



A New Era
Stability
Prosperity
Opportunity



中華人民共和國香港特別行政區
Hong Kong Special Administrative Region
of the People's Republic of China
25th 周年紀念
ANNIVERSARY

Enterprising Hong Kong

Overview

Over the past 25 years, Hong Kong's status as a dynamic business, finance and trading hub has continued to grow. A powerful combination of factors – prime location with close links to the Mainland China market, rule of law, capitalist system, advanced communications, free flow of information and capital, low-and-simple tax regime and level playing field for business – makes Hong Kong a leading international business and financial centre.

A Magnet for Mainland and Overseas Firms

Hong Kong is an ideal place for companies to run their regional and local operations. InvestHK helps overseas and Mainland entrepreneurs, SMEs and multinationals to set up or expand their business in Hong Kong, offering free advice and services, from planning to launch and expansion.

Overseas and Mainland companies in Hong Kong:

- The number of overseas and Mainland companies in Hong Kong increased 10% from 8,225 in 2017 to 9,049 in 2021
- Regional headquarters – 1,457 (2021)
- Regional offices – 2,483 (2021)
- Staff engaged – 473,000 (2021)
- Sectors: Import/export trade, wholesale and retail; financing and banking; professional, business and education services
- Major sources of parent companies: Mainland China, Japan, the United States, the United Kingdom and Singapore.

Start-up Hub

As a leading start-up destination, Hong Kong's start-up ecosystem has seen impressive growth over the past 25 years.

- The city hosts over 3,700 start-ups (2021)
- Support for start-ups: incubators and accelerators; Government funding; and abundant private venture capital

- InvestHK's StartmeupHK initiative promotes Hong Kong as a leading start-up destination, connects entrepreneurs and creates a vibrant ecosystem that draws innovative ventures from around the world to Hong Kong.

Premier Financial Centre

Hong Kong is one of the world's leading financial hubs.

- **World No.3 in the Global Financial Centres Index** (UK-based Z/Yen and China Development Institute from Shenzhen in March 2022)
- World No.3 for foreign direct investment (FDI) inflows and World No.4 for FDI outflows in 2020 (UNCTAD: World Investment Report 2021)
- **World's 6th largest and Asia's 3rd largest stock market** by market capitalisation among exchanges at end-April 2022 (US\$4,797 billion). The Hong Kong stock market recorded an average daily turnover of about US\$21.4 billion in 2021, representing an increase of 28.8% over 2020
- Vibrant IPO activities, raising US\$42.5 billion of funds in 2021, 4th in the world and 2nd in Asia. Continuing to be one of the major listing platforms in the world
- **World No.1 environment for IPO and M&A** (mergers and acquisitions) activity (Global Transactions Forecast 2020 compiled by Baker McKenzie and Oxford Economics)
- **World's second-largest fund raising hub for biotech companies.** As at April 2022, 92 healthcare and biotech companies have listed in Hong Kong, raising HK\$257 billion through IPOs
- A number of major international financial services-related events are held in Hong Kong annually, including the flagship Asian Financial Forum and Hong Kong Fintech Week.

Leading International Banking Centre

Hong Kong's well-capitalised, transparent, stable banking sector follows all the current international banking norms.



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- **Second-largest banking hub in Asia**
- **Around 80 of the world's 100 top banks** operate in Hong Kong
- **Eight virtual banks** operate in Hong Kong
- State-of-the-art financial infrastructure: **real-time gross settlement systems** enable safe and efficient settlement of interbank transfers in Hong Kong dollars, US dollars, Euro and Renminbi; **Faster Payment System** enables round-the-clock real-time fund transfer and payment services across different banks and stored value facilities.

Strong Hong Kong-Mainland Financial Connections

Strong financial connections between Hong Kong and the Mainland further facilitate two-way investment flows, consolidating Hong Kong's position as an **international financial centre and a global offshore Renminbi (RMB) business hub**.

- Shanghai-Hong Kong Stock Connect launched in 2014
- Shenzhen-Hong Kong Stock Connect launched in 2016
- Northbound Trading and Southbound Trading of the Bond Connect scheme, launched in July 2017 and September 2021, respectively
- In October 2021, HKEX launched the MSCI China A-share index futures contract in Hong Kong to further expand the product scope offering in Hong Kong's capital markets, strengthen Hong Kong's offshore Renminbi business and deepen collaboration between the two capital markets, thereby contributing to the further development of the Mainland's capital market towards internationalisation
- A variety of RMB products and services to meet the needs of both local and overseas companies and financial institutions
- Hong Kong is the world's largest offshore RMB business hub (total deposits including certificates of deposit reached RMB808.1 billion at end-March 2022)

- About 75 per cent of the global offshore RMB payments are processed via Hong Kong (2021)
- Average daily turnover of Hong Kong's RMB Real-Time Gross Settlement System reached over RMB1.7 trillion in Q1 2022.

Fintech Hub

Hong Kong has emerged as a leading fintech hub.

- Over 600 fintech companies in Hong Kong; around HK\$14 billion (US\$1.8 billion) raised between 2019 and 2021
- Fintech co-operation agreements signed with a number of jurisdictions, including Brazil, Dubai, France, Poland, Singapore, Switzerland, Thailand and the UK
- Fintech liaison platforms and regulatory sandboxes
- One of the first places to set up a Bank for International Settlements (BIS) Innovation Hub.
- Cyberport and Hong Kong Science Park offer incubation programmes, accelerators and co-working space for fintech enterprises
- Major fintech infrastructure, including Faster Payment System and a blockchain-based "eTradeConnect" trade finance platform.

Asia's Trade Fair Capital

With world-class convention and exhibition facilities, Hong Kong is a premier destination for meetings, incentive travel, conventions and exhibitions. The city typically hosts some of the world's biggest trade shows.

- Hong Kong Electronics Fair
- Hong Kong Fashion Week
- Hong Kong International Jewellery Show
- Hong Kong Toys & Games Fair
- Hong Kong Watch and Clock Fair
- Entertainment Expo Hong Kong.



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New Era of Opportunity

Hong Kong is ready to embrace a new era of opportunities emerging from development of the **Guangdong-Hong Kong-Macao Greater Bay Area** (GBA) and closer integration with the Mainland's economy under the **14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035** (14th Five-Year Plan).

- The GBA is a vibrant city cluster that comprises the Special Administrative Regions (SARs) of Hong Kong and Macao, as well as nine municipalities in Guangdong (Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing)
- The total population in the GBA is over 86 million. Collectively, the GBA represents a vibrant economic force with a GDP of about US\$1.96 trillion (2021)
- The development plan for the GBA emphasises co-ordinated economic development, complementing

the different expertise of each of its 11 member cities. Innovation and technology, advanced manufacturing, high-end services, trade, transport and more will drive the GBA economy

- The 14th Five-Year Plan, a blueprint and action agenda for national development (2021-2025), establishes a clear positioning and direction for Hong Kong's economic development and supports Hong Kong in developing eight international centres comprising both traditional and emerging sectors:
 - ▲ Hong Kong will consolidate its competitive edge by upgrading four “traditional centres” of international finance, transportation, trade, and legal and dispute resolution services in the Asia-Pacific region.
 - ▲ Hong Kong will also develop new advantages by establishing four “emerging centres” – international aviation, international innovation and technology, regional intellectual property trading, and arts and cultural exchanges between China and the rest of the world.

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