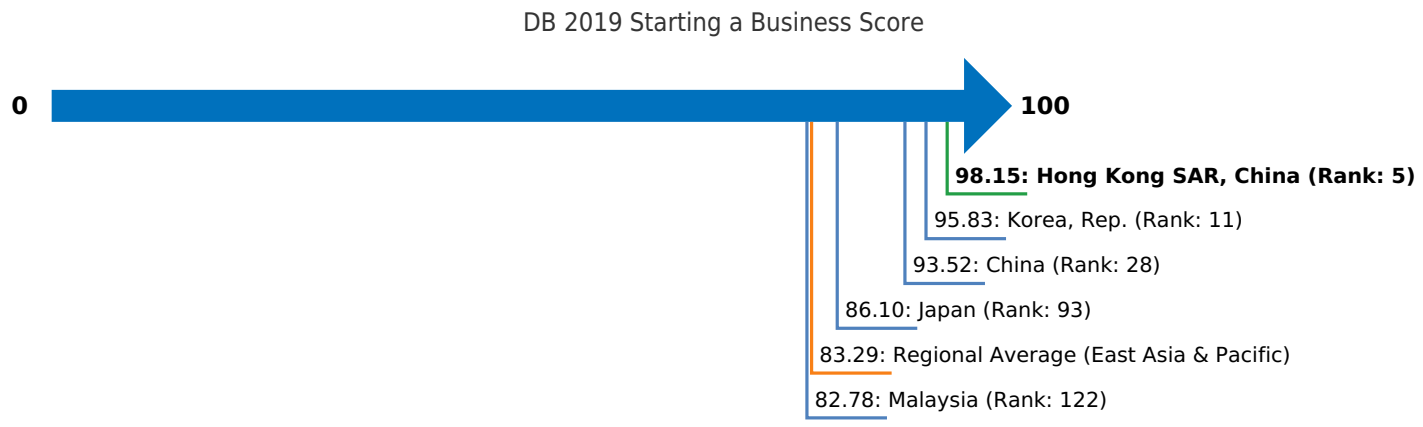
- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent, in good health and have no criminal record.
- Are married and the marriage is monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

Starting a Business - Hong Kong SAR, China

Standardized Company	
Legal form	Limited Liability Company
Paid-in minimum capital requirement	HKD 0
City Covered	Hong Kong

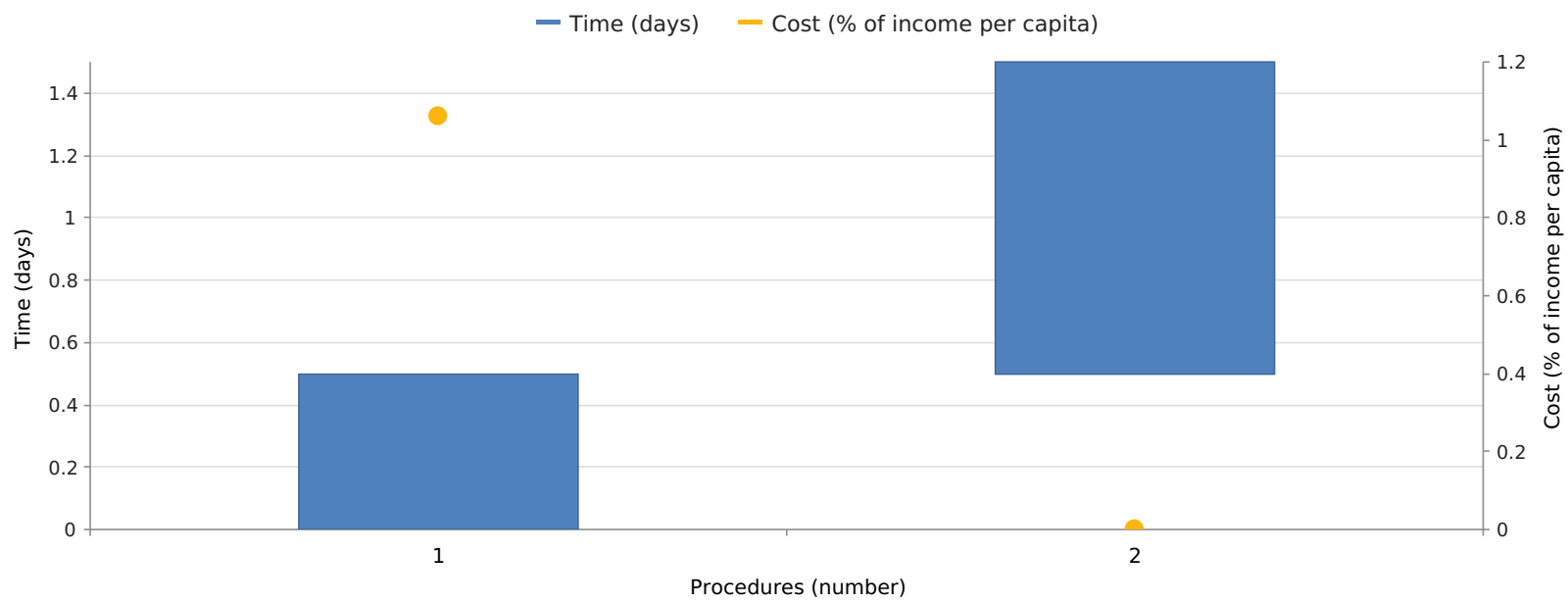
Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedure – Men (number)	2	6.8	4.9	1 (New Zealand)
Time – Men (days)	1.5	25.9	9.3	0.5 (New Zealand)
Cost – Men (% of income per capita)	1.1	17.8	3.1	0.0 (Slovenia)
Procedure – Women (number)	2	6.9	4.9	1 (New Zealand)
Time – Women (days)	1.5	26.0	9.3	0.5 (New Zealand)
Cost – Women (% of income per capita)	1.1	17.8	3.1	0.0 (Slovenia)
Paid-in min. capital (% of income per capita)	0.0	4.0	8.6	0.0 (117 Economies)

Figure – Starting a Business in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure – Starting a Business in Hong Kong SAR, China – Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

Details – Starting a Business in Hong Kong SAR, China – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	**Choose a company name and obtain a certificate of incorporation and a business registration certificate** *Agency* : Companies Registry A company name (which may be in English, traditional Chinese or both) can be searched online free of charge at the Companies Registry (www.icris.cr.gov.hk) or at the mobile website (www.mobile-cr.gov.hk). When an application is delivered online at the e-Registry, the applicant will be informed of the acceptability of the company name before he/she proceeds with the payment process. A certificate of incorporation and a business registration certificate will be issued upon the filing of an incorporation form signed by the founder member(s) (for companies limited by shares this is a Form NNC1), a copy of the articles of association and a Notice to Business Registration Office (IRBR1). The incorporation form contains comprehensive information on the address of the registered office and particulars of the first secretary and first directors of a company. Paper submissions for incorporation normally require approximately four working days for the certificates to be issued (excluding the date of submission of form NNC1). With the implementation of the "e-Registry" in 2011, applicants can now complete the incorporation and business registration process by submitting electronic applications online to the Companies Registry (www.eregistry.gov.hk) or using the mobile application “CR eFiling”. In straightforward cases, this enables registered users to complete the relevant procedures and download the electronic Certificate of Incorporation and Business Registration Certificate in less than a day. According to the performance pledge of the Companies Registry (at www.cr.gov.hk/en/about/performance.htm), the service standard for applications for registration of local companies which are submitted electronically is "one hour". At the moment of incorporation, the company will also be automatically registered with the Inland Revenue Department for registration for tax purposes.	Less than one day (online procedure)	HKD 1,720 application fee + HKD 250 for business registration levy + HKD 2,000 business registration fee
2	**Sign up Employee's Compensation Insurance and Mandatory Provident Fund (MPF) Schemes with a private company or a bank** *Agency* : Compensation Insurance and Mandatory Provident Fund (MPF) providers (banks/insurance firms) Pursuant to the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) ("ECO"), an employer must take out insurance to cover liabilities for his employees (both full- and part-time) who experience accidents arising out of and in the course of employment, and resulting in injuries or fatalities. In addition, except for persons exempted from joining a Mandatory Provident Fund (“MPF”) scheme, employers must enroll their regular employees (i.e. employees who are at least 18 but under 65 years of age and employed for 60 days or more) and where applicable, their casual employees (i.e. employees are at least 18 but under 65 years of age and employed in the construction or catering industry on a day-to-day basis or for a fixed period of less than 60 days) in an MPF scheme administered by any MPF approved trustee in Hong Kong and make MPF contributions accordingly. Scheme enrollment can be arranged through MPF registered intermediaries, which include banks and insurance companies. The newly incorporated company can apply for setting up the Employee's Compensation Insurance and MPF Scheme anytime after incorporation. The procedure can be done online via various private insurance/MPF providers' web portals. However, most businesses prefer to have advisory meeting with insurance/MPF provider rather than reviewing all information online by themselves.	1 day	no charge

Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2018. See the methodology for more information

What the indicators measure

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Building quality control index (0-15)

- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The water and sewerage connections:

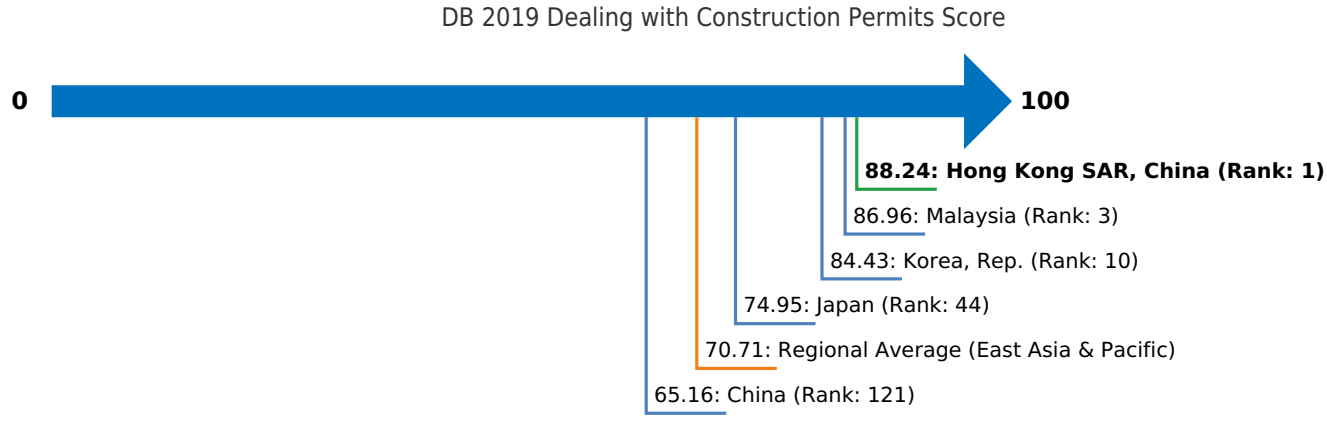
- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

Dealing with Construction Permits - Hong Kong SAR, China

Standardized Warehouse	
Estimated value of warehouse	HKD 18,746,939.50
City Covered	Hong Kong

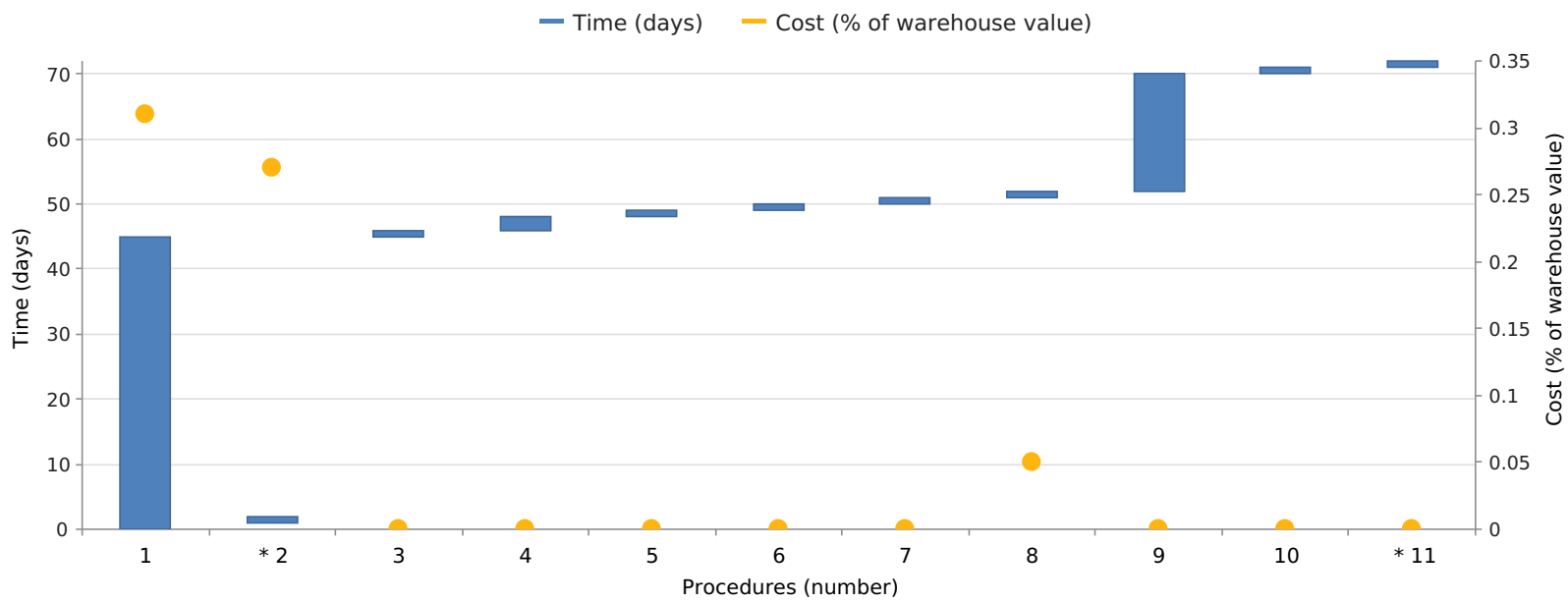
Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	11	15.1	12.7	None in 2017/18
Time (days)	72	133.5	153.1	None in 2017/18
Cost (% of warehouse value)	0.6	1.9	1.5	None in 2017/18
Building quality control index (0-15)	14.0	9.1	11.5	15.0 (3 Economies)

Figure – Dealing with Construction Permits in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

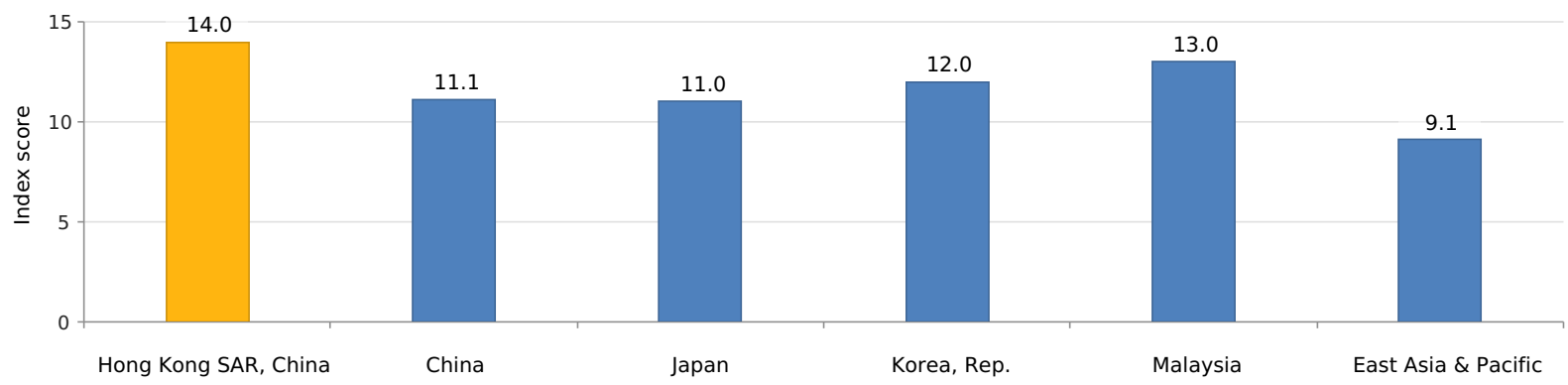
Figure – Dealing with Construction Permits in Hong Kong SAR, China – Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Hong Kong SAR, China and comparator economies – Measure of Quality



Details – Dealing with Construction Permits in Hong Kong SAR, China – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	**Obtain approval by submitting applications to the One Stop Center** *Agency* : Hong Kong One Stop Center (OSC) BuildCo must submit the following documents for approval: • Building plans (Forms BA5, BD24) • General building plans • Spread footing plans • Hoarding plans • Site formation plans (if site formation works are required) • Fire service installation plan (Form FSI/314) • Drainage plan In December 2008 a One Stop Center was established for Warehouse Construction Permits under the administration of the Efficiency Unit (EU) for receiving all relevant building license applications to 6 government departments and 2 private utilities (i.e. telephone line and electricity supply) and coordinating their joint inspections for two-storey warehouse projects. Property developers can use Form OSC-1 to submit to the One Stop Centre which combines all applications relating to building plans approval and consent for commencement of building works from Buildings Department, technical audit of water supply connection works and issue of water supply certificate by Water Supplies Department, and road excavation permit from both the Police and Highways Department. This new arrangement simplifies the submission process by combing the following procedures: (i) Obtain building plans approval, HKD 38,360. (ii) Apply and pay for technical audit of water supply connection works and submit application for issue of water supply certificate, HKD 17,319. (iii) Apply, pay and receive road excavation work permission from Highways Department, HKD 2,120. (iv) Notify and obtain approval from Police Department (v) Obtain building consent from Building Department	45 days	HKD 57,799
⇄ 2	**Hire an external supervising engineer to conduct inspections during construction** *Agency* : Authorised person (AP), registered structural engineer (RSE) and registered geotechnical engineer (RGE) It is common practice to hire external engineers (i.e., an authorized person (AP), registered structural engineer (RSE) and registered geotechnical engineer (RGE) registered under the building law) to conduct inspections according to the schedule of inspections specified in a statutory supervision plan. Supervision plan is prepared by the designers and the contractor which sets out the plan of safety management of the construction works prepared in accordance with a technical memorandum issued under the building law. The cost estimate for hiring an independent third-party engineer to conduct inspections for a 2-story, 1300 sq. meters warehouse which has a 7-month construction period would be HKD 40,000 to HKD 60,000.	1 day	HKD 50,000
3	**Receive inspection by the Building Department on the foundation strata** *Agency* : Buildings Department At the approval stage for building foundation plans, the Buildings Department normally imposes some requirements and conditions for the construction of the foundation to ensure that the approved plans and the required standards are complied with. Upon the completion of the foundation as-built foundation records must be submitted to notify the Buildings Department that the foundation work has been completed. The construction site is inspected within 1 day of the notification.	1 day	no charge

4	**Request and receive inspection on the superstructure construction - I** *Agency* : Buildings Department The Building Department will conduct approximately three scheduled inspections (commonly one at foundation stage and two inspections at superstructure construction stage) and between one and three unscheduled audit inspections.	2 days	no charge
5	**Receive inspection by the Building Department on the superstructure construction- II** *Agency* : Buildings Department	1 day	no charge
6	**Receive an audit inspection by the Building Department - I** *Agency* : Buildings Department	1 day	no charge
7	**Receive an audit inspection by the Building Department - II** *Agency* : Buildings Department	1 day	no charge
8	**Submit notification of project completion and relevant applications** *Agency* : Hong Kong One Stop Center (OSC) Upon completion of construction, the following applications/notifications can be submitted in one go to the One Stop Centre for referral: (a) Application to the Drainage Services Department for technical audit for drainage connection works (cost: HKD 4,380) (b) Application to the Fire Services Department for issue of Fire Services Certificate (F.S. 172) (cost: HKD 4,130) (c) Application to the Buildings Department for Occupation Permit (free of charge); (d) Application to the Lands Department for issue of Certificate of Compliance (free of charge); (e) Notification to Water Supplies Department for completion of plumbing works via the Composite Form (free of charge) (f) Application for a joint inspection, if preferred (cost: nil). The following certificates are obtained through the One Stop Centre after the final inspection: (a) Fire Services Certificate (F.S. 172); (b) Occupation Permit; (c) Certificate of Compliance; and (d) Water Supply Certificate.	1 day	HKD 8,510
9	**Obtain relevant certificates through the One Stop Center** *Agency* : Hong Kong One Stop Center	18 days	no charge
10	**Receive joint and final inspection of relevant licensing authorities coordinated by the One Stop Center** *Agency* : Hong Kong One Stop Center (OSC)	1 day	no charge
⇉ 11	**Obtain water connection** *Agency* : Hong Kong Water Supplies Department (WSD) The application for water connection is done earlier when applying and paying for technical audit of water supply connection works. The inspection for water connection is conducted jointly during the final inspection of relevant licensing authorities coordinated by the One Stop Center". Water connection is obtained after the joint inspection, commonly on the same day if all technical conditions are met.	1 day	no charge

⇉Takes place simultaneously with previous procedure.

Details – Dealing with Construction Permits in Hong Kong SAR, China – Measure of Quality

	Answer	Score
Building quality control index (0-15)		**14.0**
Quality of building regulations index (0-2)		**2.0**
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge; In official gazette.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
Quality control before construction index (0-1)		**1.0**
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer; Private firm.	1.0
Quality control during construction index (0-3)		**2.0**
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Inspections by external engineer or firm; Unscheduled inspections; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		**3.0**
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency; Yes, in-house engineer submits report for final inspection; Yes, external engineer submits report for final inspection.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		**2.0**
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1.0

Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance ; Insurance is commonly taken in practice.	1.0
Professional certifications index (0-4)		**4.0**
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer; Passing a certification exam.	2.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer; Passing a certification exam.	2.0

Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2018. See the methodology for more information.

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0–3)
- Tools to monitor power outages (0–1)
- Tools to restore power supply (0–1)
- Regulatory monitoring of utilities' performance (0–1)
- Financial deterrents limiting outages (0–1)
- Transparency and accessibility of tariffs (0–1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

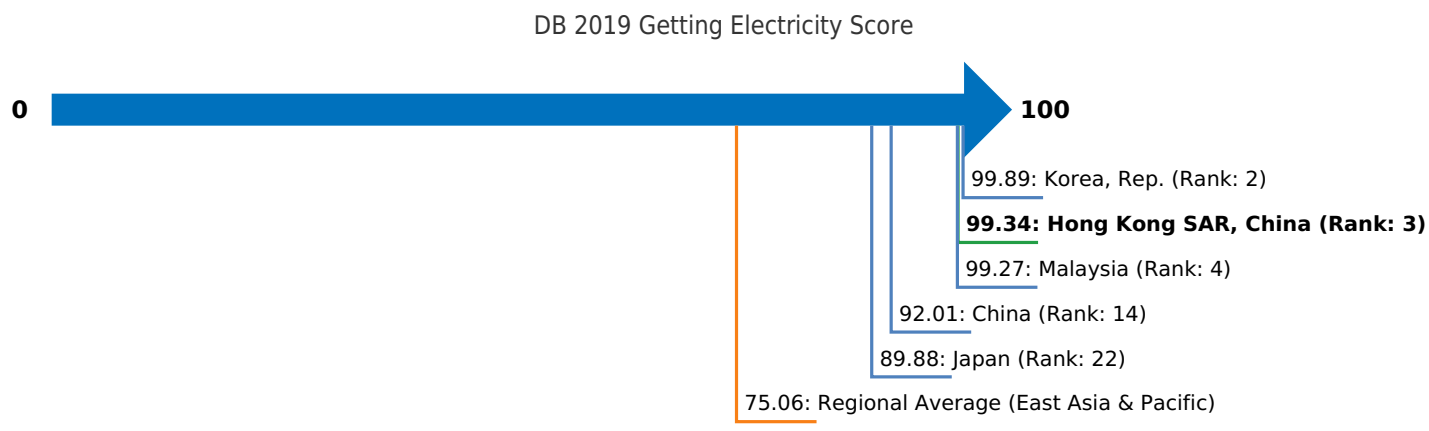
- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

Getting Electricity - Hong Kong SAR, China

Standardized Connection	
Price of electricity (US cents per kWh)	15.4
Name of utility	CLP Power Hong Kong Ltd.
City Covered	Hong Kong

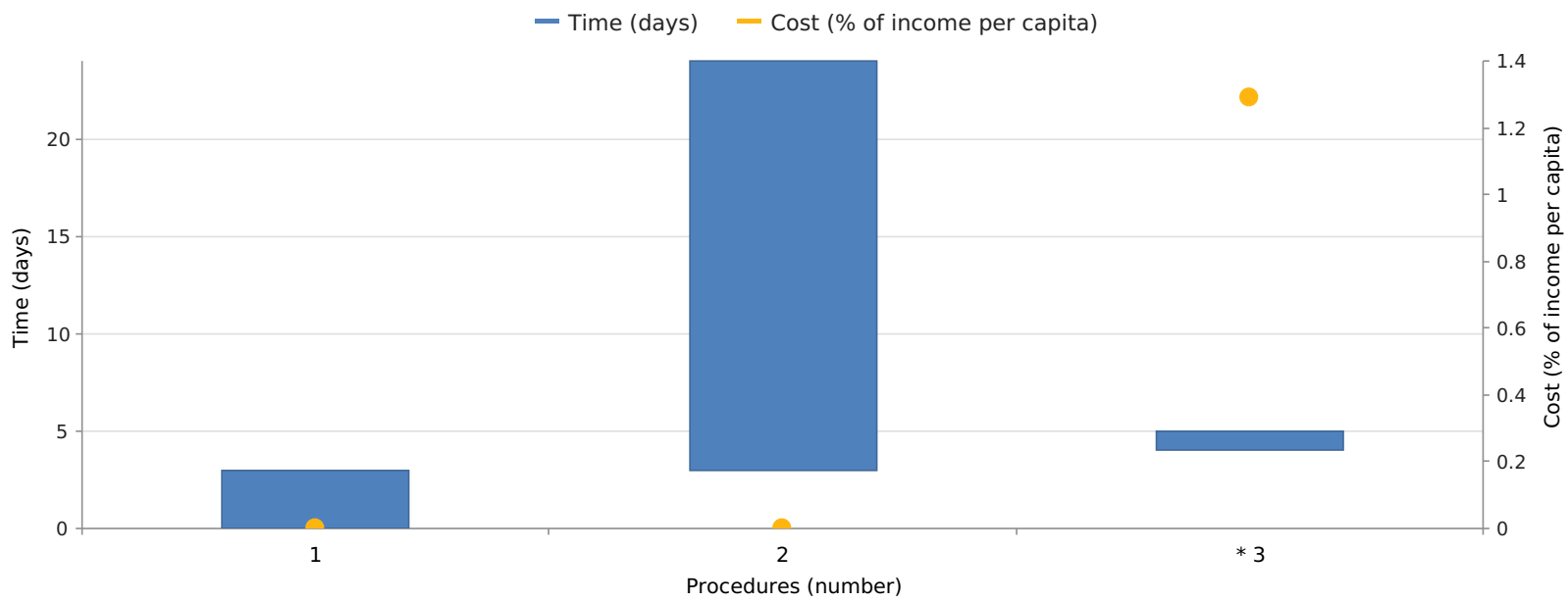
Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	3	4.3	4.5	3 (25 Economies)
Time (days)	24	65.0	77.2	18 (3 Economies)
Cost (% of income per capita)	1.3	625.1	64.2	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	8	4.0	7.5	8.0 (27 Economies)

Figure – Getting Electricity in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

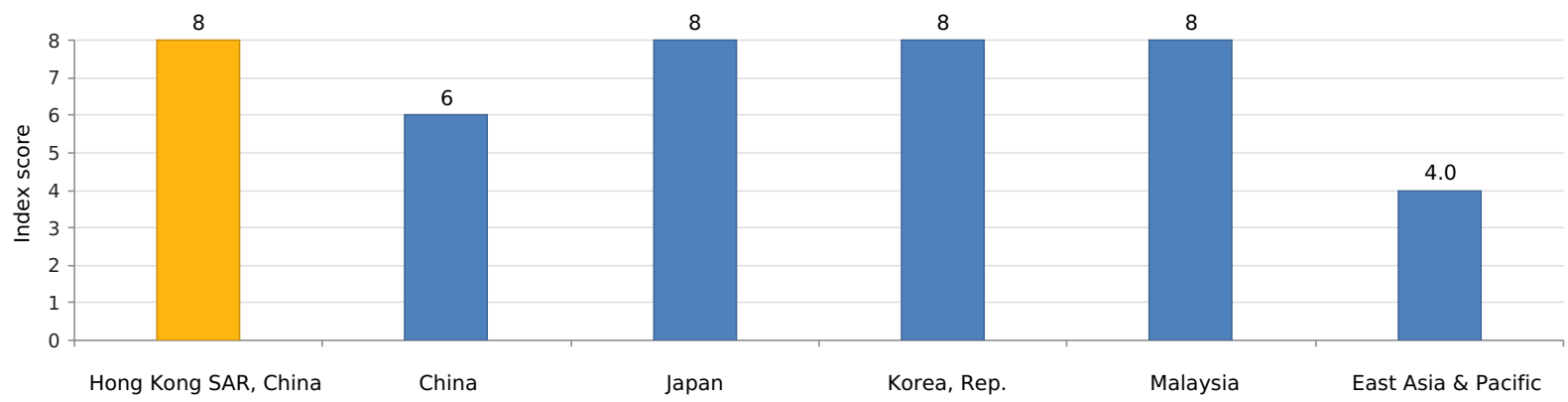
Figure – Getting Electricity in Hong Kong SAR, China – Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Hong Kong SAR, China and comparator economies – Measure of Quality



Details – Getting Electricity in Hong Kong SAR, China – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	**Submit application to CLP Power and await technical conditions** *Agency* : CLP Power HK Ltd In the project planning phase upon receipt of supply application together with a location map and proposed cable termination and metering point from customer in a printed copy, photo or any other format, CLP will then conduct its site inspection (which customers & their electrical contractors will not need to be invovled), folllowed by supply project preparation and approval. CLP power then sends out standard supply condition letter to customer and initatites permit application upon completion of supply project prepration.	3 calendar days	HKD 0
2	**Receive external works from CLP Power** *Agency* : CLP Power HK Ltd (a) Application for excavation permit An excavation permit is required for the excavation of cable trench in public areas. The utility is required to apply to the relevant government departments for the permit. The excavation permit application will be submitted after the project planning stage. Before applying for the permit, the utility will confirm with the client the target supply date and the target completion date of the work required by the client e.g. duct and draw pit. The excavation permit application is not billed to clients as part of their cost for connection. To reduce the time to obtain an excavation permit, a liaison group has been set up. The liaison group has representatives of differemt relevant government departments (e.g. Highway Department, Police Force, Transport Department, etc) to streamline the procedures related to applications. As a result, applications are typically processed under 9 days. (b) Installation Work Processing time includes LV cable laying and jointing work on a trench (150m) with road crossing. (Construction phase) It excludes the advance notification for commencement of the works submitted to government departments after obtaining the excavation permit. This is also a time taken for manpower mobilization and material preparation. This is the Resource programming phase.	21 calendar days	HKD 0
⇉ 3	**Pay security deposit, receive meter installation and final connection** *Agency* : CLP Power HK Ltd The utility inspects the internal wiring and installs the meter. The Registered Electrical Worker representing the client must be present According to the Electricity (Wiring) Regulations, Cap. 406E, any fixed electrical installation shall be inspected after completion and before it is energized for use. The installation is thus tested and certified with a Work Completion Certificate (Form WR1) by a registered electrical worker and contractor. In case of repair or alteration, only the affected parts of the installation need to be inspected, tested and certified with a Work Completion Certificate (Form WR1) by a registered electrical worker and contractor. A copy of the Work Completion Certificate (Form WR1) together with copies of Certificate of Registration of Electrical Contractor and Certificate of Registration of Electrical Worker should be forwarded to the Licensing Office as proof of compliance with the electricity safety requirements. The Registered Electrical Worker in charge of the internal installation and final inspection signs the WR1 form, and submits it to the utility at the appointment for electricity turn-on. The client requests a final inspection for meter installation from CLP Power through the installation inspection appointment system of the utility. The final inspection does not cover the entire internal wiring, but only the interface with the external circuit. The WR1 form is enough to guarantee the wiring has been done in accordance with the electricity regulations. The meter will be installed and supply connected after satisfactory inspection of the internal wiring (not entire inspection; only for the interface with external network). The service pledge is to install the meter within the same day of the satisfactory inspection of the internal wiring.	1 calendar day	HKD 4,854.1

⇉ Takes place simultaneously with previous procedure.

Details – Getting Electricity in Hong Kong SAR, China – Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	8
Total duration and frequency of outages per customer a year (0-3)	3
System average interruption duration index (SAIDI)	0.3
System average interruption frequency index (SAIFI)	0.2
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	1.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	https://www.clp.com.hk/en/customer-service/tariff/business-and-other-customers
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2018. See the methodology for more information.

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0–6)
- Geographic coverage index (0–8)
- Land dispute resolution index (0–8)
- Equal access to property rights index (-2–0)

Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban area of the economy’s largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

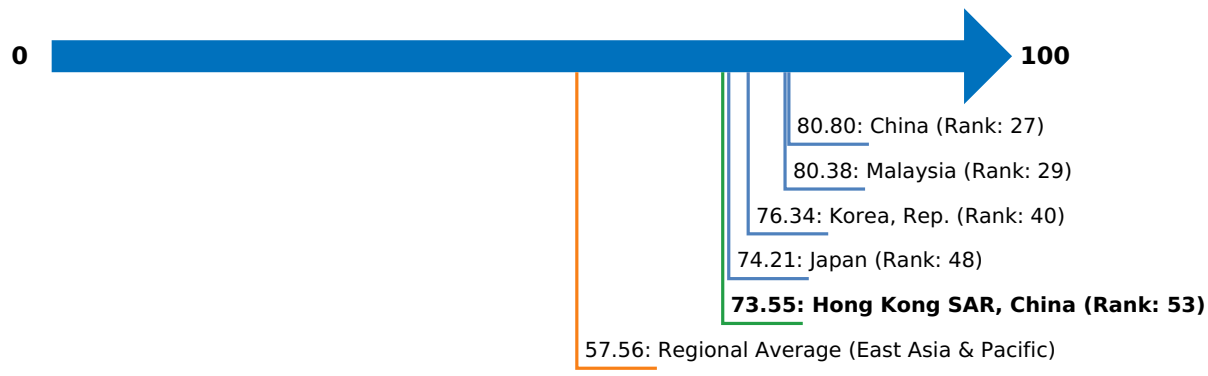
The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Registering Property - Hong Kong SAR, China

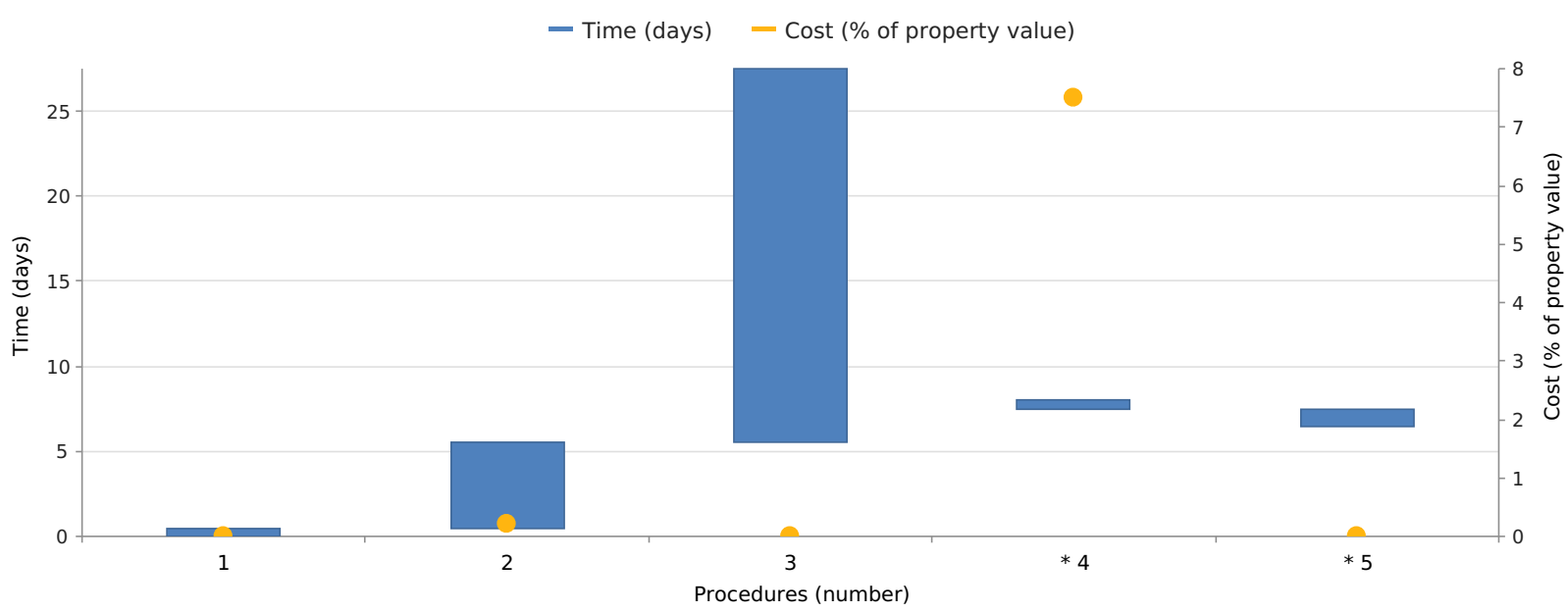
Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	5	5.4	4.7	1 (4 Economies)
Time (days)	27.5	72.6	20.1	1 (New Zealand)
Cost (% of property value)	7.7	4.5	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	27.5	16.3	23.0	None in 2017/18

Figure – Registering Property in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

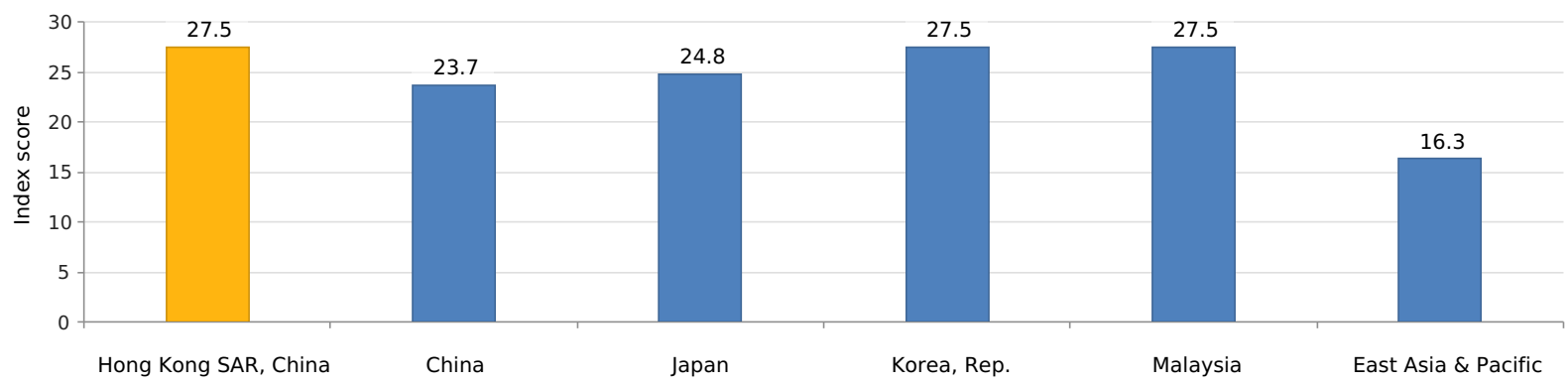
Figure – Registering Property in Hong Kong SAR, China – Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Hong Kong SAR, China and comparator economies – Measure of Quality



Details – Registering Property in Hong Kong SAR, China – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	**Purchaser's solicitor does a land search at the Land Registry** *Agency* : Land Registry and online It is a common Procedure that the Buyer's solicitor will conduct a land search before execution of the Agreement for Sale and Purchase (ASP) to ensure that the previous registration title of the property is complete and that no unusual encumbrance is registered against the property. All land records are available for search by the public by doing an online search. The service hours of an online search services have been extended from 16 to 20 hours daily since August 2010. In 2010/11, searches conducted online constituted about 91% of the total search volume. It is a common Procedure that the Purchaser's solicitor conducts a land search online on the day of execution of the agreement for sale and purchase as a due diligence check. The prescribed fee is HK$25 for a full land search (which provides all historical and current data affecting the property) and HK$10 for an up-date land search (which provides the current data). This will take about one (1) day and in fact, immediately if it is done through the online internet service provided by the Land Registry, which many law firms in Hong Kong would have subscribed to such service.	Less than one day, online	HKD 25
2	**Preparation of (i) Sale and Purchase Agreement and (ii) Assignment** *Agency* : Solicitors' firm The Property Assignment will give the purchaser legal title and possession of the property.	5 days	HKD 39,683.67; (HKD 30,000 + 0.25% of value exceeding HKD 5,000,000 (solicitor's fee according to Solicitors -General-Costs Rules (Cap. 159G) which is negotiable).)
3	**Execution of Sale and Purchase Agreement and filing at the Land Registry** *Agency* : Land Registry The Purchaser's solicitor registers the executed agreement for sale and purchase with the Land Registry. At this time, the Purchaser usually gives a 10% down payment on the property and has time to arrange financing for the remainder owed. During the 30-day period, the Purchaser's solicitor prepares an Assignment deed. In addition, during this period of time, the Buyer's solicitor will complete perusal of title deeds and clarify any title issues with the Seller's solicitors and confirm good title to the Buyer (through a final land search on the property to ensure there has not been any competing deed lodged with the Land Registry after the executed agreement for sale and purchase has been registered with the Land Registry).	22 days	HKD 210

⇉ 4	**The Purchaser's solicitor settles the stamp duty payable with the Stamp Office via e-stamping** *Agency* : Stamp Office All necessary forms and documents for stamping can be submitted online (www.gov.hk/estamping.) or in paper. The process of submission and payment is straight forward, details of the transaction are submitted over the internet, a stamp invoice is issued immediately which can be printed. After the online payment of stamp duty, solicitors can print the stamp certificates and attach them to the instruments as evidence of stamping. Payment of the stamp duty can be done using different methods, (PPS, MasterCard, and Visa). The current payment limits for credit cards are HK$5,000. If the duty amount exceeds the payment limits, payment can be made offline by printing a payment notice for settlement by telephone, bank ATM, internet or in person at the Stamp Office or Post Offices. After payment of stamp duty, a stamp certificate will be issued instantly and available for printing. Each stamp certificate will have its own "Stamp Certificate Number". For online payments and e-stamping, it is not required to present the original instruments to the Stamp Office. Details of the e-Stamping service in Hong Kong are available at www.ird.gov.hk/eng/tax/e_stamp.htm. Both methods fulfill the stamping requirement equally. Under the conventional method no stamp certificate is issued, instead, the relevant document (e.g. the assignment) would be stamped by the Stamp Office with the value of stamp duty paid.	Less than one day, online	HKD 1,406,020.47; (7.5% stamp duty for non-residential property)
⇉ 5	**Purchaser’s solicitor registers the Property Assignment at the Land Registry** *Agency* : Land Registry The duly stamped Assignment will then be presented by the solicitors to the Land Registry. The purchaser’s solicitor shall register the Assignment at the Land Registry within 30 days from the date of Assignment so as to preserve its priority under the law. After receipt of the original Assignment by the Land Registry,the Land Registry will complete the registration and return the Assignment to the solicitor’s office. The title is legally property of the purchaser once the Property Assignment is submitted to the Land Registry on the first day. The remaining days (or months) account for the Registry to document the transfer in microfilm and other media.	1 day	HKD 450

⇉Takes place simultaneously with previous procedure.

Details – Registering Property in Hong Kong SAR, China – Measure of Quality

	Answer	Score
Reliability of infrastructure index (0-8)		**8.0**
What is the institution in charge of immovable property registration?	Land Registry	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	The Survey and Mapping Office of the Lands Department	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Different databases but linked	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
Transparency of information index (0-6)		**6.0**
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://www.iris.gov.hk	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://www.landreg.gov.hk/en/services/reg_fee.htm	
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame–and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.landreg.gov.hk/en/about/perform.htm	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1.0
Contact information:	http://www.landreg.gov.hk/en/contact/contact.htm	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2017:	103663.0	
Who is able to consult maps of land plots in the largest business city?	Freely accessible by anyone	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5

Link for online access:	http://www.landsd.gov.hk/mapping/en/digital-map/common/doc/pricelist.pdf	
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.landsd.gov.hk/en/images/doc/pledge2016_e.pdf	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	Yes	0.5
Contact information:	http://www2.map.gov.hk/gih3/feedback/home.do?action=home&lang=tw	
Geographic coverage index (0-8)		**8.0**
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy mapped?	Yes	2.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
Land dispute resolution index (0-8)		**5.5**
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee?	No	0.0
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Lawyer;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Lawyer;	
Is there a national database to verify the accuracy of identity documents?	Yes	1.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	Hong Kong District Court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 1 and 2 years	2.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2017:		
Equal access to property rights index (-2-0)		**0.0**
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	Yes	0.0

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2018. See the methodology for more information.

What the indicators measure

Strength of legal rights index (0–12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0–8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

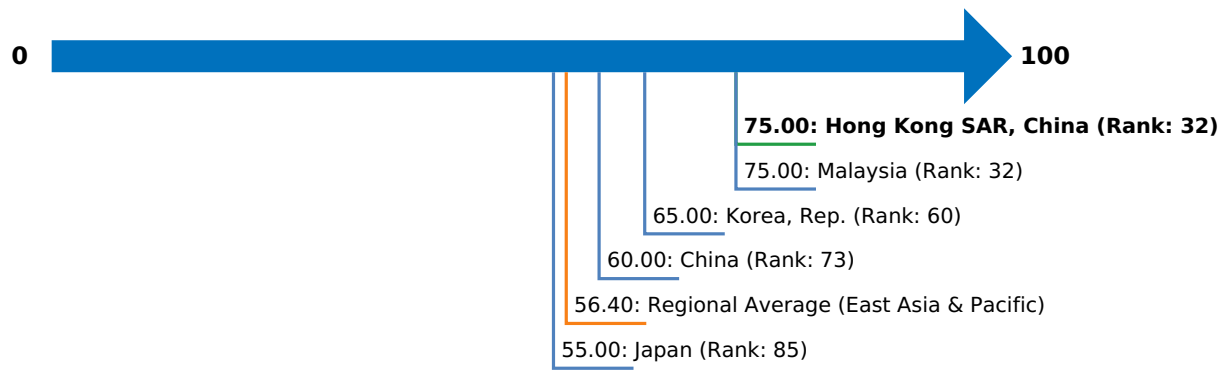
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Hong Kong SAR, China

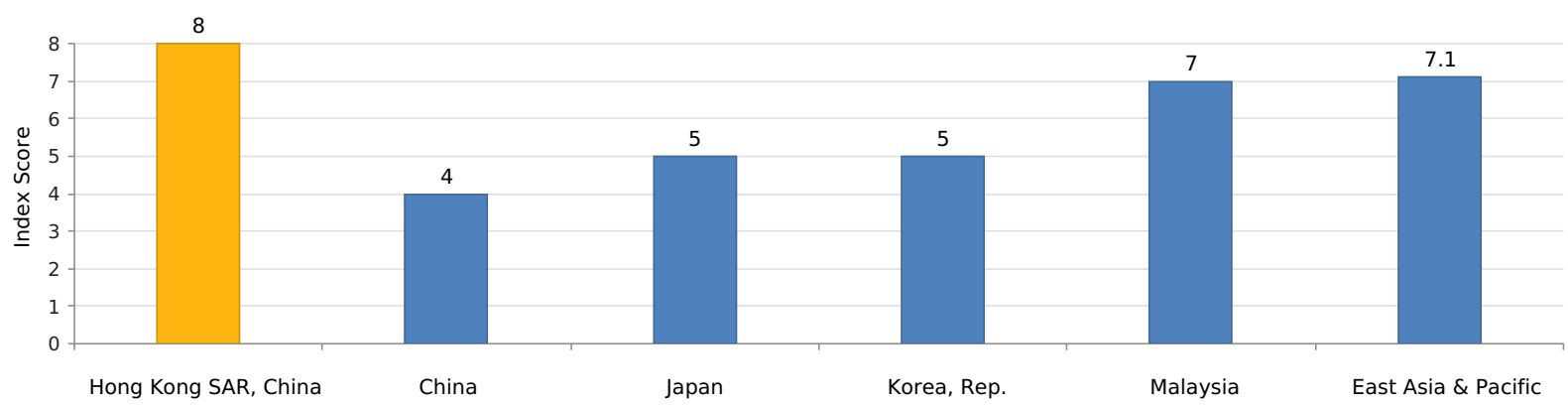
Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	8	7.1	6.1	12 (5 Economies)
Depth of credit information index (0-8)	7	4.2	6.7	8 (42 Economies)
Credit registry coverage (% of adults)	0	16.9	21.8	100.0 (4 Economies)
Credit bureau coverage (% of adults)	100	23.0	65.3	100.0 (25 Economies)

Figure – Getting Credit in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

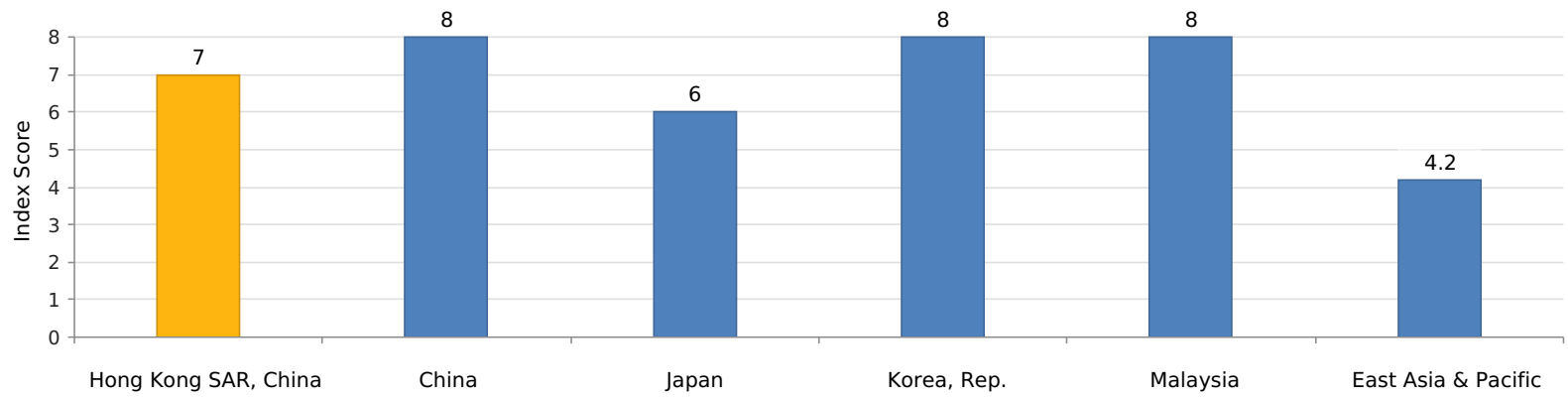
Figure – Legal Rights in Hong Kong SAR, China and comparator economies



Details – Legal Rights in Hong Kong SAR, China

Strength of legal rights index (0-12)	8
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	No
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets?	Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	No
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	No
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	Yes
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	Yes
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	Yes
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it?	No
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	Yes

Figure – Credit Information in Hong Kong SAR, China and comparator economies



Details – Credit Information in Hong Kong SAR, China

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1
Total Score ("yes" to either public bureau or private registry)			**7**

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	5,475,764	0
Number of firms	181,160	0
Total	5,656,924	0
Percentage of adult population	**100**	**0**

Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2018. See the methodology for more information.

What the indicators measure

- **Extent of disclosure index (0–10)**: Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions
- **Extent of director liability index (0-10)**: Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)
- **Ease of shareholder suits index (0-10)**: Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-10)**: Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices
- **Extent of shareholder rights index (0-10)**: Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-10)**: Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-10)**: Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-10)**: Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0–10)**: Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

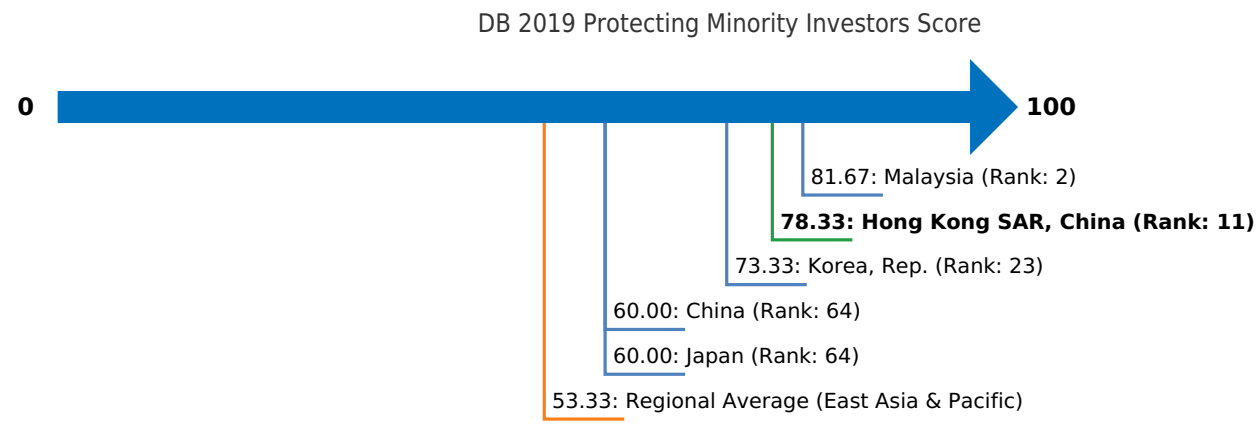
The business (Buyer):
- Is a publicly traded corporation listed on the economy's most important stock exchange. If there are fewer than ten listed companies or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

The transaction involves the following details:
- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

Protecting Minority Investors - Hong Kong SAR, China

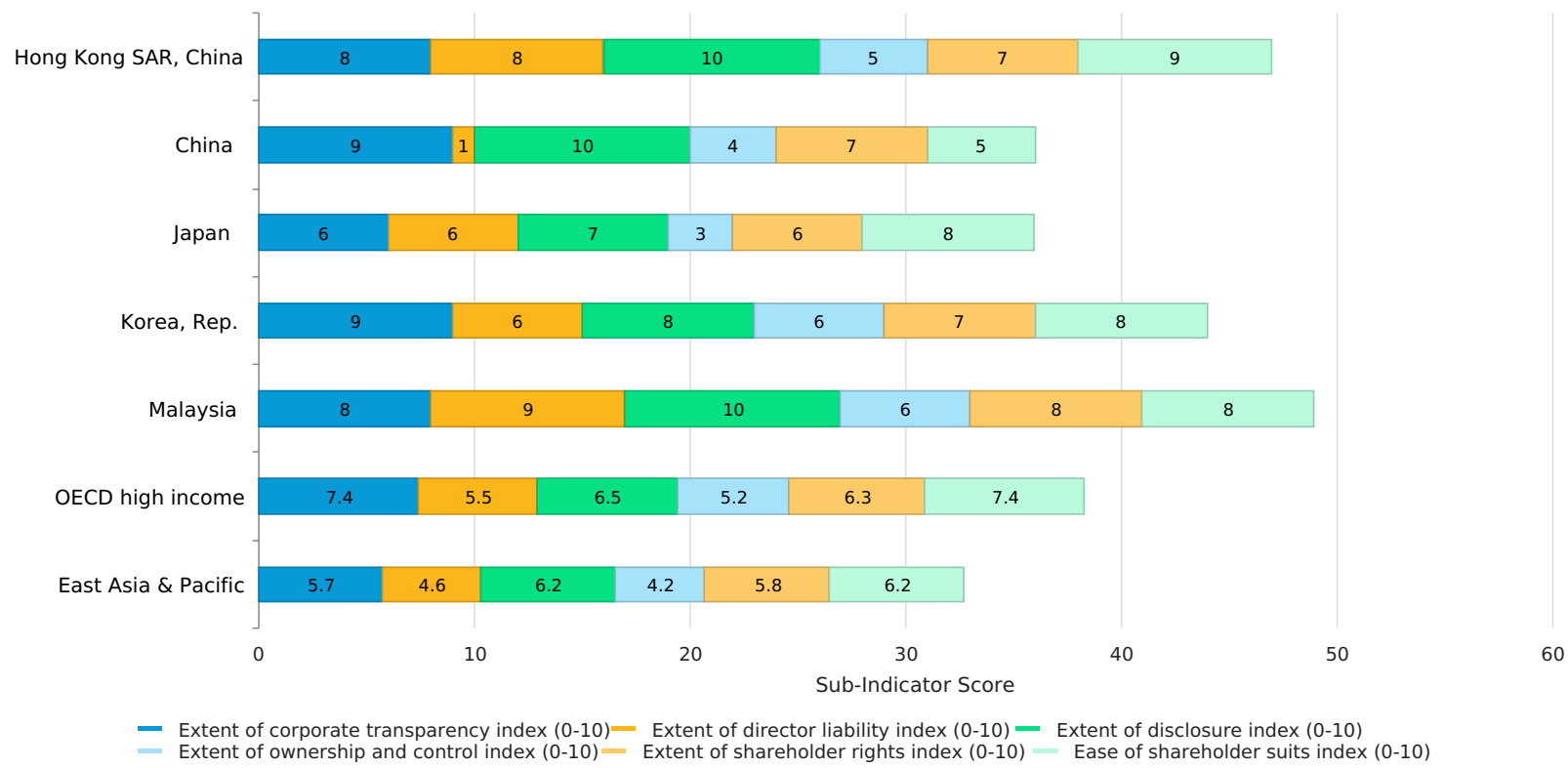
Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	10.0	5.6	6.5	10 (13 Economies)
Extent of director liability index (0-10)	8.0	4.9	5.3	10 (Cambodia)
Ease of shareholder suits index (0-10)	9.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-10)	7.0	5.6	6.4	10 (Kazakhstan)
Extent of ownership and control index (0-10)	5.0	4.0	5.4	None in 2017/18
Extent of corporate transparency index (0-10)	8.0	5.3	7.6	10 (6 Economies)

Figure – Protecting Minority Investors in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure – Protecting Minority Investors in Hong Kong SAR, China and comparator economies – Measure of Quality



Details – Protecting Minority Investors in Hong Kong SAR, China – Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-10)		**9**
Extent of disclosure index (0-10)		**10.0**
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders excluding interested parties	3.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Extent of director liability index (0-10)		**8.0**
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if unfair or prejudicial	2.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Liable if unfair or prejudicial	2.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Voidable if negligently concluded	1.0
Ease of shareholder suits index (0-10)		**9.0**
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	Yes	1.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
Extent of shareholder governance index (0-10)		**6.7**
Extent of shareholder rights index (0-10)		**7.0**
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0

Do shareholders automatically receive preemption rights every time Buyer issues new shares?	No	0.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	No	0.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all or almost all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	Yes	1.0
Extent of ownership and control index (0-10)		**5.0**
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	No	0.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	No	0.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	No	0.0
Extent of corporate transparency index (0-10)		**8.0**
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2018 covering for the Paying Taxes indicator calendar year 2017 (January 1, 2017 – December 31, 2017). See the methodology for more information.

What the indicators measure

Tax payments for a manufacturing company in 2017 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with a VAT refund (hours)
- Time to obtain a VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:
- TaxpayerCo is a medium-size business that started operations on January 1, 2016. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2017). Taxes and mandatory contributions are measured at all levels of government.

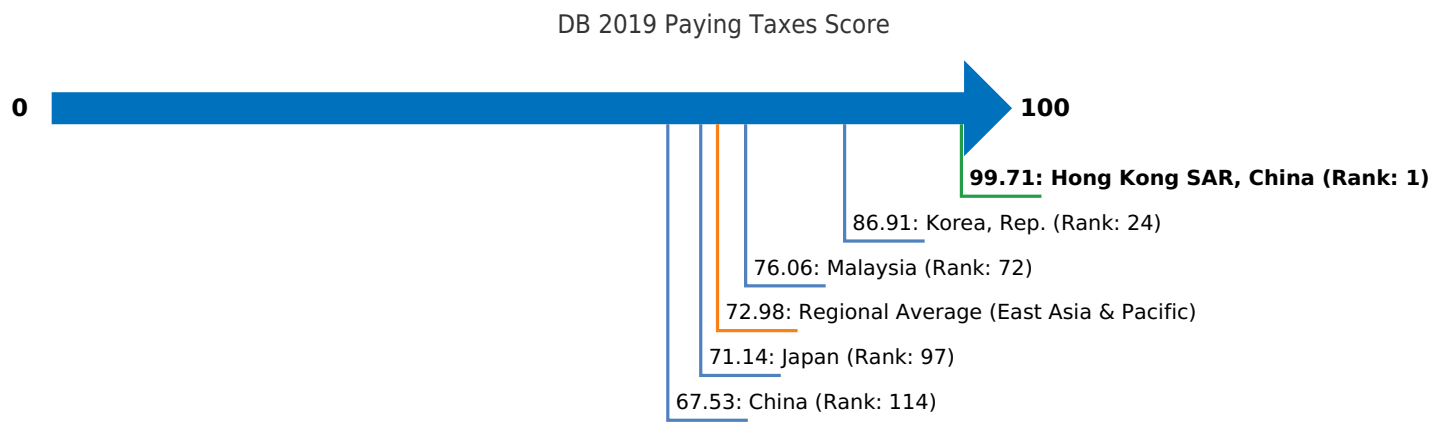
The VAT refund process:
- In June 2017, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2017.

The corporate income tax audit process:
- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

Paying Taxes - Hong Kong SAR, China

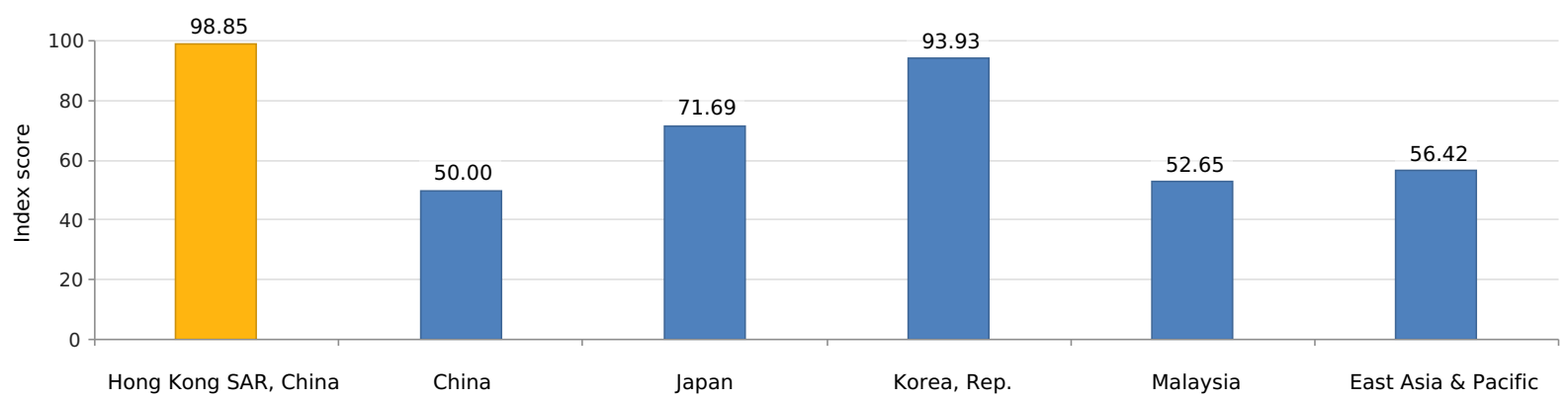
Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Payments (number per year)	3	21.2	11.2	3 (Hong Kong SAR, China)
Time (hours per year)	34.5	180.9	159.4	49 (Singapore)
Total tax and contribution rate (% of profit)	22.9	33.5	39.8	26.1% (32 Economies)
Postfiling index (0-100)	98.85	56.42	84.41	None in 2017/18

Figure – Paying Taxes in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure – Paying Taxes in Hong Kong SAR, China and comparator economies – Measure of Quality



Details – Paying Taxes in Hong Kong SAR, China

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Corporate income tax	1.0		20.0	16.5%	taxable profits	17.49	
Employer paid - Mandatory provident fund (MPF) contributions	1.0	online	14.5	5%	gross salaries	5.29	
Property tax	1.0	online		5%	annual rental value	0.14	
Employee paid - Mandatory provident fund (MPF) contributions	0.0	jointly		5%	gross salaries	0.00	withheld
Totals	3		34.5			22.9	

Details – Paying Taxes in Hong Kong SAR, China – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	17.5
Labor tax and contributions (% of profit)	5.3
Other taxes (% of profit)	0.1

Details – Paying Taxes in Hong Kong SAR, China – Measure of Quality

	Answer	Score
Postfiling index (0-100)		**98.85**
VAT refunds		
Does VAT exist?	No	
Does a VAT refund process exist per the case study?	N/A	
Restrictions on VAT refund process	N/A	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	Not Applicable	
Time to comply with VAT refund (hours)	No VAT	No VAT
Time to obtain a VAT refund (weeks)	No VAT	No VAT
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax correction (hours)	2.8	97.71
Time to complete a corporate income tax correction (weeks)	No tax audit per case study scenario	100

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.
The hours for VAT include all the VAT and sales taxes applicable.
The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.
The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.
N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2018. See the methodology for more information.

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as 22×24=528 hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

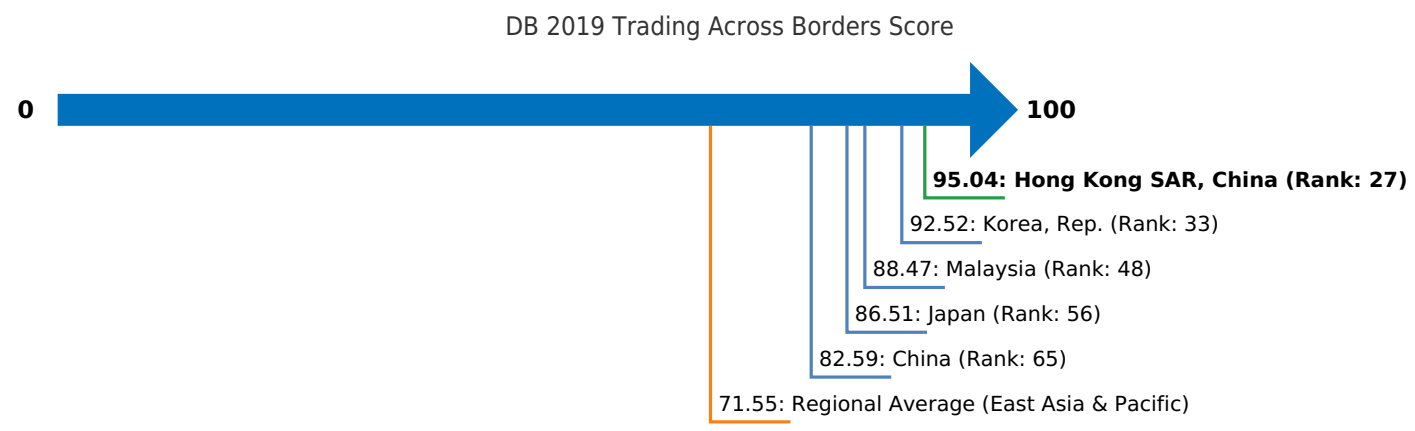
Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study:
- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be $50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Hong Kong SAR, China

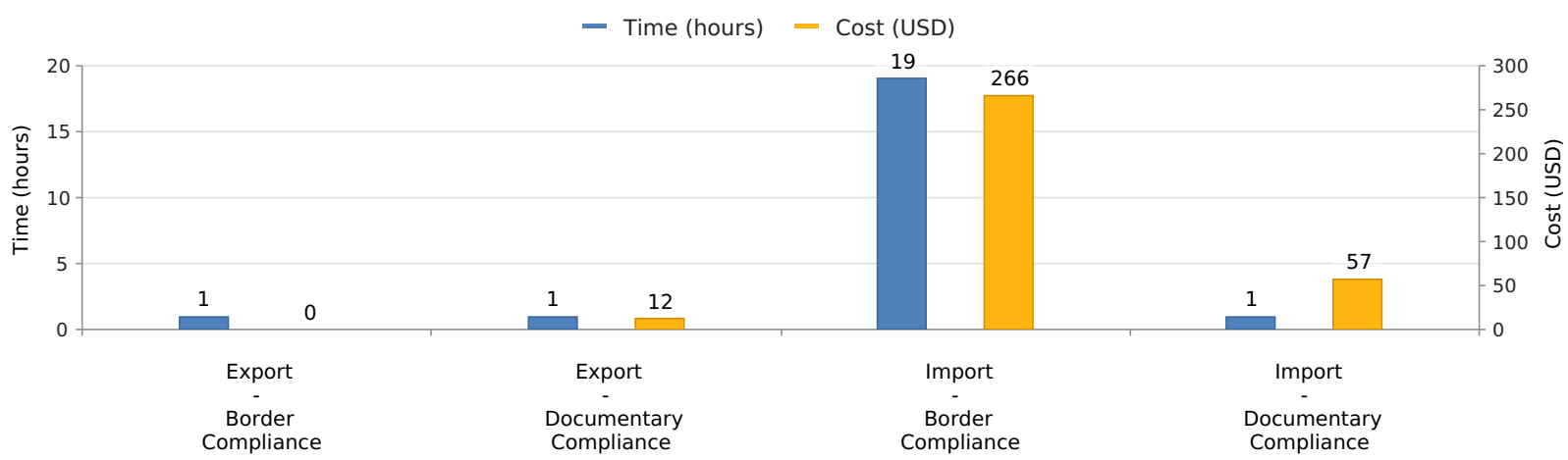
Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	1	54.7	12.5	1 (19 Economies)
Cost to export: Border compliance (USD)	0	382.2	139.1	0 (19 Economies)
Time to export: Documentary compliance (hours)	1	57.6	2.4	1 (26 Economies)
Cost to export: Documentary compliance (USD)	12	109.4	35.2	0 (20 Economies)
Time to import: Border compliance (hours)	19	69.2	8.5	0 (25 Economies)
Cost to import: Border compliance (USD)	266	415.8	100.2	0 (28 Economies)
Time to import: Documentary compliance (hours)	1	57.0	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	57	109.5	24.9	0 (30 Economies)

Figure – Trading across Borders in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure – Trading across Borders in Hong Kong SAR, China – Time and Cost



Details – Trading across Borders in Hong Kong SAR, China

Characteristics	Export	Import
Product	HS 85 : Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708: Parts and accessories of motor vehicles
Trade partner	China	Japan
Border	Lok Ma Chau border crossing	Hong Kong port
Distance (km)	30	11
Domestic transport time (hours)	2	2
Domestic transport cost (USD)	223	223

Details – Trading across Borders in Hong Kong SAR, China – Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	0.5	0.0
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	0.5	0.0
Import: Clearance and inspections required by customs authorities	0.8	0.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	18.5	265.6

Details – Trading across Borders in Hong Kong SAR, China – Trade Documents

Export	Import
Commercial invoice	Bill of lading
Packing List	Commercial invoice
Export Declaration	Packing List
CMR truck waybill	Import declaration
	SOLAS certificate

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2018. See the methodology for more information.

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

Cost required to enforce a contract through the courts (% of claim)

- Attorney fees
- Court fees
- Enforcement fees

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

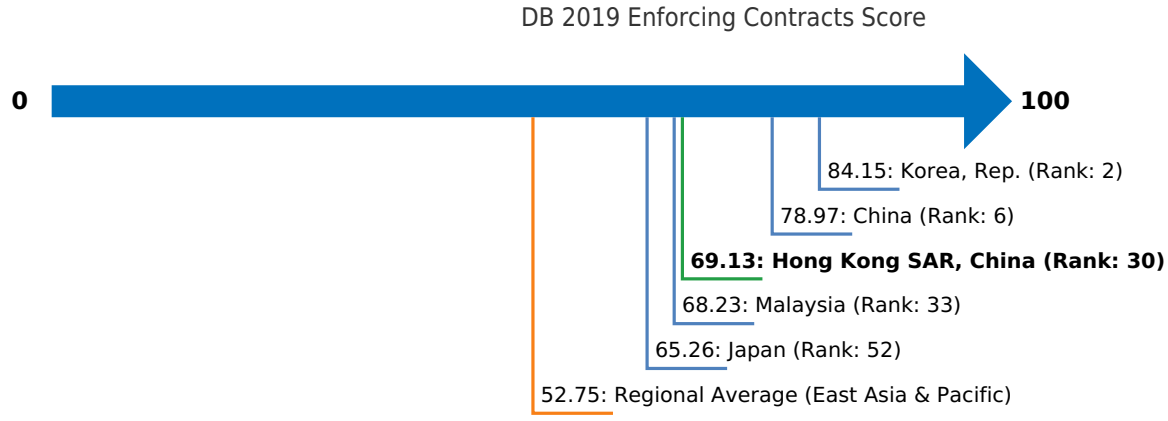
To make the data comparable across economies, *Doing Business* uses several assumptions about the case:
- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The buyer orders custom-made goods, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or $5,000.
- The seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

Enforcing Contracts - Hong Kong SAR, China

Standardized Case	
Claim value	HKD 700,984
Court name	Hong Kong District Court
City Covered	Hong Kong

Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Time (days)	385	581.1	582.4	None in 2017/18
Cost (% of claim value)	23.6	47.2	21.2	None in 2017/18
Quality of judicial processes index (0-18)	10.0	7.9	11.5	None in 2017/18

Figure – Enforcing Contracts in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure – Enforcing Contracts in Hong Kong SAR, China – Time and Cost

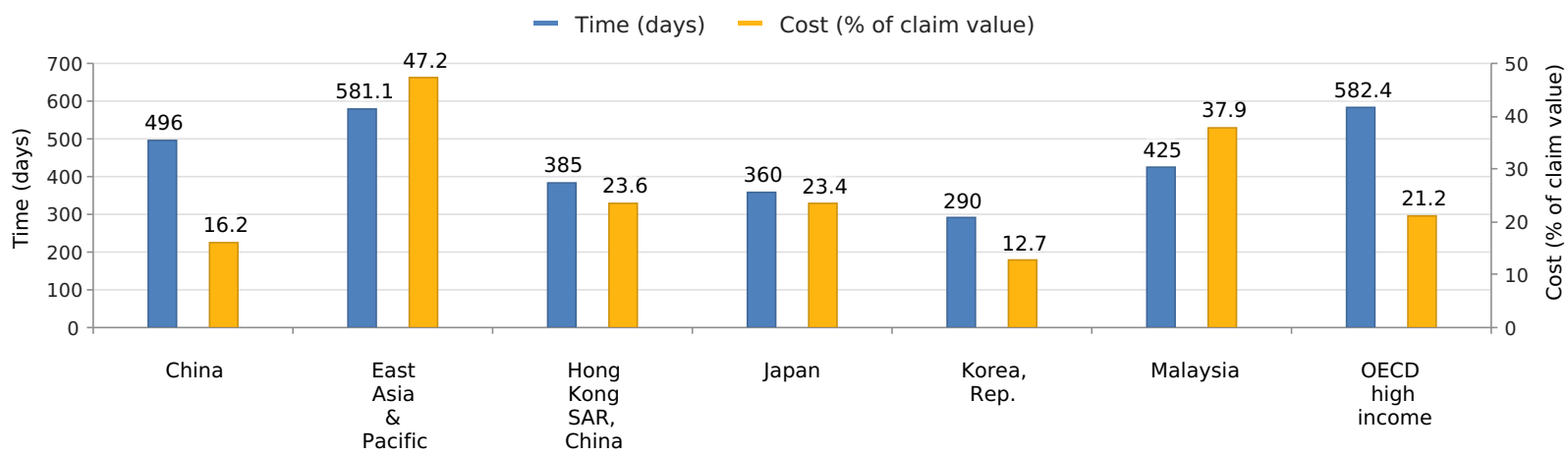
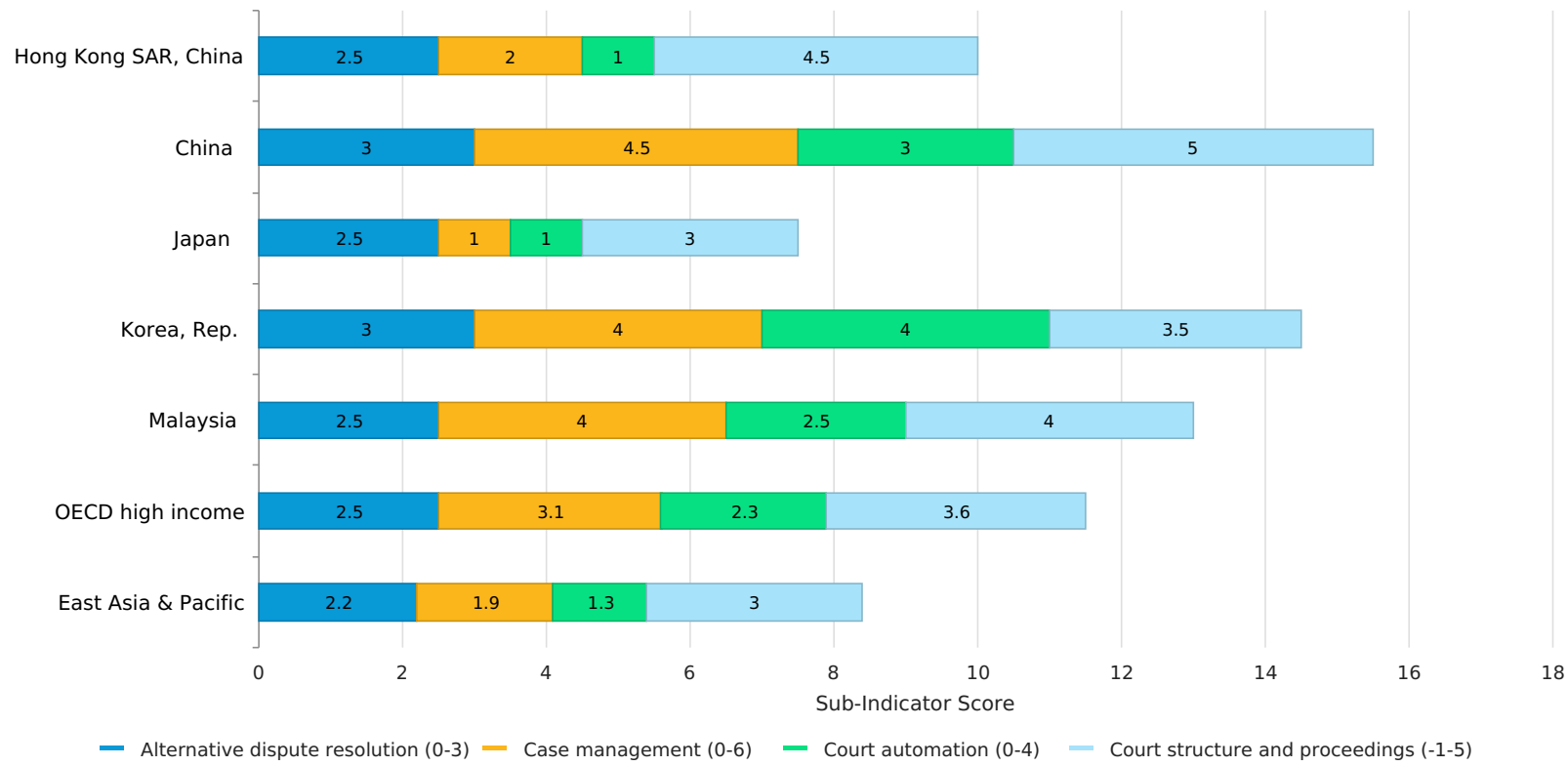


Figure – Enforcing Contracts in Hong Kong SAR, China and comparator economies – Measure of Quality



Details – Enforcing Contracts in Hong Kong SAR, China

	Indicator
Time (days)	**385**
Filing and service	30
Trial and judgment	310
Enforcement of judgment	45
Cost (% of claim value)	**23.6**
Attorney fees	19.5
Court fees	3.1
Enforcement fees	1
Quality of judicial processes index (0-18)	**10.0**
Court structure and proceedings (-1-5)	4.5
Case management (0-6)	2.0
Court automation (0-4)	1.0
Alternative dispute resolution (0-3)	2.5

Details – Enforcing Contracts in Hong Kong SAR, China – Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		**10.0**
Court structure and proceedings (-1-5)		**4.5**
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		**2.0**
1. Time standards		0.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	No	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	Yes	1.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		**1.0**
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	no	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		1.0
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
Alternative dispute resolution (0-3)		**2.5**
1. Arbitration		1.5

1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		1.0
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2018. See the methodology for more information.

What the indicators measure

Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

Case study assumptions

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

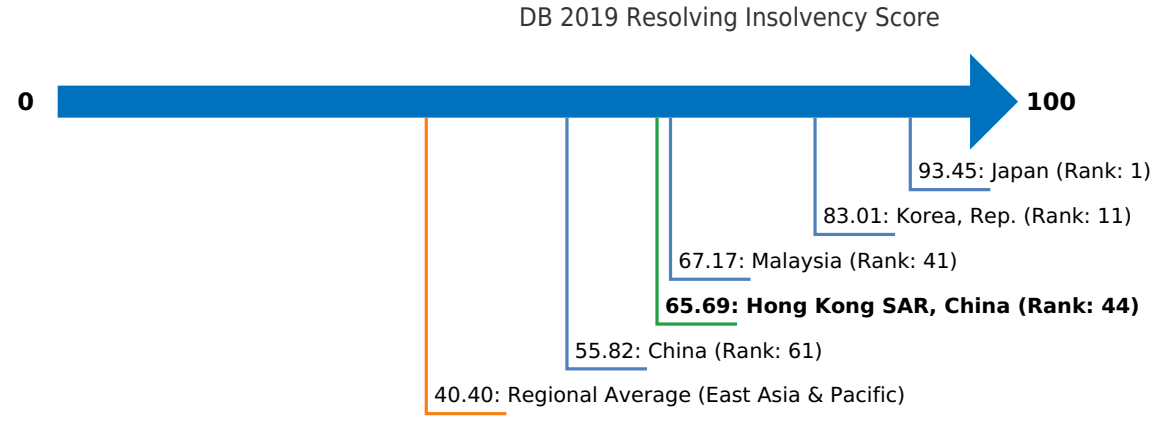
- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, *Doing Business* evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.

Resolving Insolvency - Hong Kong SAR, China

Indicator	Hong Kong SAR, China	East Asia & Pacific	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	87.2	35.5	70.5	None in 2017/18
Time (years)	0.8	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	5.0	20.6	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	1	..	..	..
Strength of insolvency framework index (0-16)	6.0	6.8	11.9	None in 2017/18

Figure – Resolving Insolvency in Hong Kong SAR, China and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure – Resolving Insolvency in Hong Kong SAR, China – Time and Cost

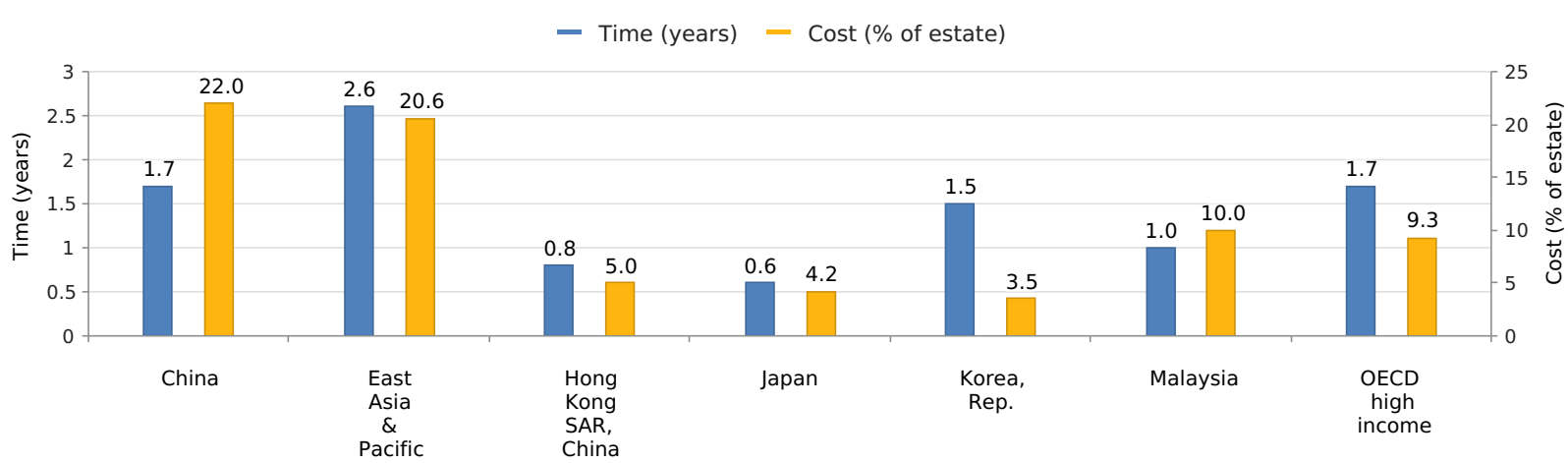
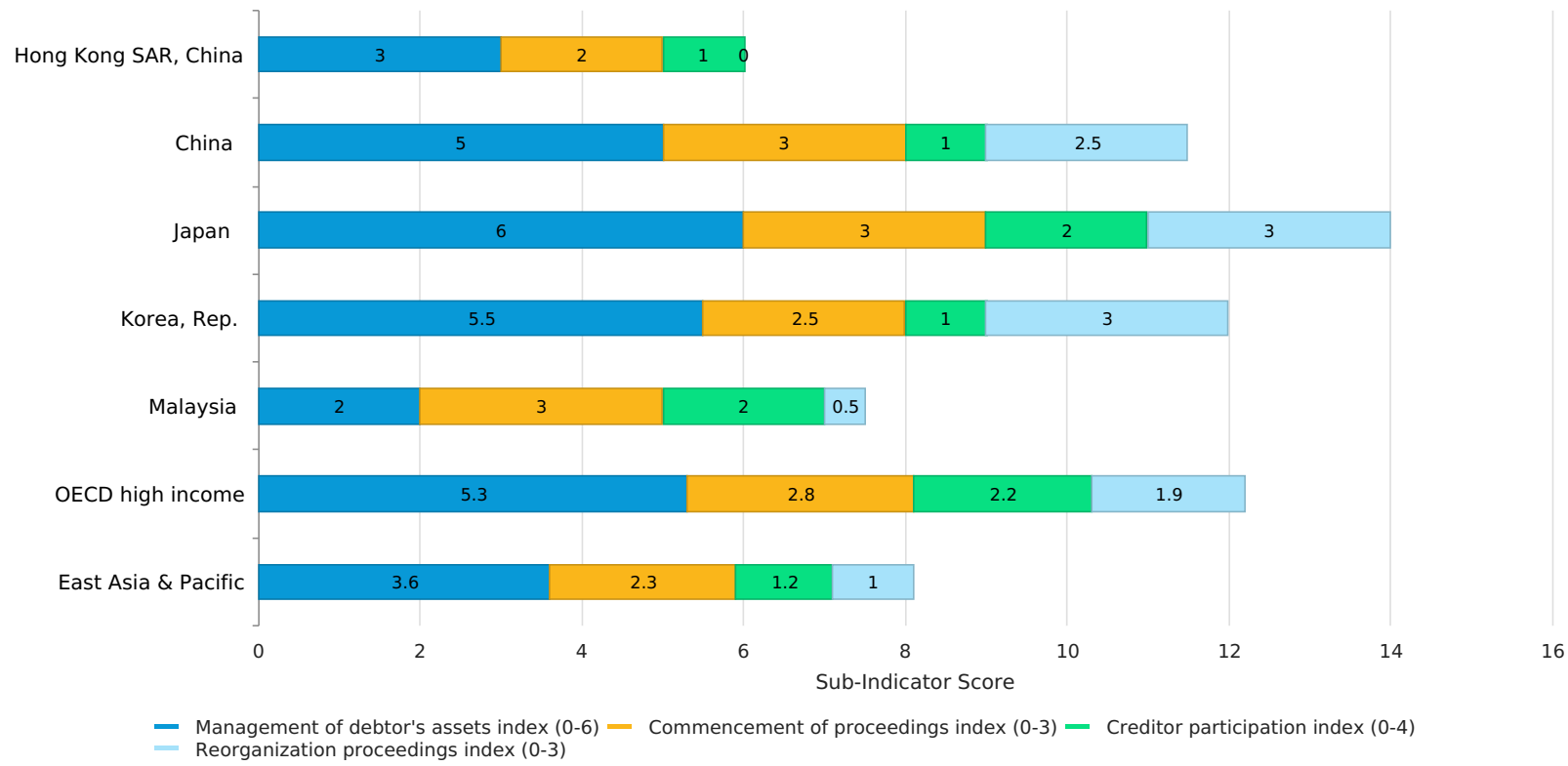
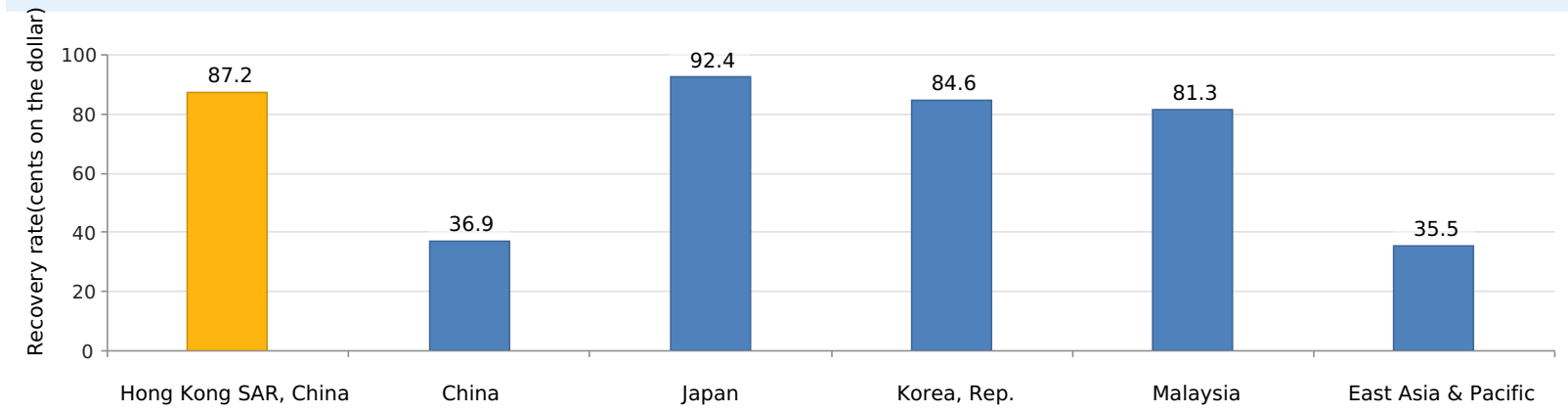


Figure – Resolving Insolvency in Hong Kong SAR, China and comparator economies – Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure – Resolving Insolvency in Hong Kong SAR, China and comparator economies – Recovery Rate



Details – Resolving Insolvency in Hong Kong SAR, China

Indicator	Answer	Score
Proceeding	receivership	As a secured creditor, by applying the Companies (Winding Up and Miscellaneous Provisions) Ordinance, BizBank would appoint a receiver to take charge of Mirage's business and try to sell the business as a going concern to recoup its investment. From BizBank's perspective, selling the business as a going concern would satisfy its secured debt in full according to the case assumption to maximize the return to BizBank. This will be in-court receivership.
Outcome	going concern	Carrying business as a going concern will continue to generate cash flow to maintain the company operating as financially troubled company usually has very tight cash flow. Ceased business will cause immediate departure of employees, suppliers will walk away and petition for winding-up and attract complaints by customers which cause intervention from Government because of the public interest.
Time (in years)	0.8	It may take an average 10 months from Mirage's default until BizBank is repaid some of the money owed to it after the completion of the in-court receivership proceeding. After BizBank's appointment of the receiver, it takes about 1 month for the receiver to notify the Companies Registry of the appointment and for the Receiver to review the current financial status and immediate cash flow needs to maintain the hotel's on-going operations. In the meantime, usually 2-3 months are required for the accounting records of the hotel to be updated for preparation of the Statement of Affairs submitted by Mirage's management. This is crucial for the subsequent due diligence review by perspective buyers. 2 to 4 weeks more will be taken for the Receivers to report to creditors concerned and decide on the selling mode before the auctioneer will be appointed; and the organization, selection of buyer, negotiation, execution of the sale and sale proceeds payment would take another 6 months.
Cost (% of estate)	5.0	The costs associated with the case would amount to approximately 5% of the value of the debtor's estate. Cost incurred during the entire receivership proceeding mainly include court fees (0.5%), attorney fees (2%), costs of notification and publication (HKD 20,000), receiver fees (2%), fees of accountants, assessors, inspectors and other professionals (0.5%), and fees of service providers and/or government levies (0.1%).
Recovery rate (cents on the dollar)		87.2

Details – Resolving Insolvency in Hong Kong SAR, China – Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		**6.0**
Commencement of proceedings index (0-3)		**2.0**
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(b) Debtor may file for liquidation only	0.5
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(a) Debtor is generally unable to pay its debts as they mature	1.0
Management of debtor's assets index (0-6)		**3.0**
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
Reorganization proceedings index (0-3)		**0.0**
Which creditors vote on the proposed reorganization plan?	N/A	0.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
Creditor participation index (0-4)		**1.0**
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Labor Market Regulation

Doing Business presents detailed data for the labor market regulation indicators on the *Doing Business* website (http://www.doingbusiness.org). The report does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2018. See the methodology for more information.

What the indicators measure

Hiring
(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

Working hours
(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

Redundancy rules
(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost
(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

Job quality
(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:
- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:
- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Labor Market Regulation - Hong Kong SAR, China

Details – Labor Market Regulation in Hong Kong SAR, China

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US$/month)	886.3
Ratio of minimum wage to value added per worker	0.2
Maximum length of probationary period (months)	1.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	0.0
Premium for overtime work (% of hourly pay)	0.0
Restrictions on night work?	No
Whether nonpregnant and nonnursing women can work the same night hours as men	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	7.0
Paid annual leave for a worker with 5 years of tenure (working days)	10.0
Paid annual leave for a worker with 10 years of tenure (working days)	14.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	10.3
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	No
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	No
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	0.0

Severance pay for redundancy dismissal for a worker with 5 years of tenure	1.4
Severance pay for redundancy dismissal for a worker with 10 years of tenure	2.9
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	1.4
Job quality	
Equal remuneration for work of equal value?	No
Gender nondiscrimination in hiring?	Yes
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	70.0
Receive 100% of wages on maternity leave?	No
Five fully paid days of sick leave a year?	No
Unemployment protection after one year of employment?	Yes
Minimum contribution period for unemployment protection (months)?	0.0

Business Reforms in Hong Kong SAR, China

In the past year, *Doing Business* observed a peaking of reform activity worldwide. From June 2, 2017, to May 1, 2018, 128 economies implemented a record 314 regulatory reforms improving the business climate. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ =*Doing Business* reform making it easier to do business. ✕ = Change making it more difficult to do business.

DB2019

✓ **Getting Electricity:** Hong Kong SAR, China, made the process of getting an electricity connection faster by establishing a specialized task force to undertake the trenching, excavation and reinstatement of the underground cables.

DB2018

✕ **Starting a Business:** Hong Kong SAR, China, made starting a business more expensive by reintroducing the business tax fee.

✓ **Registering Property:** Hong Kong SAR, China, improved the quality of its land administration system by enhancing its reliability and establishing a complaints mechanism.

DB2017

✓ **Starting a Business:** Hong Kong SAR, China, made starting a business less costly by reducing the business registration fee.

✓ **Getting Electricity:** Hong Kong SAR, China, streamlined the processes of reviewing applications for new electrical connections and also reduced the time needed to issue an excavation permit.

DB2016

✓ **Starting a Business:** Hong Kong SAR, China, made starting a business easier by eliminating the requirement for a company seal.

✓ **Getting Electricity:** The utility in Hong Kong SAR, China, made getting electricity easier by streamlining the process for reviewing connection applications and for completing the connection works and meter installation. In addition, the time needed to issue an excavation permit was reduced.

✓ **Getting Credit:** Hong Kong SAR, China, improved access to credit by implementing a modern collateral registry.

✓ **Paying Taxes:** Hong Kong SAR, China, made paying taxes easier and less costly for companies by simplifying compliance with the mandatory provident fund obligations and increasing the allowance for profit tax. At the same time, it increased the maximum contribution to the mandatory provident fund and reduced the property tax waiver.

DB2015

✕ **Starting a Business:** Hong Kong SAR, China, made starting a business more difficult by increasing the registration fee.

✓ **Protecting Minority Investors:** Hong Kong SAR, China, strengthened minority investor protections by introducing requirements for directors to provide more detailed disclosure of conflicts of interest to the other board members.

DB2014

✓ **Starting a Business:** Hong Kong SAR, China, made starting a business less costly by abolishing the capital duty levied on local companies.

✕ **Registering Property:** Hong Kong SAR, China, made transferring property more costly by increasing the stamp duty.

DB2012

✓ **Starting a Business:** Hong Kong SAR (China) made starting a business easier by introducing online electronic services for company and business registration.

✓ **Getting Electricity:** Hong Kong SAR (China) made getting electricity easier by increasing the efficiency of public agencies and streamlining the utility's procedures with other government agencies.

Labor Market Regulation: Hong Kong, China introduced a Minimum Wage.

DB2011

✓ **Paying Taxes:** Hong Kong SAR (China) abolished the fuel tax on diesel.

✓ **Enforcing Contracts:** Reforms implemented in the civil justice system of Hong Kong SAR (China) will help increase the efficiency and cost-effectiveness of commercial dispute resolution.

DB2010

✓ **Starting a Business:** Hong Kong SAR, China, made starting a business easier by simplifying registration formalities and merging certain procedures.

✓ **Dealing with Construction Permits:** Hong Kong SAR, China, reduced the time required to obtain a building permit by establishing a one-stop center that brings together 6 local departments and 2 private utility companies under the same roof.

✓ **Registering Property:** Hong Kong SAR, China, made registering property easier by making it possible to submit the stamp duty for the sale act (property assignment) online.

DB2009

✓ **Dealing with Construction Permits:** Hong Kong SAR, China, made dealing with construction permits easier through the "Be the Smart Regulator" Program addressing business licenses in multiple sectors, which eliminated some procedures related to building inspections and preapprovals.

✓ **Resolving Insolvency:** Hong Kong SAR, China, improved its insolvency process by granting more power to trustees, a change expected to make the liquidation procedure more efficient.

Doing Business 2019 is the 16th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

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