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Hong Kong
Employment and Labour Law

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This country-specific Q&A provides an overview of employment and labour laws and regulations applicable in Hong Kong.

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Hong Kong: Employment and Labour Law

1. Does an employer need a reason to lawfully terminate an employment relationship? If so, state what reasons are lawful in your jurisdiction?

In Hong Kong, employment may be terminated for a variety of reasons, including but not limited to redundancy, misconduct, poor performance, or by mutual agreement. The Employment Ordinance (Cap. 57) ("EO") is the principal legislation governing termination of employment. Employers are generally required to provide valid reasons for dismissal to employees with a least 24 months' service and especially where summary dismissal is invoked for serious misconduct.

However, Hong Kong law also recognises the right of either party to terminate an employment contract by giving the requisite notice or making a payment in lieu of notice. Unlawful termination may give rise to claims for remedies such as reinstatement, re-engagement, or compensation.

2. What, if any, additional considerations apply if large numbers of dismissals (redundancies) are planned? How many employees need to be affected for the additional considerations to apply?

Termination in this context is treated as any other dismissal under the EO. Generally, employers are not required to obtain the permission of, or inform, third parties such as local labour authorities or the courts before terminating employment, even in the case of large scale terminations.

3. What, if any, additional considerations apply if a worker's employment is terminated in the context of a business sale?

In Hong Kong, when business assets are sold, employment does not automatically transfer to the new owner unless expressly agreed. The seller must terminate existing contracts, and the purchaser may choose to offer new contracts. Termination in this context is treated as any other dismissal under the EO, so statutory requirements regarding notice, severance, and compensation apply. There are no statutory protections equivalent to the "automatic transfer" regime found in some other jurisdictions.

4. Do employees need to have a minimum period of service in order to benefit from termination rights? If so, what is the length of the service requirement?

Employees employed under a 'continuous contract' (i.e. employed by the same employer for 4 weeks or more, working at least 17 hours per week or 68 hours in total over 4 weeks) generally must have at least 24 months of continuous employment with the same employer to become eligible for statutory severance payments under the EO.

However, other statutory protections, such as notice requirements, apply regardless of length of service, unless the employment is terminated during the first month of any probationary period.

Protected employees (e.g. pregnant employees, employees on paid statutory sick leave) receive protection from termination upon becoming 'protected' and not with reference to length of service.

5. What, if any, is the minimum notice period to terminate employment? Are there any categories of employee who typically have a contractual notice entitlement in excess of the minimum period?

There is no minimum notice requirement for employees not employed under a 'continuous contract'.

For employees employed under a 'continuous contract', during the first month of probation, no notice is required by either party (regardless of whether the contract provides otherwise). After the first month of probation, minimum notice is the period stated in the contract, but not less than 7 days.

After probation (or if no probation period), minimum notice is the notice period agreed in the contract, but not less than 7 days. If there is no contractual notice period, then the statutory default is 1 month's notice.

While the statutory minimum is relatively short, certain categories of employees typically have longer contractual notice periods, including (without limitation): (i) senior executives, (ii) directors and C suite employees; (iii) professional employees (e.g., finance, legal, compliance); and (iv) employees in highly specialised or strategic roles. For these employees, notice periods of 3 months, 6 months, or sometimes longer are common. This is purely contractual and not required by statute.

6. Is it possible to make a payment to a worker to end the employment relationship instead of giving notice?

The EO provides that either the employer or the employee may terminate the contract by giving the required notice; or by making a payment in lieu of notice.

The payment in lieu of notice is calculated with reference to the employee's "average daily wages" during the previous 12 months (or the term of the employment, if shorter). "Wages" is payment for work done and includes basic salary, commissions, certain allowances and other regular payments. It does not include annual bonuses or discretionary payments.

7. Can an employer require a worker to be on garden leave, that is, continue to employ and pay a worker during their notice period but require them to stay at home and not participate in any work?

If the employment contract contains an express garden leave clause, the employer may require the employee not to attend work or otherwise restrict the employee from performing duties during the notice period, provided the employer continues paying full salary and benefits

If there is no express garden leave clause the position is more nuanced. Under common law principles an employer cannot normally prevent an employee from working during the notice period unless the contract permits it since employees generally have a right to work (especially where reputation, skills, or commission earnings are involved). However, in practice, garden leave is rarely challenged even in the absence of an express garden leave clause – especially where the duration of the notice period is relatively short.

8. Does an employer have to follow a prescribed procedure to achieve an effective termination of the employment relationship? If yes, describe the requirements of that procedure or procedures. Is an employee entitled to appeal against their termination?

No formal procedure is required, and employees do not have a statutory right of appeal. However, if the employment contract or staff handbook contains a disciplinary procedure, redundancy procedure or similar the employer may be contractually bound to follow it. Failure to follow a contractual procedure may result in breach of contract and or wrongful dismissal claim.

9. If the employer does not follow any prescribed procedure as described in response to question 8, what are the consequences for the employer?

Because there is no general statutory prescribed dismissal procedure, there are generally no consequences for failing to follow a procedure.

This being said, especially in cases involving summary termination for serious misconduct / cause, it would be advisable for an employer to follow an investigation and disciplinary process prior to termination to mitigate the risk of a wrongful dismissal claim.

10. How, if at all, are collective agreements relevant to the termination of employment?

Hong Kong does not have a statutory framework giving collective agreements binding force in the same way as many European jurisdictions and collective agreements have very limited legal relevance to termination of employment.

11. Does the employer have to obtain the permission of or inform a third party (e.g local labour authorities or court) before being able to validly terminate the employment relationship? If yes, what are the sanctions for breach of this requirement?

No prior approval or notification required.

12. What protection from discrimination or harassment are workers entitled to in respect of the termination of employment?

Employees are protected from discriminatory dismissals or harassment dismissals under Hong Kong's anti discrimination legislation. Termination of employment on prohibited discriminatory grounds is unlawful.

The key statutes are:

- Sex Discrimination Ordinance (Cap. 480) – prevents discrimination on the grounds of sex, pregnancy, marital status and breastfeeding.
- Disability Discrimination Ordinance (Cap. 487) – prevents discrimination on the grounds of physical or mental disability and past or imputed disability
- Family Status Discrimination Ordinance (Cap. 527) – prevents discrimination against employees with responsibility for the care of an immediate family member
- Race Discrimination Ordinance (Cap. 602) – prevents discrimination on the grounds of race, colour, descent, national or ethnic origin

Dismissal contract to the above anti-discrimination legislation would amount to unlawful discrimination.

Separate from discrimination law, the EO protects employees from dismissal in certain circumstances (e.g. pregnancy, paid sick leave, trade union activities).

A dismissal may therefore be both unlawful under the EO and discriminatory under anti-discrimination legislation. These are separate causes of action.

Employers may be vicariously liable for discriminatory acts or harassment committed by their employees in the course of employment, unless the employer can show it took reasonably practicable steps to prevent the conduct.

13. What are the possible consequences for the employer if a worker has suffered discrimination or harassment in the context of termination of employment?

Under Hong Kong law, if a worker has suffered discrimination or harassment in connection with termination of employment, the employee may issue a complaint for investigation to the Equal Opportunities Commission ("EOC"). The EOC has the power to investigate complaints and make determinations, but cannot issue a ruling or judicial sanctions. The EOC also has the power to attempt conciliate complaints between the employer and employee and provide legal assistance to the employee in court proceedings.

In addition to an EOC complaint, an employer may face civil liability in the District Court, and in some cases significant financial and reputational consequences in the form of:

- Damages for loss of earnings and benefits (past and future) without any statutory cap.
- Compensation for 'injury to feelings' including emotional distress, humiliation, anxiety and reputational harm. Hong Kong courts follow guidelines similar to the UK "Vento bands" approach when assessing injury-to-feelings awards.
- In serious cases (e.g. malicious or high-handed conduct), the court may award aggravated damages and exemplary (punitive) damages.
- Reinstatement or re-engagement, although in practice such orders are uncommon and depend on the circumstances.
- Declarations that discrimination occurred and make recommendations aimed at reducing discrimination in the workplace. Failure to comply with recommendations may increase compensation.

14. Are any categories of worker (for example, fixed-term workers or workers on family leave) entitled to specific protection, other than protection from discrimination or harassment, on the termination of employment?

Pregnant employees

A pregnant employee employed under a continuous contract is protected from dismissal from the date she gives notice of pregnancy to the employer until the expiration of statutory maternity leave.

Dismissal during this period is unlawful, except in cases of summary dismissal for serious misconduct.

An employer who breaches this protection commits a criminal offence and will be liable for maternity leave pay, additional compensation and a possible reinstatement/re-engagement order.

This protection is separate from sex or pregnancy discrimination claims.

Employees on paid statutory sick leave

An employee cannot be dismissed during a period of paid statutory sick leave save with the exception of summary

dismissal for serious misconduct.

An employer who breaches this protection may have committed a criminal offence and will be liable to pay statutory entitlements and potential compensation

Employees injured at work

Where an employee suffers a work injury, under the Employees' Compensation Ordinance (Cap. 282) the employer must not terminate employment before the employee's compensation claim is determined, except with the consent of the Commissioner for Labour.

An employer who breaches this protection commits a criminal offence and may be liable for compensation to the employee.

Employees engaged in trade union activities

An employer must not dismiss an employee by reason of trade union membership or activities. Such dismissal is unlawful and may attract criminal penalties and civil remedies.

15. Are workers who have made disclosures in the public interest (whistleblowers) entitled to any special protection from termination of employment?

Hong Kong does not have a standalone whistleblowing protection law equivalent to the UK Public Interest Disclosure Act. There is no broad statutory right preventing dismissal merely because an employee has made a disclosure in the public interest.

Some limited protection does however, arise in specific contexts.

Protection under the Employment Ordinance

An employer must not dismiss an employee because the employee has given evidence or provided information in proceedings or investigations relating to the EO.

Protection under the Prevention of Bribery Ordinance (Cap. 201)

It is an offence to dismiss (or threaten to dismiss) an employee because the employee has given evidence in proceedings under the Prevention of Bribery Ordinance; or has assisted the ICAC in an investigation.

Protection under anti-discrimination legislation

If a whistleblower is dismissed because they lodged a discrimination complaint, gave evidence in discrimination proceedings; or alleged unlawful discrimination, this may amount to victimisation, which is unlawful under the anti-discrimination ordinances.

16. In the event of financial difficulties, can an employer lawfully terminate an employee's contract of employment and offer re-engagement on new less favourable terms?

Employers facing financial difficulties may lawfully terminate an employee's contract and offer re engagement on new, less favourable terms. Any termination and re engagement is essentially treated as a termination of the existing contract (which must comply with the EO and the contract); and an offer of a new contract on revised terms.

If the termination amounts to redundancy, the employee may be entitled to a statutory severance payment (if employed for at least 24 months under a continuous contract).

However:

- if the employee is offered suitable re employment by the same employer (or an associated company) before termination or within 7 days after termination, and
- the offer takes effect immediately or within a specified statutory timeframe,

the employee may lose entitlement to severance payment if they unreasonably refuse the offer.

If the employer attempts to impose less favourable terms without terminating the contract (i.e. unilaterally varies terms), this may constitute repudiatory breach of contract, giving rise to a claim for constructive dismissal.

Protected Employees

An employer cannot lawfully terminate an employee (even for financial reasons) if the termination breaches statutory protections, such as:

- Pregnant employees or employees on statutory maternity leave
- Employees on paid statutory sick leave
- Employees injured at work (before the employee's compensation claim is determined or without required consent)
- Dismissal by reason of trade union activities

Discrimination risk

If the selection of employees for termination disproportionately affects protected groups (e.g. age, disability, pregnancy), the employer may face discrimination claims under anti-discrimination legislation.

17. What, if any, risks are associated with the use of artificial intelligence in an employer's recruitment or termination decisions? Have any court or tribunal claims been brought regarding an employer's use of AI or automated decision-making in the termination process?

Under Hong Kong law, there is no AI specific employment statute, but the use of artificial intelligence in recruitment or termination decisions engages existing legal frameworks, principally:

- The anti discrimination ordinances
- The Personal Data (Privacy) Ordinance (Cap. 486) (PDPO)
- The Employment Ordinance (Cap. 57)
- Common law principles (e.g. breach of contract, wrongful dismissal)

Accordingly, the legal risks arise from how AI is used, rather than from AI itself. As of now there have been no widely reported Hong Kong court or Labour Tribunal decisions specifically addressing AI-driven dismissal decisions nor is there AI specific case law in the employment context. However, AI is considered an emerging risk area.

The Equal Opportunities Commission and the Privacy Commissioner (among other bodies) have both issued guidance highlighting risks of algorithmic bias and automated decision-making.

18. What financial compensation is required under law or custom to terminate the employment relationship? How is such compensation calculated?

Under Hong Kong employment law, there is no general statutory requirement to pay compensation merely because employment is terminated. Financial payments arise only if triggered by statute, contract, or the manner of termination.

- Notice – the employer must give the required notice; or make payment in lieu of notice.
- Severance payment (redundancy) – a severance payment is required if the employee is dismissed by reason of redundancy; and has been employed under a continuous contract for at least 24 months. Calculation formula:

“Severance Payment"=2/3×"Last full month's wages"×"Years of service"

Wages are capped at the statutory maximum (currently HK$22,500 per month for calculation purposes) and the severance payment is capped at HK$390,000.

Employers may offset severance payments that apply to employment prior to 1 May 2025 against MPF contributions attributable to employer contributions

- Long service payment – if an employee with at least 5 years' continuous service is dismissed (other than for serious misconduct) and the dismissal is not by reason of redundancy, they may be entitled to long service payment.

The calculation formula is the same as severance.

An employee cannot receive both severance payment and long service payment for the same period of service.

- Accrued statutory entitlements – including accrued but untaken annual leave, outstanding wages and any earned contractual ‘end-of-year payment'.

Unreasonable or unlawful dismissal compensation

If dismissal is found to be unreasonable (for employees with 24 or more months' service); or unlawful (e.g. dismissal during pregnancy), the Labour Tribunal may award terminal payments (as above, in so far as they have not already been paid); and additional compensation (in the case of unlawful dismissal, subject to a statutory cap of HK$150,000).

Reinstatement or re-engagement may also be ordered in limited cases.

Contractual payments

The employment contract may provide for enhanced or ex-gratia severance packages and/or payment of bonuses upon termination. These are generally only applicable to senior / strategic employees with high negotiating power.

Larger multinational employers often offer some enhanced payment whether termination arises due to

redundancy, but there is no statutory obligation to do so. Moreover, senior executives often negotiate termination packages beyond statutory minimums.

19. Can an employer reach agreement with a worker on the termination of employment in which the employee validly waives his rights in return for a payment? If yes, in what form, should the agreement be documented? Describe any limitations that apply, including in respect of non-disclosure or confidentiality clauses.

An employer and employee may enter into a mutual termination or settlement agreement under which the employee agrees to waive potential claims in return for payment (often described as an ex gratia payment). Such agreements are common and generally enforceable if,

- The waiver is clear and unambiguous.
- The agreement is entered into voluntarily.
- The agreement cannot exclude criminal liability.

There is no prescribed statutory form, but best practice (and standard practice) is for it to be in writing. For higher enforceability or where there is heighted risk of claims against multiple parties, it is often executed as a deed.

For a waiver to be enforceable, the following must generally be satisfied the employee must receive consideration beyond existing entitlements (and payment of wages already owed is not sufficient consideration).

No admission of liability confidentiality and non-disparagement clauses are common and generally enforceable but cannot prevent reporting of criminal conduct to authorities or restrict lawful cooperation with regulators.

20. Is it possible to restrict a worker from working for competitors after the termination of employment? If yes, describe any relevant requirements or limitations.

Under Hong Kong law, it is possible to restrict a worker from working for competitors after termination of employment by means of a post termination restrictive covenant (e.g. a non compete clause).

However, such restrictions are subject to strict common law principles and are enforceable only if they are reasonable. In this regard, Hong Kong follows traditional English common law principles on restraint of trade, namely:

General legal principle – A post termination restriction is prima facie void as a restraint of trade unless the employer can show that it protects a legitimate business interest; and it is reasonable in scope between the parties and in the public interest. The burden of proof is on the employer.

Legitimate business interests – An employer may only restrain an employee to protect: (i) trade secrets or confidential information; (ii) customer or client connections; and (iii) workforce stability (non poaching of staff).

An employer cannot enforce a non compete clause merely to prevent competition per se.

Reasonableness requirements – the restriction must be reasonable in terms of:

- Duration – typically: (i) 3–6 months (common and more defensible); (ii) 6–12 months (possible for senior employees) and (iii) longer periods will require exemplary justification.
- Geographic scope – Must be limited to areas where the employee had influence or the employer operates. Conceptually such a restriction can be worldwide, but this must be justified.
- Scope of activities – must be limited to activities competing with the employer's business. A blanket ban on working in an entire industry is unlikely to be enforceable, save in exceptional circumstances.
- Seniority of employee – Courts are more willing to enforce restrictions against Senior executives, employees with strong client relationships and/or employees with access to confidential strategic information. Courts are less likely to enforce against junior employees.

Reasonableness is assessed at the time the contract was made — not at termination.

There is no statutory requirement in Hong Kong to pay compensation during the post termination non compete period. However, the absence of compensation may be relevant when assessing reasonableness.

Interaction with garden leave

If an employee has been placed on garden leave during notice that period may be taken into account in assessing reasonableness and courts may consider whether the

total restricted period (garden leave + non compete) is excessive.

Enforcement

If a restriction is breached, the employer may seek an injunction (most common remedy) and/or damages and/or in rare cases an account of profits.

Hong Kong courts will not rewrite an unreasonable covenant, but may sever clearly separable offending wording if the clause is drafted appropriately.

21. Is it possible to restrict a worker from soliciting customers or clients, or employees of the employer, after the termination of employment? If yes, describe any relevant requirements or limitations (including any payments that must be made to the worker for the restriction to be valid and enforceable).

Under Hong Kong law, it is possible to restrict a worker after termination from soliciting or dealing with customers or clients of the employer; and poaching or soliciting the employer's employees. Such clauses are commonly known as:

Non solicitation clauses (customers/clients) – typically prohibits the former employee from soliciting business from clients with whom they had material dealings during a specified period before termination. Such a clause is more likely to be enforceable if limited to: (i) clients the employee personally dealt with; and (ii) there is a defined 'look back' period (e.g. 6–12 months before termination).

Non dealing clauses (customers/clients) – these go further and prohibit a former employee from accepting business from certain clients, even if the client approaches the former employee unsolicited. These are more restrictive than non solicitation clauses and therefore must be carefully limited to be enforceable.

Non poaching clauses (employees) – typically restricts soliciting or inducing employees to leave. Such a clause is more likely to be enforceable where limited to: (i) senior or key employees; and (ii) employees with whom the former employee worked closely. A blanket prohibition on hiring any employee of the employer may be too broad.

The aforementioned are governed by the common law doctrine of restraint of trade and are enforceable only if reasonable (see above).

Non solicitation and non poaching clauses are viewed as less restrictive of trade and generally easier to enforce than non compete clauses. Courts are therefore more willing to uphold them if properly drafted.

22. Can an employer require a worker to keep information relating to the employer confidential after the termination of employment?

Under Hong Kong law, an employer can require a worker to keep certain information confidential after termination of employment. This protection arises from both implied common law duties, an express contractual confidentiality clauses.

Implied duty of confidentiality (even without a clause)

Under common law, employees owe a duty of confidentiality during employment. After termination only trade secrets and highly confidential information remain protected indefinitely.

Express confidentiality clauses

Most employment contracts include express confidentiality provisions. These typically extend the scope of protected information, define "Confidential Information" more broadly and provide for return of documents and data upon termination or demand. Confidentiality obligations commonly extend to electronic files, emails, cloud storage and personal devices containing employer data.

General skill and knowledge are not protected After termination, an employee is generally free to use their experience, acquired skills and general know how.

Remedies for breach

If a former employee breaches confidentiality obligations, the employer may seek: (i) interim or final injunction; (ii) damages; (iii) delivery up / destruction of confidential materials; and (iv) account of profits (in rare cases)

23. Are employers obliged to provide references to new employers if these are requested? If so, what information must the reference include? What duties apply to employers giving references?

Under Hong Kong law, an employer is generally not obliged to provide a reference or employment certificate to a former employee, unless there is a contractual or specific legal obligation to do so.

However, if an employer chooses to give a reference (whether brief or detailed), it owes a duty of care under common law to ensure that it is true and not misleading. An employer may be liable for negligent misstatement if a reference contains inaccurate information and/or omits material facts in a misleading way.

For this reason most employers will restrict references to 'bare references' confirming dates of employment and last job title.

24. What, in your opinion, are the most common difficulties faced by employers in your jurisdiction when terminating employment and how do you consider employers can mitigate these?

In Hong Kong, termination of employment is relatively easy and flexible compared with many jurisdictions, but employers still face the following recurring legal and practical difficulties:

Mischaracterising redundancy – Employers may label a dismissal as "redundancy" when the role continues to exist; or a replacement is hired shortly after termination. Although this can lead to unreasonable dismissal claims (for employees with 24+ months' service), there are rarely any serious or negative financial consequences to the employer.

Failing to identify protected employees – employers sometimes terminate employees who are protected (e.g. pregnant, on paid statutory sick leave, injured at work). Such dismissals may be unlawful and can trigger criminal liability.

Inadequate documentation of performance or misconduct to support summary termination – if a summary termination is challenged by a former employee, the burden is on the employer to justify that the termination was lawful and that the employee's conduct or performance was such that summary termination is was justified. The Labour Tribunal / Courts will expect and employer to provide details proof including (i) written warnings; (ii) investigation records; and (iii) disciplinary / performance hearing notes.

Improper calculation of termination payments – errors often arise in calculating payment in lieu of notice and accrued untaken leave especially with reference to the employee's "average daily wages". Employer also face issues when determining what part of a severance or long service payment may and may not be "set-off" against MPF.

Overly broad restrictive covenants – on compete or non solicitation clauses are often drafted too widely and later found unenforceable.

Increasing use of AI – employer's data (and that of its employees, clients, customers, suppliers etc.) is increasingly being put a risk by employees using authorised and unauthorised AI in the course of their work.

25. Are any legal changes planned that are likely to impact the way employers in your jurisdiction approach termination of employment? If so, please describe what impact you foresee from such changes and how employers can prepare for them?

As at March 2026, Hong Kong does not have any announced reform that would fundamentally change the relatively flexible termination regime (e.g. no move toward mandatory consultation or a general "unfair dismissal" system requiring prior approval).

However, several recent and developing changes are likely to influence how employers approach termination in practice.

Abolition of MPF "offsetting" mechanism (phased implementation) – Hong Kong has legislated to abolish the use of employers' MPF contributions to offset statutory severance payment and long service payment. The abolition took effect on 1 May 2025.

However, it applies only to service accrued after the transition date. A "grandfathering" arrangement applies to pre transition service.

Increasing scrutiny of discrimination and harassment – While no major new anti-discrimination ordinance has been enacted recently, there is growing focus by the EOC on workplace harassment and increasing litigation awareness in discrimination cases.

Data privacy and AI regulation trends – Although Hong Kong has not enacted AI specific employment legislation, regulators (including the Privacy Commissioner) have issued guidance on ethical and responsible AI use; data governance; and transparency in automated decision-making.

Increased focus on family-friendly employment policies – Recent reforms in Hong Kong have expanded statutory maternity leave (previously increased to 14 weeks); and statutory paternity leave entitlements, with their being a

general awareness to continue to promote family friendly workplace policies.

Although not new in 2026, these expansions continue to increase risk of unlawful dismissal claims and sensitivity around termination of employees returning from leave.

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