



# Global Insolvency: 2025 Reflections and 2026 Projections

Hong Kong

February 2026



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# Insolvency Trends in Hong Kong

## Rising Insolvency Rates

In 2025, Hong Kong saw a notable increase in corporate insolvencies, with 589 cases in the eleven months to November. This marks a 45% rise from 2024, adjusted for context. The last time we saw such levels was in 2009, significantly above the 2016–2019 average, underscoring financial strain across various sectors beyond real estate.

## Sector Dynamics

The insolvency landscape in 2025 was influenced by weaker trade flows, higher borrowing costs, and a sluggish consumer recovery. Loans in Hong Kong fell by 2.8% year-on-year in 2024. The tightening credit market, coupled with slower growth in China, added pressure. Retail and hospitality sectors faced ongoing challenges as tourist spending remained inconsistent, and local residents traveled to the mainland on weekends. Logistics businesses felt the strain from reduced regional activity, particularly due to China's slower growth and the impact of US tariffs on Hong Kong's investments.

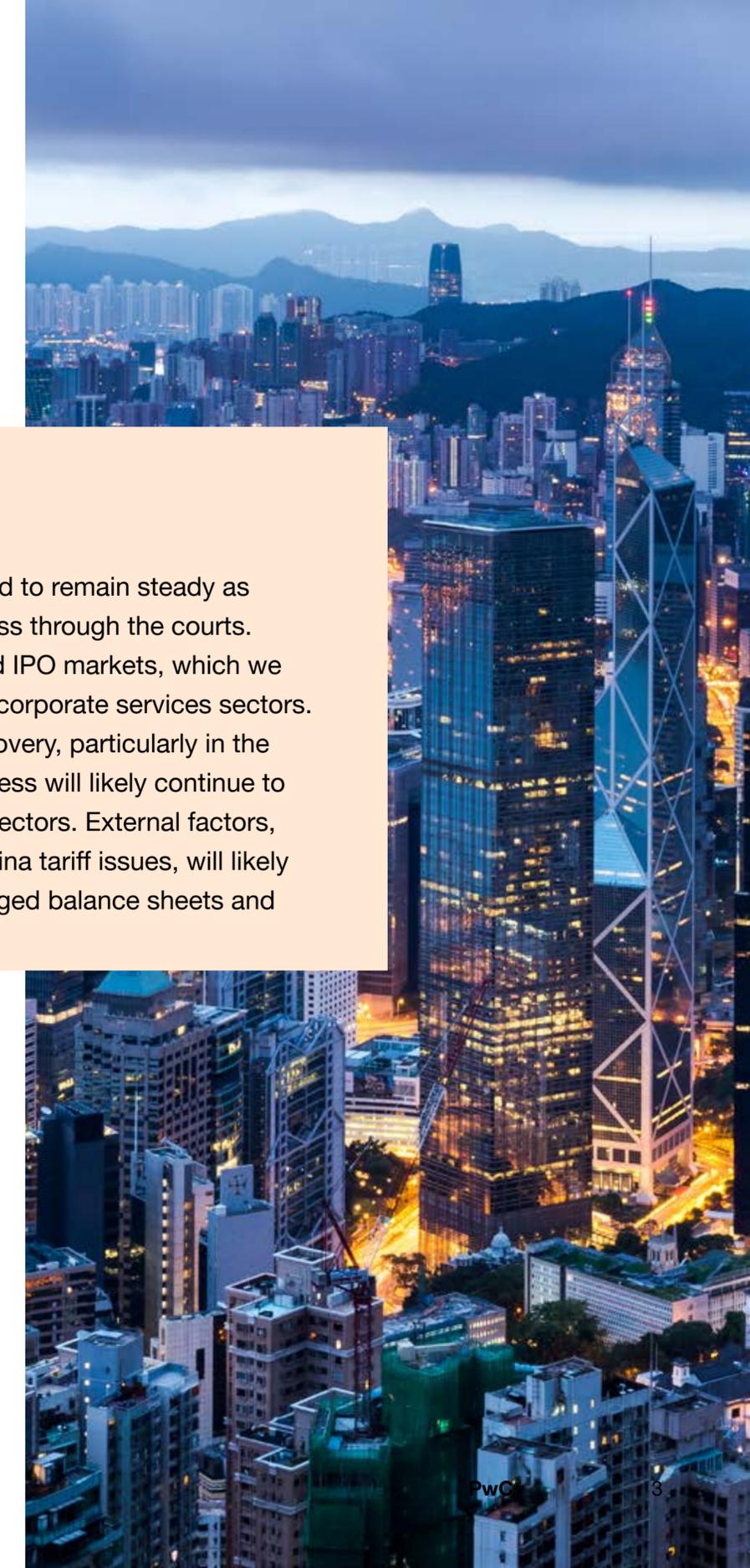
Construction-related businesses struggled with liquidity issues and project delays, while import-export traders dealt with supply-chain disruptions and reduced demand due to global tariff tensions. Yet, technology and digital services remained resilient, buoyed by investments in innovation and cross-border connectivity.

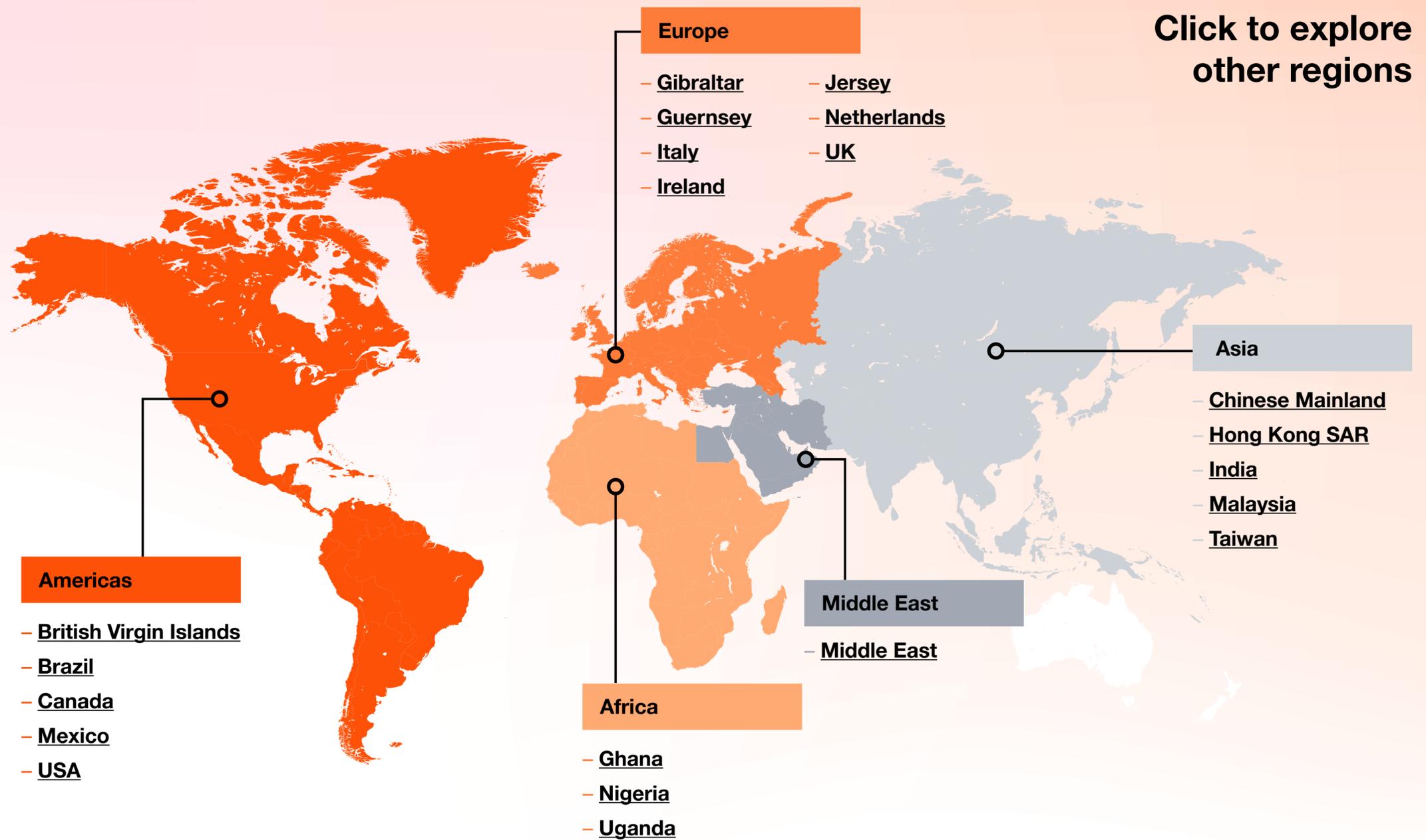
## PwC's Role in Large Insolvencies

Several mid-sized corporate failures occurred in construction and local real estate, reflecting broader market trends. Our Hong Kong team played a key role in restructuring and advisory engagements. Two of our partners were appointed as provisional liquidators for the Paul Y Group, a major construction contractor. We also managed several private receivership engagements, helping creditors enforce and negotiate repayment plans amid uncertain commercial conditions. Beyond insolvency appointments, our team is actively involved in restructuring mandates for local real estate developers.

## Looking Ahead to 2026

As we look to 2026, insolvency levels are expected to remain steady as cases from the challenging 2025 economy progress through the courts. There's a positive shift in Hong Kong's capital and IPO markets, which we anticipate will benefit the food and beverage and corporate services sectors. The property market is showing early signs of recovery, particularly in the residential segment. However, credit market softness will likely continue to pressure the commercial and industrial property sectors. External factors, such as the state of China's economy and US-China tariff issues, will likely maintain pressure on local businesses with leveraged balance sheets and looming debt deadlines.





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## Territory lead



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