



Research Office
Legislative Council Secretariat

Fact Sheet

Hong Kong's advantages and opportunities

FSC15/2024

This **Fact Sheet** provides an overview of Hong Kong's advantages and the opportunities it offers for businesses and talents.

(1) Overview	
Unique advantages	<ul style="list-style-type: none">➤ Hong Kong's success as a world-class city can be attributable to factors including:<ul style="list-style-type: none">(a) prime location – a five-hour flight connects Hong Kong with half the world's population;(b) simple tax system with low tax rates – there are only three major types of taxes (on profits, salaries and property), with corporate profit tax rate capped at 16.5%;(c) legal system – Hong Kong SAR is the only common law jurisdiction in China, supported by strong rule of law and an independent judiciary; and(d) deep talent pool – 5 universities in the global top 100 to nurture local talents and an open immigration regime to attract talents from outside Hong Kong.
Opportunities for investors and businesses	<ul style="list-style-type: none">➤ Hong Kong offers a wealth of opportunities:<ul style="list-style-type: none">(a) as one of the top four global financial centres, Hong Kong's financial services provide breadth and depth in investment and fund raising options;(b) an innovation and technology ("I&T") hub – vibrant I&T clusters and facilities are nurturing innovative start-ups;(c) an international logistics, transport and supply chain management centre – with the world's busiest cargo airport and a shipping network reaching over 400 destinations; and(d) gateway to the Mainland in general and to the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") in particular. GBA is an economic powerhouse with over 86 million customers and an annual gross domestic product of about US\$1.9 trillion.

(2) Attractiveness to enterprises and talents	
Enterprises	<ul style="list-style-type: none"> ➤ Mainland and overseas companies operated a total of 9 039 offices in Hong Kong in mid-2023, among which over 1 300 operated as Regional Headquarters. ➤ The Office for Attracting Strategic Enterprises (OASES, 引進重點企業辦公室) offers tailor-made plans for strategic enterprises to enter/expand in Hong Kong, with measures covering land, financing, tax and investment. 50 or so strategic enterprises have started/expanded businesses in Hong Kong (or planned to do so), leading to total investment of HK\$40 billion (US\$5 billion).
Talents	<ul style="list-style-type: none"> ➤ After the return to normalcy post COVID, 90 000 skilled persons arrived in or returned to Hong Kong in 2023 via various talent admission schemes, far exceeding the Government’s annual target of at least 35 000 talents. ➤ Under the Top Talent Pass Scheme (“TTPS” 高端人才通行證計劃), both (a) aspiring talents graduated from over 180 top global universities and (b) seasoned professionals with annual salaries over HK\$2.5 million (US\$320,000) can pursue their careers in Hong Kong without the need to first secure employment here. Over 43 000 successful TTPS applicants have already arrived in Hong Kong since the scheme was launched in December 2022.
(3) Contributing to global and regional cooperation initiatives	
Contributing to global and regional cooperation initiatives	<ul style="list-style-type: none"> • The National 14th Five-Year Plan supports Hong Kong’s development into the premier international centres for eight sectors (viz. finance, trade, aviation, shipping, I&T, intellectual property trading, legal and dispute resolution, and culture). • Hong Kong’s advantages as reflected in these “Eight Centres” (see Appendix 1 for details) can contribute significantly in a wide range of areas in global and regional cooperation initiatives. These can range from project finance, tackling volatile financial conditions, and dealing with evolving supply chain, to adopting innovation and emerging technologies, resolving cross-boundary business and trade disputes, and strengthening people-to-people bonds. • Hong Kong is already an active participant, contributor and beneficiary of the Belt and Road Initiative (BRI), and can play similar roles in other cooperation initiatives such as the Regional Comprehensive Economic Partnership (RCEP).

(4) Fostering business-to-business and people-to-people ties¹	
Fostering business-to-business ties: as a convention and exhibition hub	<ul style="list-style-type: none"> • Before the pandemic, Hong Kong hosted (a) 160 large-scale international exhibitions annually (10 of them were the largest global/Asian sourcing platforms covering electronics, jewellery, gifts, watches and clocks, etc.); and (b) 250 large-scale international conventions. • The industry assesses that convention and exhibition activities have returned to 70%-80% of pre-pandemic levels by early 2024, as traders globally are taking full advantage of Hong Kong's role as an international trade centre, a super value-adder, and a super connector between the Mainland and the rest of the world.
Fostering people-to-people ties: as a top tourist destination	<ul style="list-style-type: none"> • Hong Kong is a city of colour and contrast, with a unique blend of East and West; old and new; high-end shopping malls and street bazaars; ancient Chinese temples and towering skyscrapers; heritage sites and mega events. • Hong Kong received 11 million tourists in the first quarter of 2024, up 154% from a year earlier. It also represented the third consecutive quarter of having over 10 million tourists arriving in Hong Kong. • Visitors from ASEAN member states proved to be one of the bright spots in the tourism recovery. In 2023, arrivals of ASEAN visitors amounted to about 2.2 million, or about 30% of non-Mainland visitors. Since cross-boundary tourism resumed, the number of visitors from ASEAN has recovered to 73% of the average of the same period in 2017 and 2018, significantly higher than the recovery rate of overall visitors in the same period.

¹ Please see **Appendix 2** for details on the convention and exhibition sector and the tourism sector as well as selected support measures to these sectors.

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5 May 2024
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Overview of the “Eight Centres”**(1) Premier international financial centre**

- Hong Kong is among the world’s top 4 Global Financial Centres according to Global Financial Centres Index released in March 2024. As of end-February 2024, **73 of the world’s top 100 banks** and **11 of the top 20 insurance companies operate in Hong Kong**.
- Hong Kong is also:
 - **Asia’s prime asset and wealth management centre**, managing close to US\$4 trillion of assets in 2022, two-thirds of which came from outside Hong Kong;
 - **the largest offshore Renminbi pool** handling about 80% of the global Renminbi settlements; and
 - **the world’s second largest centre for arranging Asian international bonds** in 2023, after topping the annual rankings during 2016 to 2022.
- Hong Kong Stock Exchange is the world’s 8th largest and Asia’s 5th largest stock market by market capitalization at end-March 2024 (US\$3.8 trillion). The stock exchange also topped annual world rankings in initial public offering funds raised 7 times in the past 15 years.
- **Green and sustainable finance, infrastructure finance and financial technologies** are some other emerging segments in our financial sector.
- Hong Kong is also the preeminent choice for **wealthy families to base their family offices**. To attract and maintain global family offices and asset owners, amendments to relevant tax rules were passed by the Legislative Council (“LegCo”) in May 2023 and came into operation in the same month to **provide profits tax concessions** for eligible Family-owned Investment Holding Vehicles (家族投資控權工具) managed by eligible Single Family Offices (單一家族辦公室) in Hong Kong and Family-owned Special Purpose Entities (家族特定目的實體). Reportedly, more than 2 700 family offices are now operating in Hong Kong.

(2) International trade centre

- Hong Kong, using the name “Hong Kong, China”, has been **participating as a separate member in international trade organisations** such as the World Trade Organization (“WTO” 世界貿易組織) and Asia Pacific Economic Co-operation (“APEC” 亞太區經濟合作組織). We are also a founding member of the WTO, being a staunch supporter of free trade.
- Hong Kong has **signed Free Trade Agreements (自由貿易協定) with 20 economies** and Investment Promotion and Protection Agreements (促進和保護投資協定) with 33 economies.
- Through **Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA 內地與香港關於建立更緊密經貿關係的安排)**, Hong Kong provides tariff-free access to the Mainland market and enhances access for service suppliers (including wholly-owned foreign enterprises fulfilling the relevant criteria).

(3) International aviation hub

- Hong Kong is in the heart of Asia: from Hong Kong International Airport (“HKIA”), air travellers can reach most major Asian cities within four hours, while a five-hour flight connects Hong Kong with half the world’s population.
- HKIA has been **the world’s busiest international cargo airport** in 9 out of the past 10 years (including 2021 to 2023).
- The **Third Runway System**, upon full commissioning in 2024, will facilitate HKIA to handle around 120 million passengers and 10 million tonnes of cargo in 2035.
- HKIA was connected to around 220 destinations in the globe by about 120 airlines before the pandemic. Flight capacity and connections are gradually returning.

(4) International shipping centre

- Hong Kong **ranked fourth globally** in the 2023 Xinhua-Baltic International Shipping Centre Development Index Report, which rates **international maritime centres** by port factors, shipping services and business environment.
- Hong Kong Port currently provides over 240 international container vessel sailings to over 460 destinations worldwide.
- The Hong Kong Shipping Register ranked fourth globally in terms of gross tonnage, as over 11% of the deadweight tonnage of the world's merchant fleet is owned or managed by Hong Kong ship owners.
- Regarding value-added maritime services, the International Union of Marine Insurance has established its Asian hub in Hong Kong, while the **Baltic and International Maritime Council** ("BIMCO") has published BIMCO Law & Arbitration Clause 2020 to **include Hong Kong as the 4th named arbitration venue**, alongside London, New York and Singapore.

(5) International innovation and technology centre

- The **Hong Kong Innovation and Technology Development Blueprint**, promulgated in December 2022, highlighted four broad development directions, namely: (1) enhance the I&T ecosystem and promote "new industrialization"; (2) enlarge the I&T talent pool; (3) promote digital economy/smart city development; and (4) integrate into the development of our country and consolidate Hong Kong's role as a bridge connecting the Mainland and the world.
- **Many world-class I&T institutes have already established a base in Hong Kong**, including the US' Massachusetts Institute of Technology and Cornell University's College of Veterinary Medicine, Sweden's Karolinska Institutet, and Germany's Fraunhofer Institute for Production Technology.
- The HK\$5 billion (US\$640 million) **Strategic Tech Fund** will **identify technology enterprises of strategic value** to Hong Kong as well as investment opportunities conducive to enriching the I&T ecosystem. The Government will also allocate **HK\$10 billion (US\$1.3 billion)** to support **commercialization of research outcomes of local universities**.

(5) International innovation and technology centre (Cont'd)

- The 2024-2025 Budget further earmarked **HK\$6 billion (US\$770 million) for local universities to set up life and health technology research institutes**, with a view to fostering cross-university, cross-institutional and multi-disciplinary cooperation.
- The first phase of the **Artificial Intelligence (“AI”) Supercomputing Centre** (人工智能超算中心) will start operating as early as 2024, and the Government will allocate HK\$3 billion (US\$385 million) to support local universities, research and development (“R&D”) institutes and enterprises to leverage its computing power
- On top of facilities such as Science Park (科學園) and Cyberport (數碼港), the **San Tin Technopole (新田科技城)** now being planned is capable of accommodating 7 million square meters of gross floor space on 300 hectares of land. **Hong Kong-Shenzhen Innovation and Technology Park in the Loop** (河套區港深創新及科技園) is another I&T keystone project, with the first 2 phases providing a combined 1.2 million square meters (more than half of that will be dedicated to R&D purposes).

(6) East-meets-West centre for international cultural exchange

- **West Kowloon Cultural District (“WKCD” 西九文化區)** is one of the world’s largest cultural projects, spanning 40 hectares along the shore of Victoria Harbour. Its major arts and cultural facilities include: the Hong Kong Palace Museum (香港故宮文化博物館, showcases most delicate objects from Palace Museum and other leading cultural institutions around the world); M+ (a museum of contemporary visual culture collections); and Xiqu Centre (戲曲中心, preserves, promotes and develops the art of Chinese traditional theatre).
- In respect of visual arts and creative industries, **Art Basel Hong Kong (巴塞爾藝術展香港展會)** and the **Business of Design Week (設計營商周)** held annually are acclaimed internationally. In 2021, Hong Kong has emerged as **one of the world’s largest art trading centres**, alongside New York and London.
- **Mega Arts and Cultural Events Fund (文化藝術盛事基金)** has been set up to target mega arts and cultural events in Hong Kong, with a view to developing Hong Kong into an arts and cultural metropolis.

(7) Centre for international legal and dispute resolution services in Asia-Pacific

- Hong Kong is **the third most preferred seat globally for arbitration** according to the International Arbitration Survey 2021 by Queen Mary University of London.
- **Arbitral awards made in Hong Kong**, apart from being enforceable internationally, can be recognized and **enforced in the Mainland**. This makes Hong Kong the first seat of arbitration outside the Mainland where parties are able to apply directly to Mainland courts for interim measures.
- To further fortify Hong Kong's position as a "capital" for mediation in the world, **Headquarters of the International Organization for Mediation** ("IOMed" 國際調解院) is expected to start operating **in Hong Kong** in 2025. The IOMed will become the first and only international inter-governmental organization specializing in mediation for resolution of international disputes. The IOMed headquarters will help attract dispute parties, mediators, lawyers and other professionals to Hong Kong.
- Hong Kong's eBRAM International Online Dispute Resolution Centre (一邦國際仲調), a homegrown online dispute resolution ("ODR") service provider, was listed by the APEC as one of the first batch of ODR service providers.

(8) Regional intellectual property trading centre

- Hong Kong ranks 12th globally in the "intellectual property ("IP") rights" category in the International Institute for Management Development's 2023 World Competitiveness Yearbook.
- To encourage industrial and R&D sectors, creative industries and IP users to engage in more IP trading activities, the Government introduced the relevant legislation into LegCo to set up a **"patent box" ("專利盒") regime to cut the tax rate on qualifying profits derived from eligible IP from the normal level of 16.5% to 5%**. LegCo is now studying the legislative amendments.
- To continue enlarging the talent pool, the Government targets to provide IP training for 5 000 personnel across different industries within the current-term and enhance the substantive examination capability of patent examiners by acquiring institutional autonomy in conducting substantive patent examination by 2030.

Background of and selected support measures to the convention and exhibition sector and the tourism sector

(1) Background

- For **business travellers**, Hong Kong attracted **1.69 million overnight MICE (meeting, incentives, conventions and exhibitions) visitors back in 2019 (i.e. pre-pandemic)**, with a per capita consumption of some HK\$7,200 (i.e. a total spending of HK\$12.2 billion from this segment of visitors).
- For **leisure visitors**, Hong Kong also has a wide range of attraction including:
 - Hong Kong ranked **5th in terms of locations with the most Michelin stars worldwide** in the 2023 edition of the MICHELIN Guide, featuring 78 Michelin-starred restaurants in Hong Kong;
 - for **nature enthusiast**, Hong Kong has 24 country parks, 22 special areas and 7 marine parks together accounted for about 40% of its land mass, and many of these scenic points are easily accessible; the 100-km MacLehose Trail (麥理浩徑), moreover, was listed on NatGeo's World's Best Hikes: 20 Dream Trails; and
 - there are **134 declared monuments (法定古蹟)** in Hong Kong, including historic buildings, ancient forts, rock carvings and archaeological sites.

(2) Support measures

- **Regarding convention and exhibition ("C&E") facilities**, the Government is putting priority to pursue expansion of facilities in proximity to the existing Hong Kong Convention and Exhibition Centre and Asia World-Expo. Two expansion projects below will together **increase the large-scale C&E space in Hong Kong by more than 40%** (from the existing 158 000 m² to over 220 000 m²):

(2) Support measures (Cont'd)

- in **Wan Chai North**, the Government will redevelop the sites of the Wan Chai Government Offices Compound, Gloucester Road Garden and the Kong Wan Fire Station into an additional 30 000 m² of C&E facilities; and
 - the **phase 2 expansion of Asia World-Expo** will provide an additional 33 600 m² of C&E spaces, and a **multi-purpose indoor arena with a seating capacity of over 20 000 people**.
- The HK\$1.4 billion (US\$180 million) Incentive Scheme for Recurrent Exhibitions (定期展覽獎勵計劃) was also launched in July 2023 for three years **to attract exhibitions to be recurrently staged in Hong Kong, providing incentives to over 200 exhibitions**.
- On **tourism products and mega events**, the Government and the industry will strive to develop more diversified offerings to attract more overnight and high value-added visitors and tap newer markets, with themes ranging from seasonal and mega events to pop culture and sports. For example:
- the Government allocated about HK\$600 million (US\$77 million) for a three-year **Cultural and Heritage Sites Local Tour Incentive Scheme** (文化古蹟本地遊鼓勵計劃) to encourage the tourism industry to develop products with cultural and heritage elements;
 - Hong Kong will **host 150 mega events throughout 2024**, including Art Basel Hong Kong (巴塞爾藝術展香港展會) and Hong Kong Sevens (香港國際七人欖球賽) that have already taken place and Hong Kong International Dragon Boat Races (香港國際龍舟邀請賽) and Hong Kong Wine & Dine (香港美酒佳餚巡禮) to be held in the coming months; and
 - the 2024-2025 Budget also earmark HK\$100 million (US\$13 million) to **boost mega-event promotions over next three years**.

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Note: [^] Internet resources listed in this section were accessed in May 2024.