

We use cookies to make your connection secure and make statistics about the number of visits. In order to get more information about cookies and find out how to refuse them, [visit our cookie policy page](#).

[Cookies settings](#)

REQUIRED ONLY

ACCEPT  
ALL

INVEST

FOREIGN DIRECT INVESTMENT

According to the [World Investment Report 2023](#) released by UNCTAD, Hong Kong received USD 117.7 billion in FDI in 2022, down by 16% compared to the USD 140.1 billion recorded one year earlier. Despite the decrease, Hong Kong was the fourth receiver worldwide. At the end of the same year, the total stock of FDI stood at USD 2.09 trillion, around 579.1% of the country’s GDP. Examining the primary sources of investment, the British Virgin Islands and mainland China are Hong Kong's top contributors to inward direct investment, accounting for 30.9% and 30% respectively of the stock at the end of 2022. Regarding the major economic activities of Hong Kong enterprise groups receiving FDI, those involved in investment and holding, real estate, and professional services held the largest share, totaling 65.4%, followed by banking at 13%, while import/export, wholesale, and retail trade comprised 10.9% (data Census and Statistics Department). According to the same source, 3,647 overseas companies had regional operations registered in Hong Kong as of 2023.

With advanced institutions and regulatory systems, Hong Kong's economy thrives on competitive sectors such as finance, professional services, trade, logistics, and tourism. Hong Kong maintains equality in law and practice between investments by foreign-controlled and local companies. Foreign entities can establish operations, register foreign branches, and set up representative offices in Hong Kong without facing discrimination or excessive regulation. Ownership of these operations faces no restrictions. Hong Kong generally adheres to a free-market philosophy with minimal government intervention in economic matters. Capital gains remain untaxed, and there are no withholding taxes imposed on dividends and royalties. Moreover, profits are freely convertible and can be remitted without restrictions. On the other hand, factors potentially impeding FDI in Hong Kong include the lack of innovation and diversification in the economy, vulnerability to slowdowns in mainland China, disparities in business cycles between the United States and China due to the HKD-USD peg, risks within the real estate sector, particularly concerning housing affordability, and the upward trend in income inequality. Overall, Hong Kong has an excellent business climate, and it ranks 17th among the 132 economies on the [Global Innovation Index 2023](#) and 14th out of 180 countries on the [2023 Corruption Perception Index](#).

Foreign Direct Investment	2020	2021	2022
<b>FDI Inward Flow</b> <i>(million USD)</i>	134,710	140,186	117,725
<b>FDI Stock</b> <i>(million USD)</i>	1,851,464	1,957,365	2,090,558
<b>Number of Greenfield Investments*</b>	88	101	113
<b>Value of Greenfield Investments (million USD)</b>	2,286	3,850	2,917

Source: UNCTAD - Latest available data.

Note: \* Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Hong Kong SAR, China	East Asia & Pacific	United States	Germany
<b>Index of Transaction Transparency*</b>	10.0	5.9	7.0	5.0

Country Comparison For the Protection of Investors	Hong Kong SAR, China	East Asia & Pacific	United States	Germany
<b>Index of Manager's Responsibility**</b>	8.0	5.2	9.0	5.0
<b>Index of Shareholders' Power***</b>	9.0	6.7	9.0	5.0

Source: Doing Business - Latest available data.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

## WHAT TO CONSIDER IF YOU INVEST IN HONG KONG SAR, CHINA

### Strong Points

Hong Kong is an international leader in terms of international trade, a services centre with high added value and the bridgehead to one of the largest production bases in the world, China. Hong Kong has a sound economy and a stable and efficient financial and banking system. Key strong points for FDI in Hong Kong include:

- Favourable tax measures
- The transparency of local institutions
- Freedom of information
- Availability of qualified human resources
- Its advantageous geographical location in Asia

### Weak Points

Disadvantages for FDI in Hong-Kong include:

- High cost of property and work space (offices, shops, etc.)
- High cost of salaries, compared to other Asian countries such as Mainland China and India
- The excessive importance of the financial sector in national economy

### Government Measures to Motivate or Restrict FDI

Hong Kong is a free territory for investments, which are in fact encouraged by the government with a favourable taxation policy and light legislation. Foreign companies can be set up freely, register their brands and the director of the company doesn't have to be a citizen nor a resident of Hong Kong. The government has also put in place numerous initiatives to support business innovation.

## INVESTMENT OPPORTUNITIES

### The Key Sectors of the National Economy

The service sector has a very significant role in the economy of Hong Kong (89% of GDP).

Business services, retail, information and communication technologies, electronics and biotechnology, tourism and transportation are sectors that, in addition to being already highly established, have strong potential.

## High Potential Sectors

In order to pursue economic development towards greater diversification, the government has set priorities for development: medicine (assistance to the disabled and the elderly), education, environmental technologies, tourism and innovative services are thus sectors with strong development potential.

## Privatization Programmes

Private companies already operate all major utilities in Hong Kong under an agreement framework with the local government, except for water.

## Tenders, Projects and Public Procurement

[HK Government](#), Trace E-Gov

[Tenders Info](#), Tenders in Hong Kong

[DgMarket](#), Tenders Worldwide

## Sectors Where Investment Opportunities Are Fewer

### Monopolistic Sectors

There are only two electricity suppliers: Hongkong Electric and China Light and Power; while Towngas is the country's only gas supplier.

### Sectors in Decline

Hong Kong is an economy based on services, thus the manufacturing sector's contribution to GDP has always been modest and has been decreasing in recent years.

The tourism sector has been suffering in 2019 due to sustained political protests, and the situation worsened in 2020 and 2021 amid the COVID-19 pandemic.

## Finding Assistance For Further Information

### Investment Aid Agency

[InvestHK](#) (Director-General of Investment Promotion, The Government of Hong Kong Special Administrative Region)

### Other Useful Resources

[An Introduction to Doing Business in Hong Kong 2021](#) (China Briefing)

[GovHK](#) (one-stop portal of the Hong Kong Special Administrative Region Government)

### Doing Business Guides

[World Bank's Doing Business - Hong Kong](#)