



**2024**

**BUSINESS SENTIMENT SURVEY**

**FINDINGS REPORT  
JANUARY 2024**



# FOREWORD

This 2024 version of the AmCham Business Sentiment Survey was conducted in the last few weeks of 2023. The Survey was distributed to the senior representative of each company member of AmCham, and the total number was 522, of which 136 members filled out the Survey, a response rate of 25%.

The 2024 Survey was revamped from the prior year. Key questions were kept for comparison purposes, but some wording was sharpened to eliminate ambiguity. Other questions were deleted, and new ones were added to reflect the latest developments in Hong Kong's economy.

With a more targeted response audience, clearer and more focused questions, and a good response rate, we consider this 2024 Survey to be useful and representative of AmCham members' views on the business environment in Hong Kong. Although results from any survey are not exact and should be used for reference only, these views inform our work on behalf of our members, whether in programming or in advocacy.

We thank all the members who did take the time to participate in the Survey and shared their sentiment of Hong Kong's current and future business environment.

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# EXECUTIVE SUMMARY

AmCham Hong Kong members ranked tensions in U.S.-China relations, overseas public perceptions of Hong Kong, and the slow Chinese economy as their top three business challenges in the year 2024. Those concerns, and Hong Kong's slower economic recovery, caused 26% of respondents to report they were pessimistic about the business outlook for the next 12 months. 74% of respondents, however, were either neutral (40%) or optimistic (34%) toward Hong Kong's business conditions in 2024.

- Members reported that U.S.-China relations were their top concern in the coming year. 21% of respondents expected relations to deteriorate in 2024, 56% expected relations to remain the same, while 22% anticipated relations will improve. Almost all companies (97%) reported that a positive bilateral relationship is important to their business in Hong Kong and China.
- When asked about the impact of U.S. policies restricting American business investments in China, 50% of members noted there is a global business impact overall, 29% said it had caused a pause in future investments in China, and 23% would reconsider their long-term China business operations.
- 96% of respondents noted Hong Kong's business environment in the past 12 months was fair (37%), good (31%), very good (26%) or excellent (2%). 81% of respondents recorded the same or an increase in revenue in 2023 compared to 2022.
- 60% remained cautious in expanding their business, and 56% planned no change in hiring.
- Companies reported that foreign business were still largely welcomed in Hong Kong. 68% viewed the Hong Kong Government as effective in responding to business concerns and opportunities.
- 78% of respondents had no plans to move their regional headquarters away from Hong Kong in the next three years.
- In terms of its position as an international business hub, 76% of respondents viewed Hong Kong as highly competitive or competitive thanks to its attributes: international connectivity, free flow of capital, a low and simple tax system, legal and regulatory system, free flow of information/data, gateway in and out of China, as well as infrastructure and transportation links.
- However, the cost of living (including housing), cost of doing business, and talent availability were the top business factors that hurt Hong Kong's competitiveness.
- 41% of respondents said the availability of qualified staff in Hong Kong had decreased in the past year. Companies continued to face HR challenges such as a decreasing talent pool, rising salary and wage expenses, and difficulty hiring and retaining local talent.
- More companies were confident in Hong Kong's rule of law than in previous years. 69% said their operations had not been negatively impacted by the National Security Law. For those who were negatively impacted, 65% said the effects were indirect, consistent with last year's survey.
- Despite the government's commitment to supporting financial services, there was a mixed picture of Hong Kong's regional competitiveness in the industry, due to the slowdown of capital market activities in Hong Kong, geopolitical tensions between the U.S. and China, and a limited regulatory governance framework on virtual assets.
- Despite the potential opportunities, companies were hesitant to expand their operations to the Greater Bay Area (GBA) due to policy and regulatory uncertainty and a lack of policy coordination between GBA governments, as well as local competition.



# RESEARCH DETAILS & DEMOGRAPHICS



## Target group

AmCham members in Hong Kong, specifically the senior representative of each AmCham company member.



## Methodology

Online survey. The questionnaire was designed and run by AmCham.



## Sample size

The survey was sent to 522 executives of corporate members from a wide range of business sectors. The survey had a response rate of around 25%, from 136 companies. The survey is filled by mainly business decision makers of the organization. 35% of participating companies had global revenues of over US\$1B.



## Survey Timing

November 10 – December 29, 2023



## Other Remarks

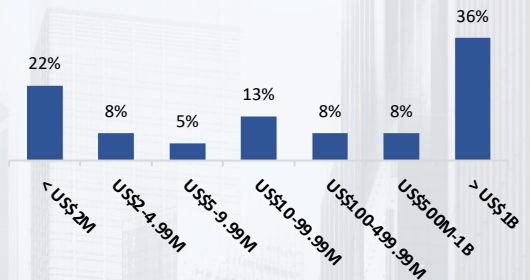
Percentages may not total 100 due to rounding.



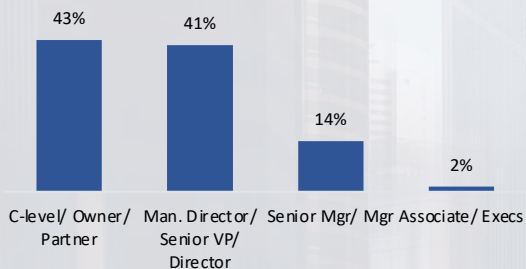
## ROLE OF HONG KONG OFFICE



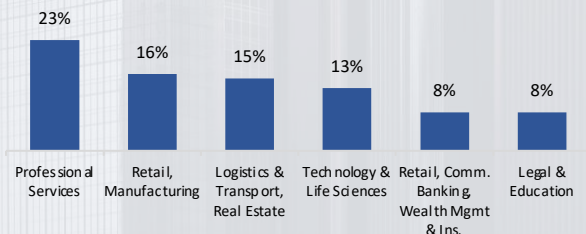
## GLOBAL REVENUE IN 2023



## POSITION



## SECTOR

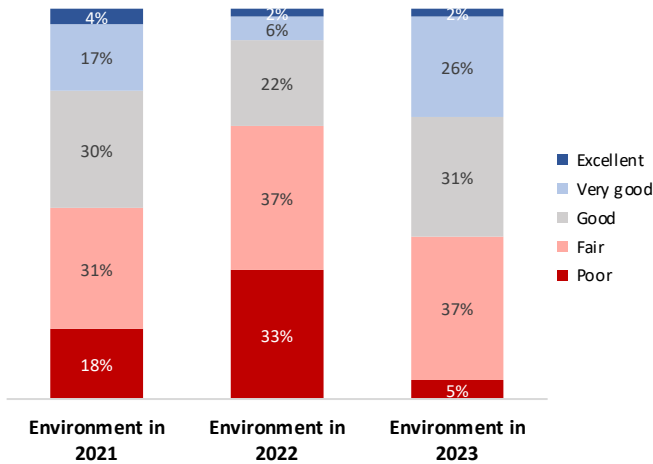




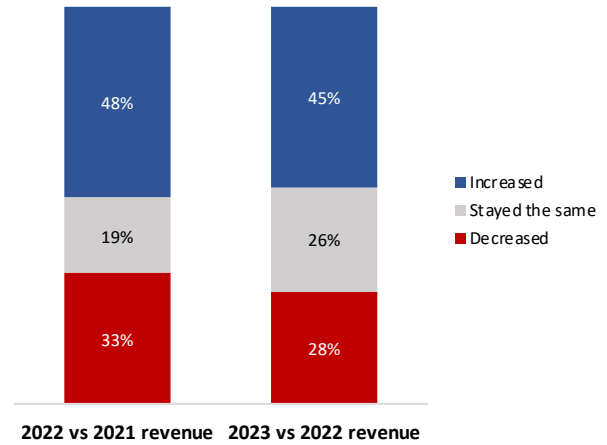
# HONG KONG BUSINESS & INVESTMENT OUTLOOK

Companies viewed Hong Kong's business environment in 2023 as more positive than in 2022, and more businesses reported the same or increased revenues compared to the previous year. Fewer members (5%) reported the environment in 2023 was poor, compared with 33% in 2022.

**Fig 5A. What is your/your company's assessment of Hong Kong's business environment over the past 12 months?**

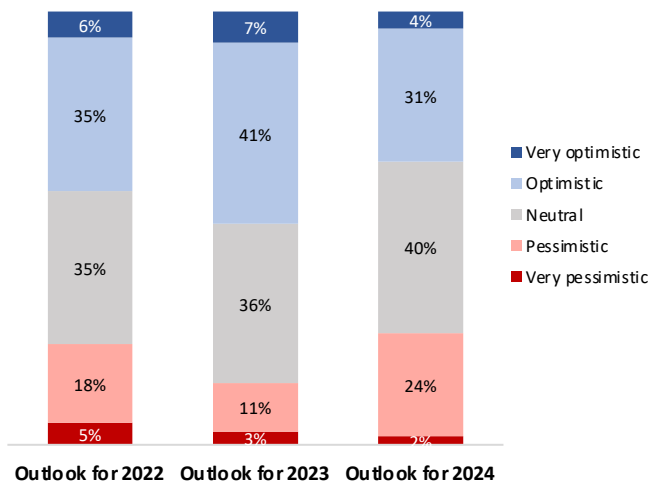


**Fig 5B. Change in revenue (vs. a year ago)**

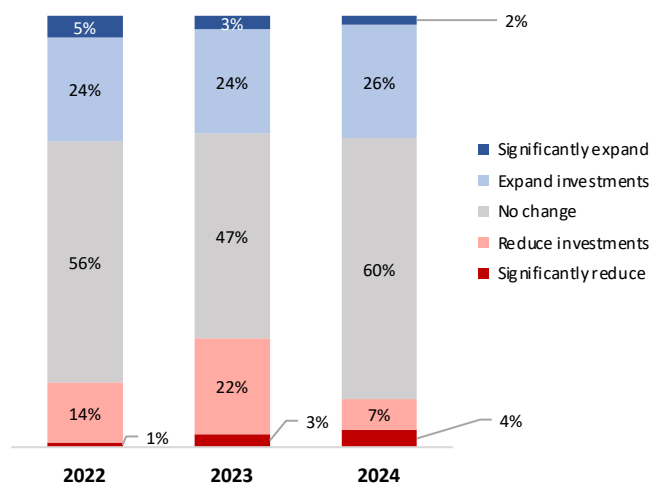


Looking ahead to the 2024 business outlook, more companies were pessimistic (26%) than last year, and fewer were optimistic (35%), while more were neutral (40%) towards the business environment in the next 12 months. The majority (close to 60%) had no change to strategy for their company's investment plans in Hong Kong in the next two years, while 28% planned to expand.

**Fig 5C. Business outlook for next 12 months**



**Fig 5D. Investment plans for next 2 years**





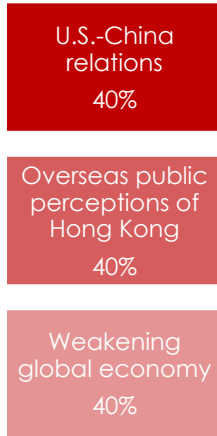
## BUSINESS CHALLENGES

Members ranked **tensions in the US-China relationship, slowing Chinese economy, and overseas public perceptions of Hong Kong** as the most prominent business challenges in the coming 12 months.

**Fig 6A. Top Business Challenges in 2022**



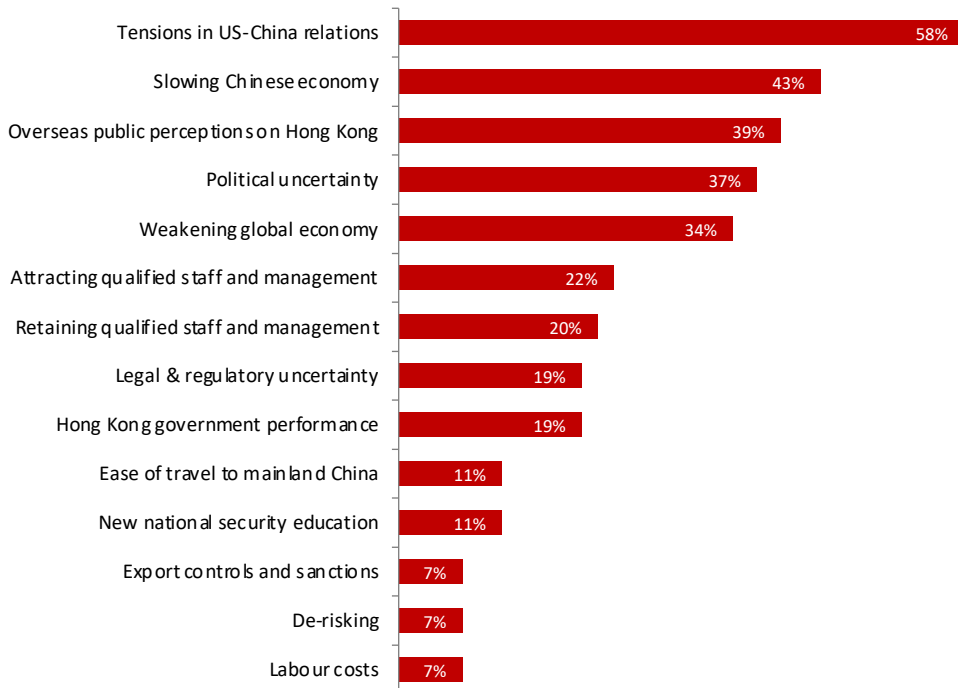
**Fig 6B. Top Business Challenges in 2023**



**Fig 6C. Top Business Challenges in 2024**



**Fig 6D. What are Hong Kong's top business challenges over the coming 12 months?**

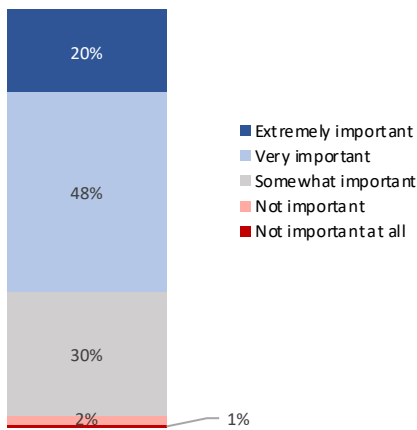




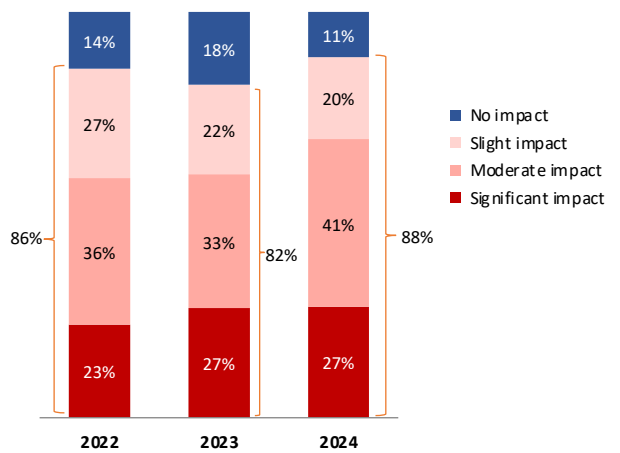
# U.S.-CHINA RELATIONS

Almost all companies (97%) agreed that positive U.S.-China relations are important to their businesses in Hong Kong and China. 88% reported U.S.-China relations had an impact on their business in the past 3 years, including: general uncertainty in outlook, departure of foreign nationals, and negative foreign media reporting on Hong Kong. Nevertheless, 22% expected U.S.-China relations will improve in the next 12 months, 56% expected relations will stay the same, and 21% anticipated deterioration in relations.

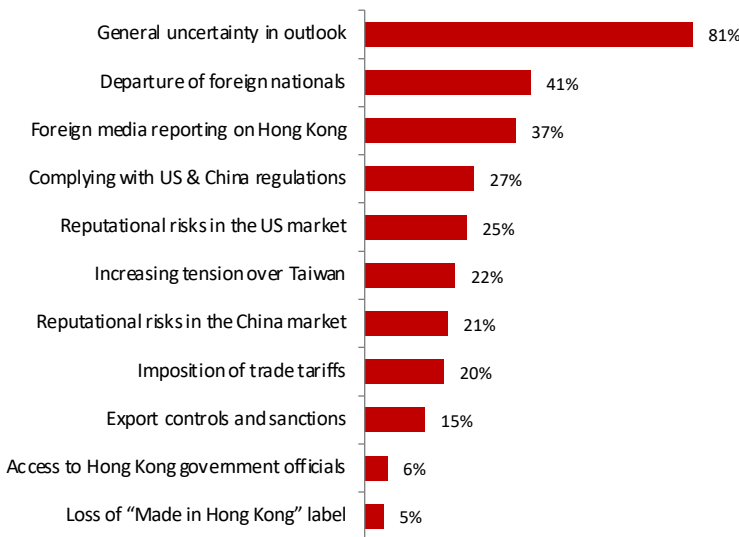
**Fig 7A. How important are positive U.S.-China relations to your business in Hong Kong and China?**



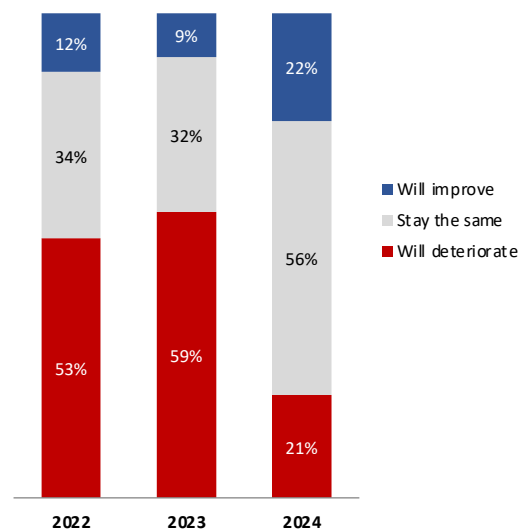
**Fig 7B. Have U.S.-China relations had an impact on your company's business in the past three years?**



**Fig 7C. How has U.S.-China relations impacted your business?**



**Fig 7D. How do you believe the U.S.-China relations will go in the next 12 months?**

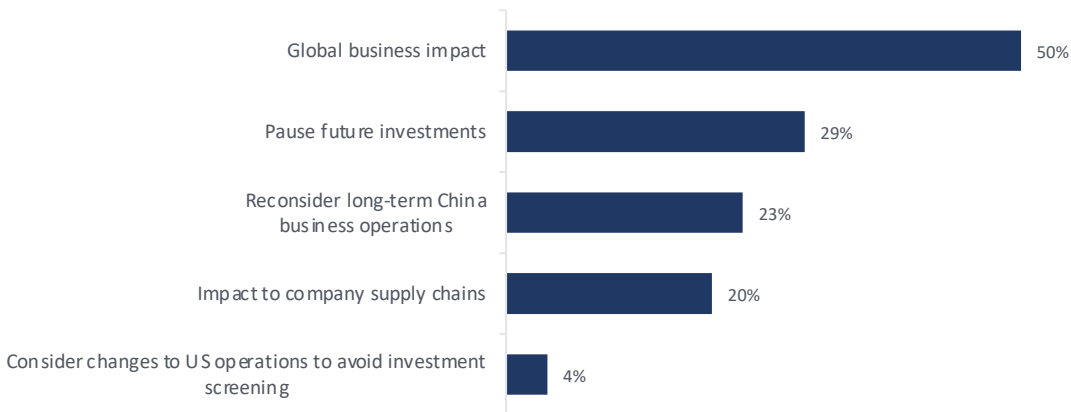




## U.S.-CHINA RELATIONSHIP

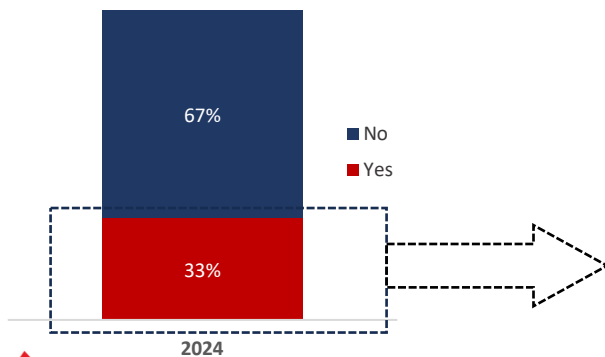
When asked about how U.S. policies restraining investments in China had impacted companies' businesses, 50% noted that it had impacted companies' global business performance, and 29% reported it has caused a pause to future investments in China. 23% of companies indicated they had reconsidered long-term China business operations, and 20% noted that their supply chains had been impacted.

**Fig 8A. How would U.S. policies restraining investments in China impact your business? (Choose top 3 choices)**

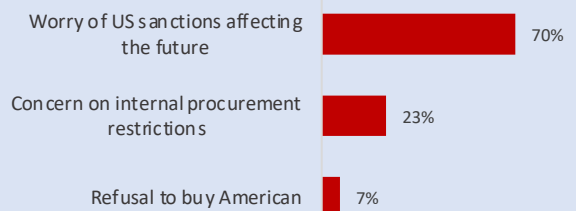


As a result of tensions in U.S.-China relations, 33% of members responded they had encountered reluctance from Hong Kong buyers to purchase their goods and services, mainly due to concerns over future U.S. sanctions. 23% indicated some Hong Kong buyers were concerned about domestic procurement restrictions. Only 7% reported some Hong Kong buyers refused to buy their services/products simply because they were American.

**Fig 8B. Has your business encountered any reluctance of Hong Kong buyers in buying your service/product as a result of recent U.S.-China relations?**



**Fig 8C. Reasons for Hong Kong buyers' reluctance to purchase U.S. goods/services as a result of U.S.-China relations**

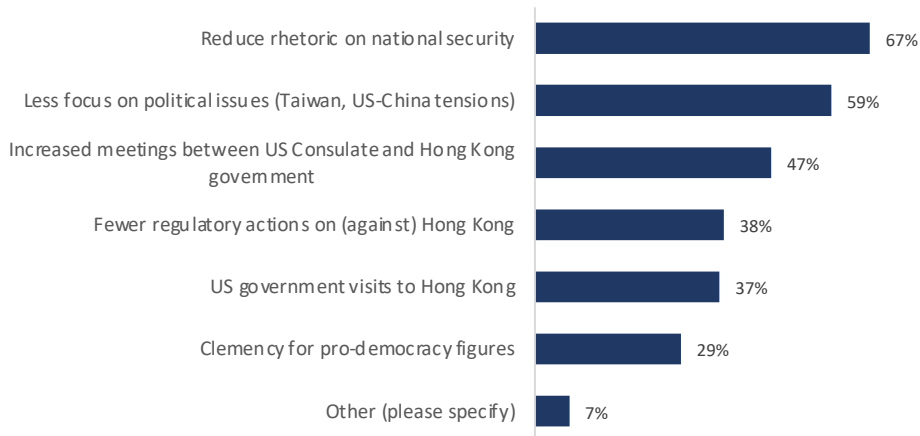




## U.S.-HONG KONG RELATIONS

Members indicated reducing rhetoric on national security (on both sides), less focus on political issues, and increased frequency of meetings between U.S. Consulate and Hong Kong Government officials could improve the U.S.-Hong Kong relationship.

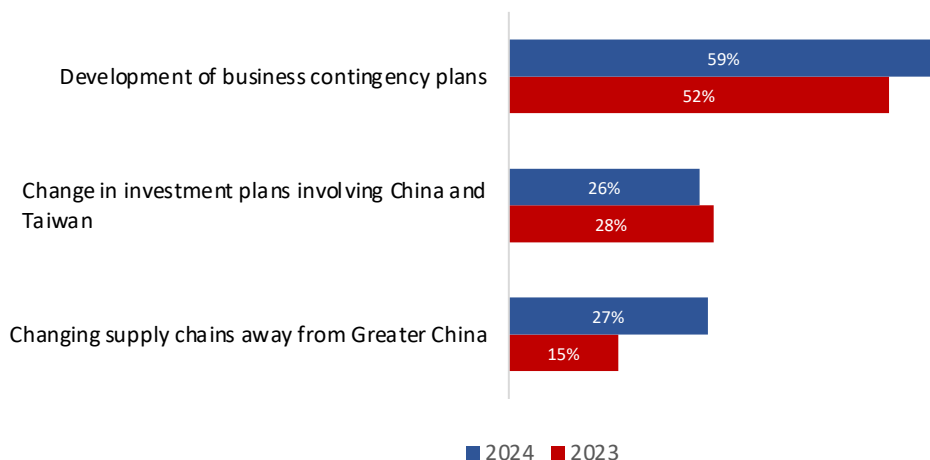
**Fig 9A. In your view, what actions would help to improve the U.S.-HK relationship?**



## CONTINGENCY PLANNING FOR GREATER CHINA OPERATIONS

Fewer than 30% of companies changed investment plans involving China and Taiwan, or moved supply chains away from Greater China, though over half of businesses had developed contingency plans with increasing tensions in the Taiwan Strait.

**Fig 9B. With increasing tension surrounding the Taiwan Strait, is your company conducting any of the following actions risk mitigation strategies? (Region focused on Greater China Business)**

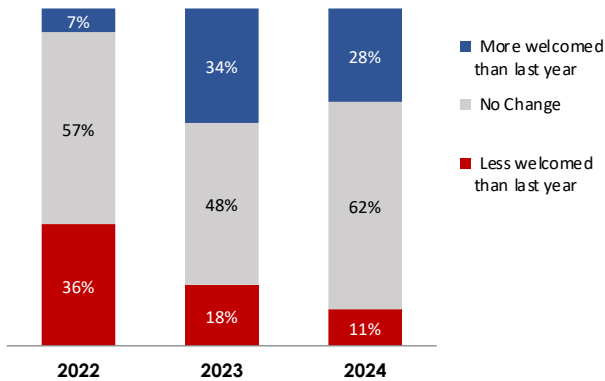




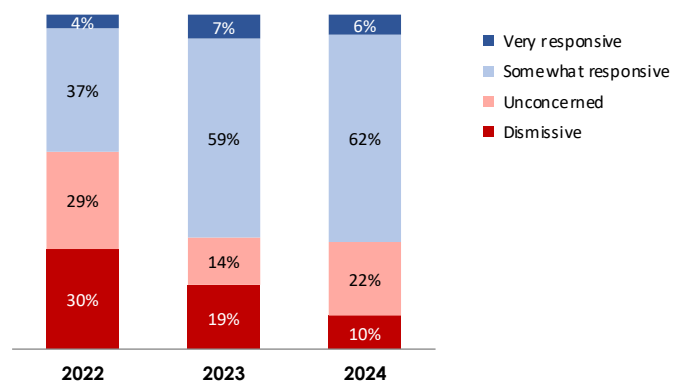
# HONG KONG'S BUSINESS ENVIRONMENT & COMPETITIVENESS FACTORS

More companies than last year reported that foreign businesses were welcomed in Hong Kong. Some indicated they were less welcomed, due to: a less friendly environment for expatriates, over emphasis on geopolitics and heightening legal risks due to the National Security Law (NSL), failure to address international business concerns such as clarity on the NSL, Article 23, and judicial independence. Most companies (68%) viewed the Hong Kong Government as effective in responding to business concerns and opportunities.

**Fig 10A. Do you feel foreign businesses are welcomed in Hong Kong?**



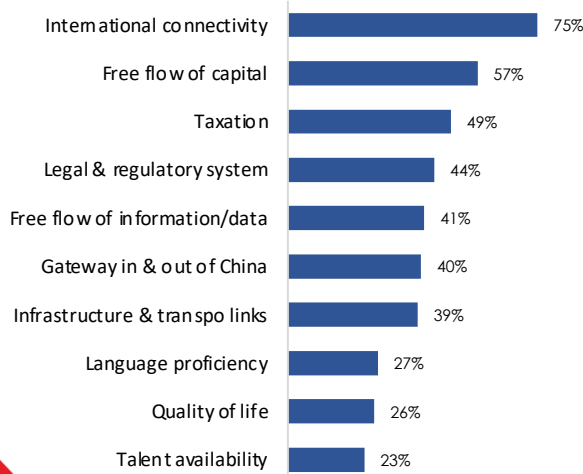
**Fig 10B. How well would you rate the Hong Kong government's effectiveness in responding to business concerns and opportunities?**



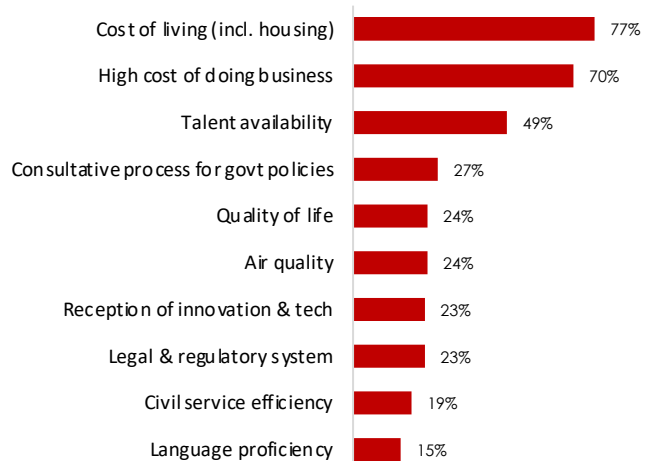
With the removal of travel restrictions, international connectivity ranked as a top competitive factor, followed by free flow of capital, low taxation, legal and regulatory system, as well as free flow of information/data, gateway in/out of China, and infrastructure and transportation links.

On the other hand, the cost of living (including housing), cost of doing business, and talent availability were top concerns for businesses.

**Fig 10C. Top 10 business factors that make Hong Kong competitive**



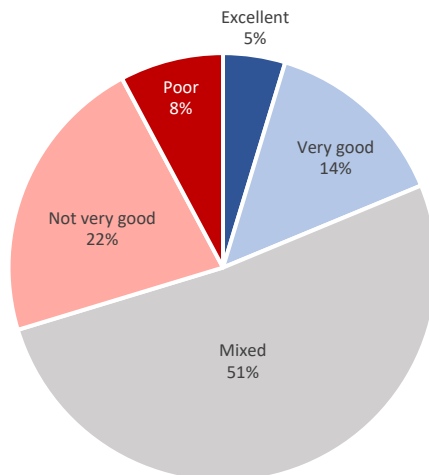
**Fig 10D. Top 10 business factors that make Hong Kong uncompetitive**



## OPPORTUNITIES FOR SMALL & MEDIUM BUSINESSES IN HONG KONG

Half of respondents reported mixed views toward opportunities for SMEs in Hong Kong in the next 2 years. 19% noted the environment for entrepreneurs will be excellent or very good, while 30% viewed the environment as not very good or poor.

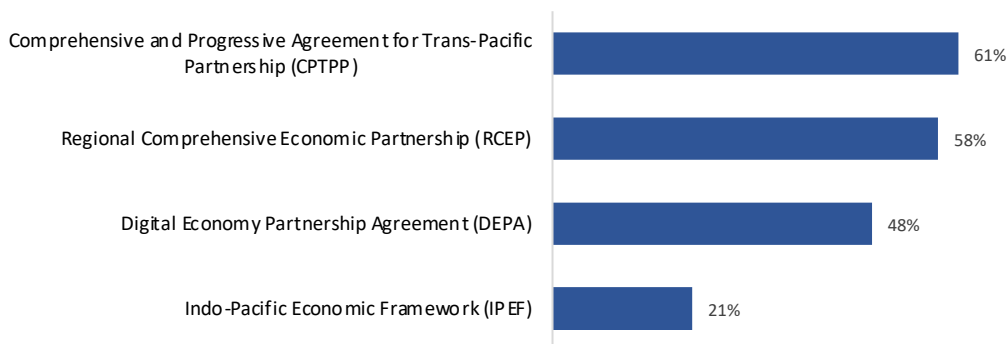
Fig 11A. What do you think of the opportunities for SMEs in Hong Kong over the next 2 years?



## MULTILATERAL / REGIONAL ENGAGEMENT

The majority of companies reported their businesses would benefit if Hong Kong joined multilateral trade agreements such as Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (61%) or the Regional Comprehensive Economic Partnership (RCEP) (58%). In view of the economic significance of digital trade, 48% noted participating in the Digital Economy Economic Partnership (DEPA) would benefit their businesses.

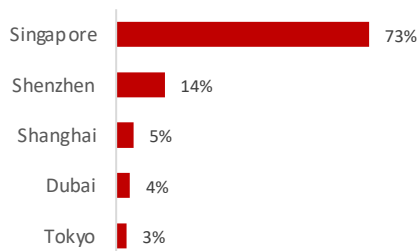
Fig 11B. Which trade agreement(s) would be more beneficial to your business if Hong Kong joined? (select all relevant)



## HONG KONG'S BIGGEST COMPETITORS

The majority of respondents ranked Singapore as Hong Kong's greatest competitor, followed by Shenzhen.

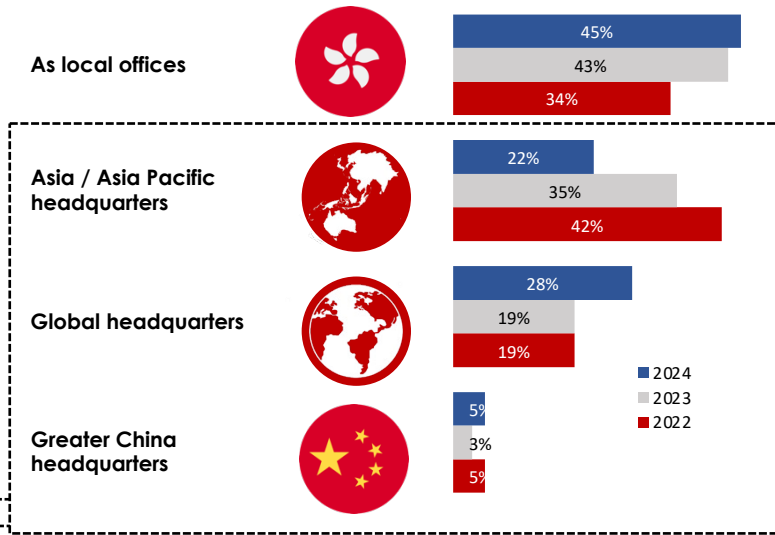
Fig 11C. Which city represents the greatest competitive threat to Hong Kong?





# ASSESSING FUTURE PLANS IN HONG KONG

Fig 12A. What is the role of your Hong Kong office?

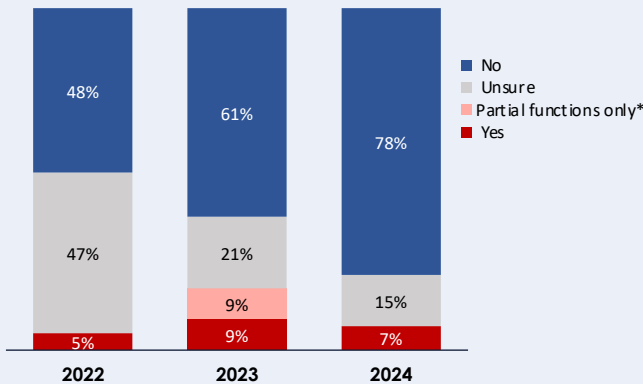


Half (50%) of members reported their Hong Kong office was either a global or regional headquarters, a decrease from the prior year (55%). The number of offices used as local offices has gradually increased over the past three years from 34% to 45%. Companies identifying Hong Kong as their regional headquarters decreased, but more members responded Hong Kong was used as a global headquarters.

Despite an overall decrease in companies with headquarters based in Hong Kong, 78% of respondents indicated they were committed to maintaining a Hong Kong-based headquarters for the next 3 years, a significant increase. 15% were uncertain about plans to move, while 7% noted they had plans to move their headquarters from Hong Kong.

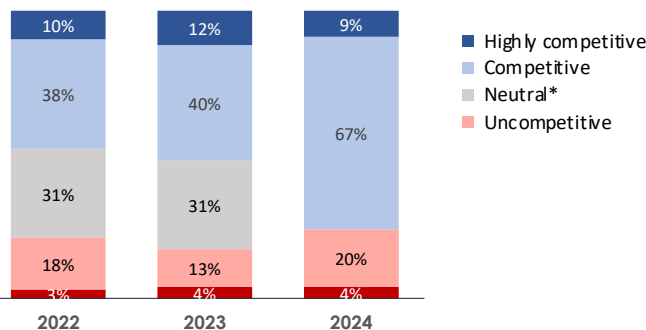
76% of companies viewed Hong Kong as a competitive international business hub in Asia. 24% viewed the city as uncompetitive, an increase from last year (17%). In addition, 56% responded they did not see a rebound of company functions returning to Hong Kong after they had left.

Fig 12B. Do you plan to move your headquarters away from Hong Kong in the next 3 years?



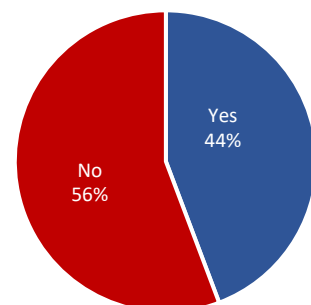
\*This option is removed in the 2024 report.

Fig 12C. What is your assessment of Hong Kong's competitiveness as an international business hub in Asia?



\*This option is removed in the 2024 report.

Fig 12D. Do you see a rebound of company functions returning to Hong Kong?

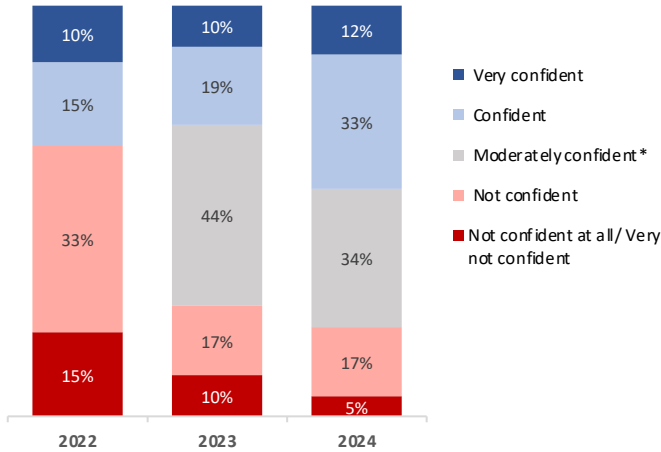






# LEGAL CONSIDERATIONS & SANCTIONS

**Fig 13A. Current confidence in Hong Kong's rule of law**



\*This option was not available in the 2022 report.

## HONG KONG'S RULE OF LAW

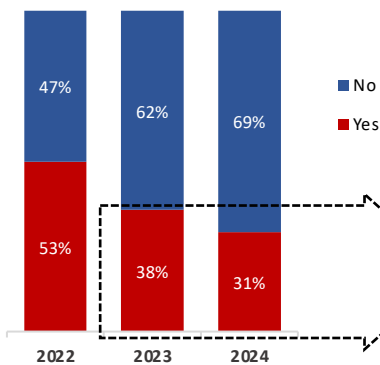
Most members (79%) responded they were confident in Hong Kong's rule of law, an increase from 2023 (73%) and 2022 (25%).

## IMPACT OF NATIONAL SECURITY LAW ON COMPANY OPERATIONS

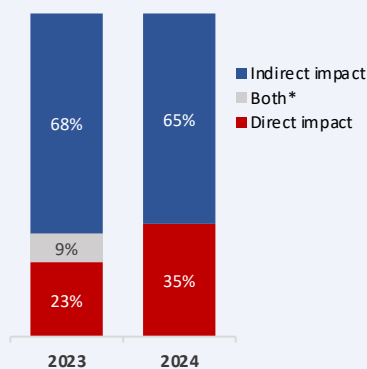
Close to 7 in 10 businesses reported they experienced no negative impact from the National Security Law. Of those who experienced a negative impact, 65% indicated it was an indirect impact, while 35% reported a direct impact. Examples of the direct impact include staff morale, departure of Hong Kong employees, or diverting resources to seeking guidance and/or compliance.

Sanctions on Hong Kong Government officials had impacted less than a fifth of respondents, who were prevented from meeting with affected politicians, doing businesses with sanctioned entities, or pursuing contracts with the Hong Kong Government.

**Fig 13B. Has your company's operations in Hong Kong been negatively impacted by the National Security Law?**

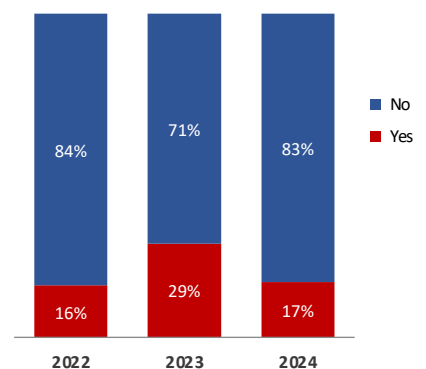


**Fig 13C. How has your company been negatively impacted by the National Security Law?**



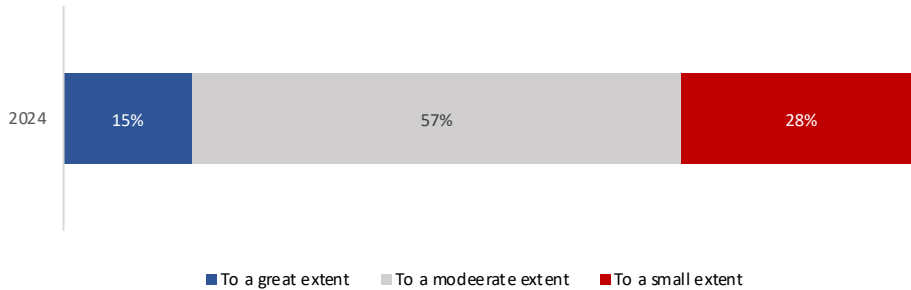
\*This option is removed in the 2024 survey.

**Fig 13D. Have foreign governments' sanctions on some Hong Kong government officials impacted your company's operations?**



## HONG KONG'S ROLE AS AN ARBITRATION CENTER

**Fig 14A. To what extent do you think Hong Kong will retain its position as an arbitration center in the next 3 years?**



72% of companies reported they expected Hong Kong would, to a great or moderate extent, retain its position as an arbitration center. Members viewed Hong Kong, with its common law system, as well positioned to be a center for international legal and dispute resolution in the Asia Pacific region. They noted that Hong Kong remains a preferred destination for international companies, especially for those with contractual relationships with Chinese parties. Other notable competitive factors cited by members included:

- Distinctive positioning in global banking
- The rule of law and independence of the judiciary, and the application of common law in Hong Kong
- English language proficiency and professionalism of practitioners in Hong Kong
- Ease of enforcement
- Clean government

On the other hand, 28% of respondents indicated Hong Kong had become less competitive as an arbitration center. Many members noted the changing political landscape had impacted the global community's perception of Hong Kong, especially the long-term strength of the rule of law. Some members agreed that companies may continue to base their business contracts on Hong Kong law, but may feel more comfortable with arbitration in other jurisdictions, especially if it involves a Hong Kong or PRC party. Some members also observed a trend of their clients enquiring or requesting to change their arbitration seat to Singapore or the United Kingdom. Other reasons cited by members include:

- Uncertainty of regulation change in both Hong Kong and mainland China
- Regional competition and availability of other arbitration centers with more stable legal environment
- Weakening confidence in the ability to enforce arbitral awards
- Overall international branding of the city

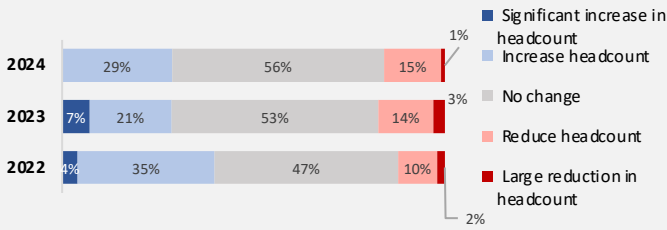


# HUMAN RESOURCES

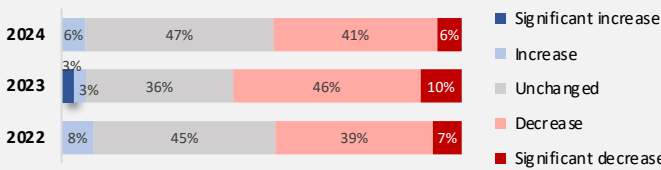
## HIRING OUTLOOK AND CHALLENGES

Hiring plans remained unchanged for members, with over half of companies surveyed reporting no change to hiring plans in the next 12 months. No companies reported plans to increase headcount significantly. Businesses continued to encounter challenges in human resources. The top three HR challenges in Hong Kong were: decreasing talent pool; rising salary and wage expenses; and difficulty hiring new local talent.

**Fig 15A. What are your expected hiring plans over the next 12 months?**



**Fig 15B. What is your assessment of the availability of qualified staff in Hong Kong in the past 12 months?**



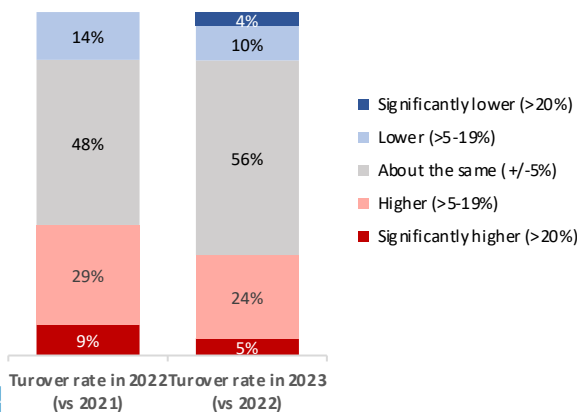
**Fig 15C. Please select your top three human resource challenges in Hong Kong**



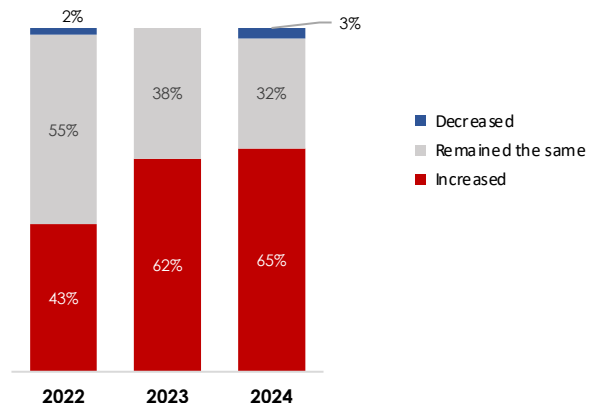
## SALARIES AND EMPLOYEE TURNOVER RATE

The labor market was still volatile, according to members, with 29% indicating employee turnover rates were higher than previous year. 65% reported costs of paying employees had increased in the past 12 months.

**Fig 15D. Employee turnover rate in 2023 compared to 2022**



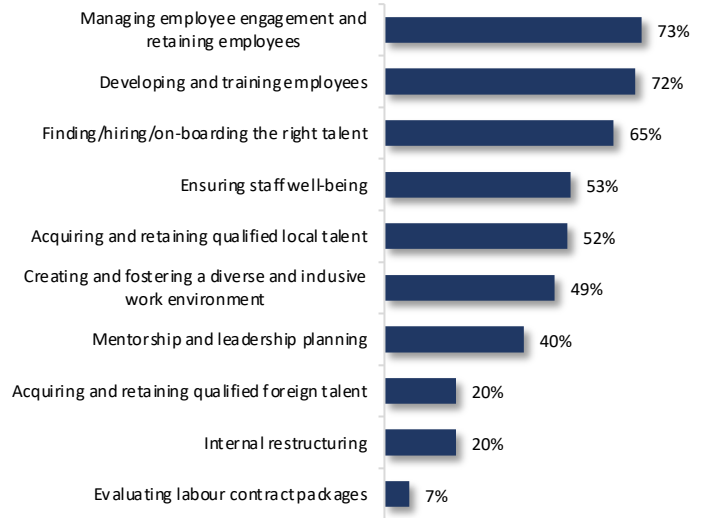
**Fig 15E. How has the cost of paying employees changed in the past 12 months for your company?**



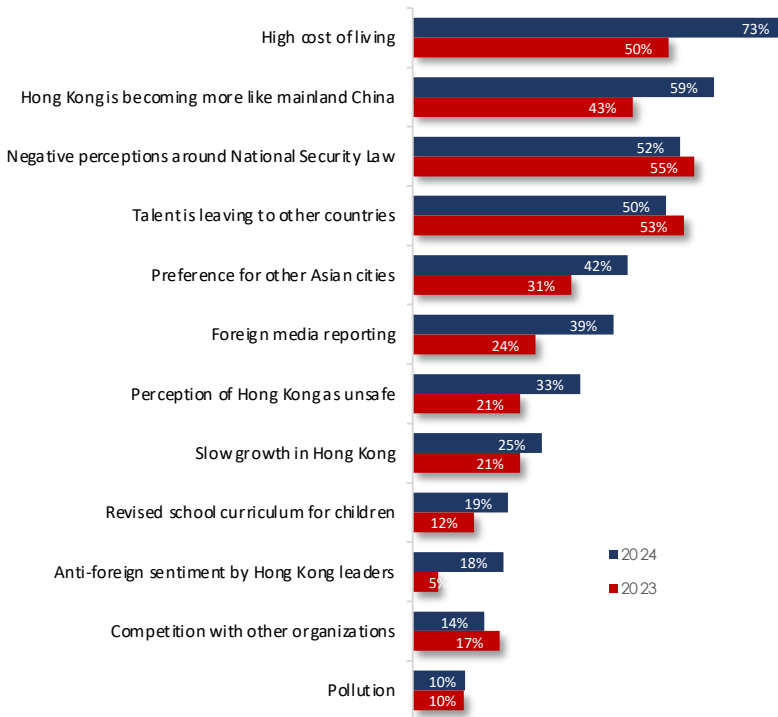
## HUMAN RESOURCE PRIORITIES FOR 2024

With limited plans for future hiring, members indicated that employee engagement, training, and development were the top human resources priorities for companies in 2024. These and other priorities, such as enhancing staff well-being and leadership planning, could be seen as means to retain talent within organizations.

**Fig 16A. Top 5 human resource priorities for 2024 in Hong Kong**



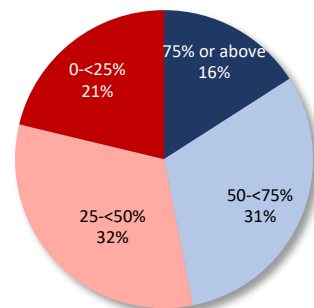
**Fig 16B. Which of the following factors is a significant challenge to your organization's ability to recruit and retain foreign talent to work in Hong Kong?**



## HIRING FOREIGN TALENT

On recruiting and retaining foreign talent, 73% reported the high cost of living was the main barrier, followed by the perception of Hong Kong "becoming more like mainland China" (59%), and the negative outside perceptions of the NSL (52%).

**Fig 16C. In your company, what is the percentage of female top management in Hong Kong?**



## GENDER DIVERSITY

Member companies have, to some extent, a gender diverse management structure, with 47% of companies reporting at least 50% of their top management in Hong Kong were female. However, slightly over half of companies noted less than half of their management were female.



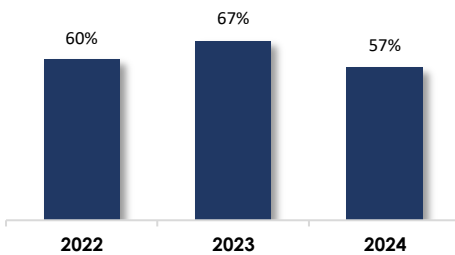


# GREATER BAY AREA

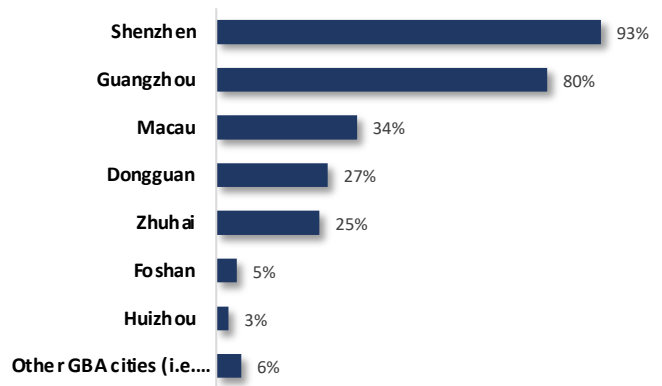
## OPERATIONS IN THE GREATER BAY AREA

A smaller percentage (57%) of members were conducting businesses in the Greater Bay Area (GBA), compared with previous years. Outside Hong Kong, companies were mainly conducting businesses in Shenzhen, Guangzhou, and Macau, which were also voted as the top 3 cities that provided the best business environment for foreign companies.

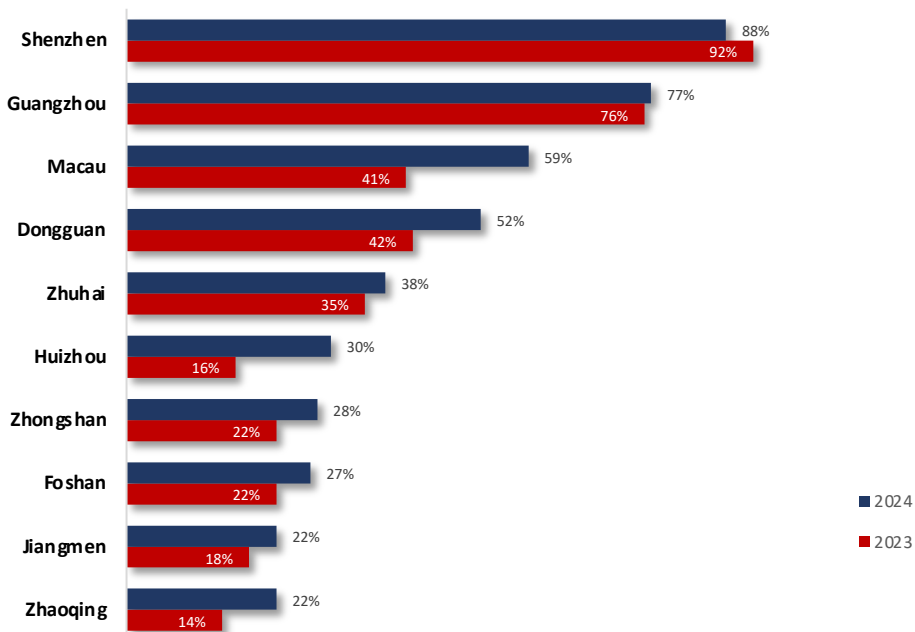
**Fig 17A. Percentage of members whose companies are conducting business in the GBA, excluding Hong Kong**



**Fig 17B. Cities provide best business environment for foreign companies**



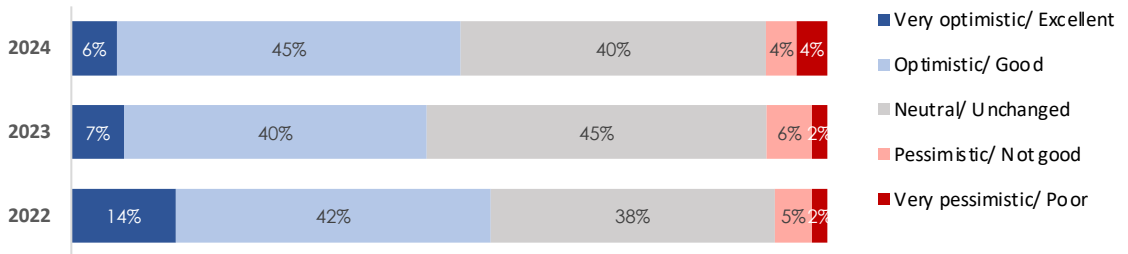
**Fig 17C. Please select the cities in which your company currently conducts business**



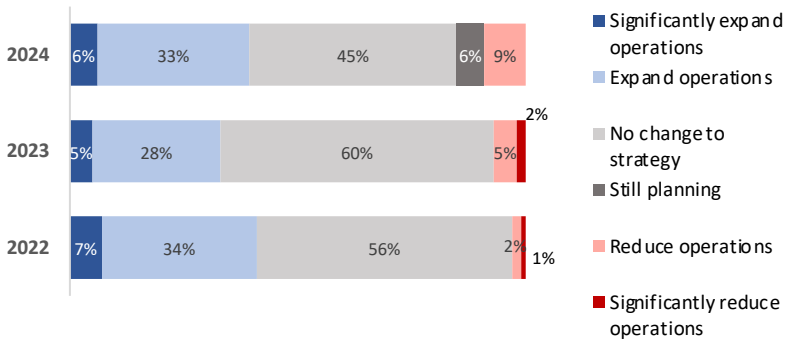
## PROSPECTS IN THE GREATER BAY AREA

There was a slight increase, to 51%, in optimism in the Greater Bay Area's business prospects. 39% of those who currently have a presence in the GBA planned to grow their business over the next few years – a slight increase over last year. However, 9% reported they would reduce GBA operations. For those with no presence in the GBA, 75% noted they had no plans to set up operations in the GBA in the next 3 years.

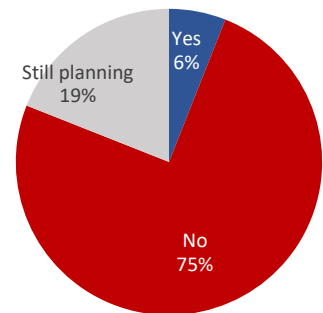
**Fig 18A. What is your/your company's expectation of the Greater Bay Area's business opportunities in the next 3 years?**



**Fig 18B. (For those who have presence in the GBA) Does your company plan to expand its operations in the Greater Bay Area in the next 3 years?**

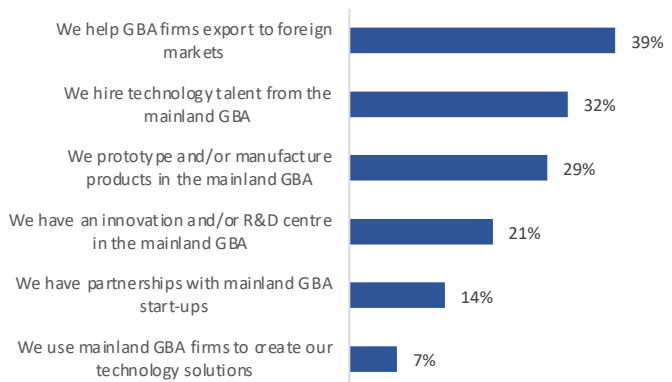


**Fig 18C. (For those who have no presence in the GBA) Does your company plan to set-up operations in the Greater Bay Area in the next 3 years?**



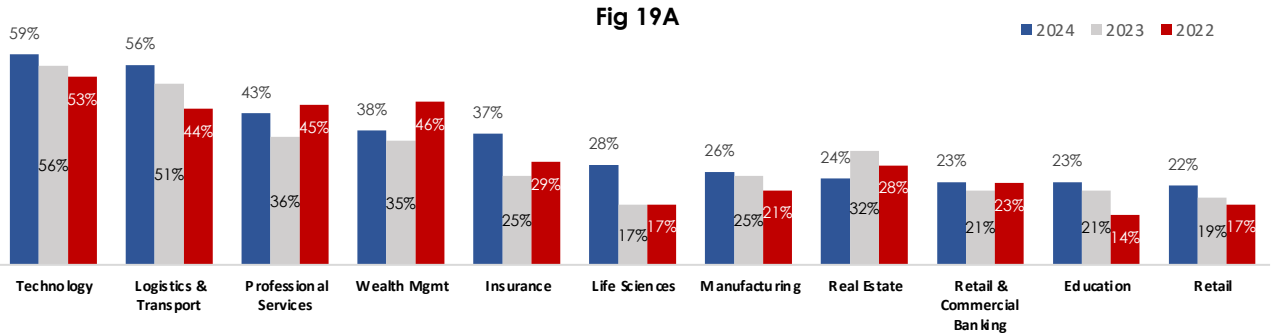
29% of companies benefited from the development of innovation and technology in the GBA, such as helping GBA companies export to foreign markets, hiring technology talent from the GBA, prototyping/manufacturing in the GBA, partnering with start-ups, or adopting GBA firms' technology solutions.

**Fig 18D. How your company benefits from the mainland GBA's innovation & technology sector**



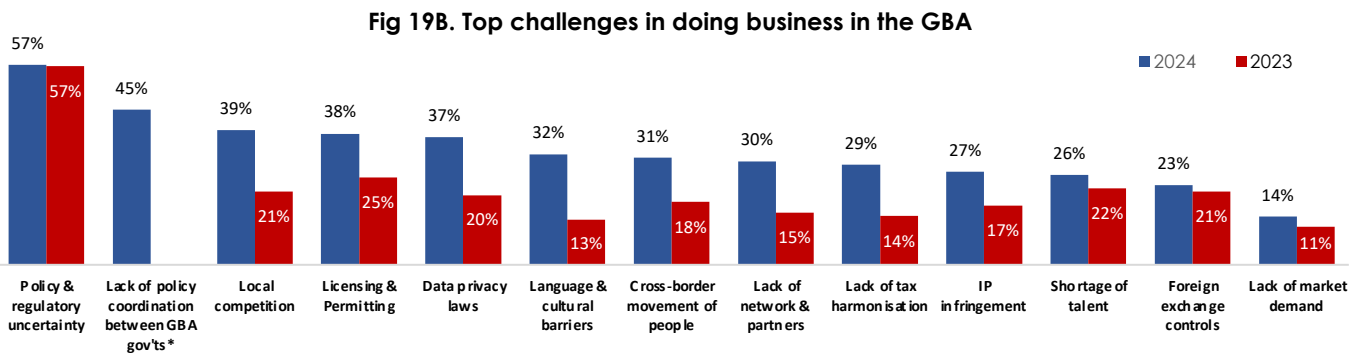
## INDUSTRIES THAT BENEFIT FROM GBA'S DEVELOPMENT

Technology, logistics & transport, professional services, wealth management, and insurance were reported to be the industries that benefited most from the development of the GBA.



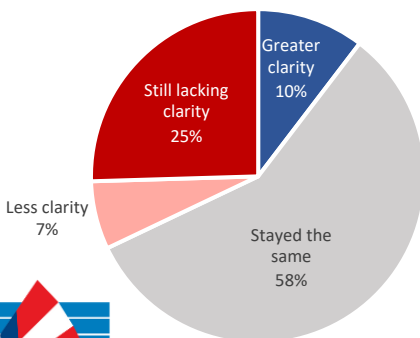
## CHALLENGES WITHIN THE GREATER BAY AREA

Policy uncertainty in the GBA remained a top challenge, with 25% of respondents noting GBA policies still lacked clarity. Lack of policy coordination between GBA governments, local competition, licensing & permitting, as well as data privacy laws were clearly increasing concerns in 2024. The mobility of people was the most important factor supporting GBA opportunities, followed by clearer rules and laws, visa free access, free flow of capital, tax incentives, and regulatory harmonisation.

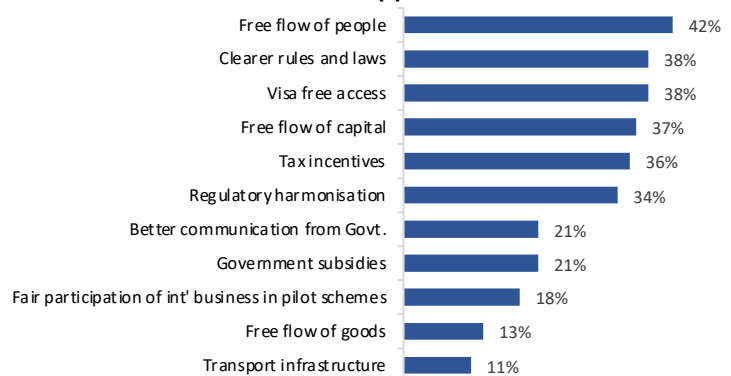


\*Note: new option in 2024 survey

**Fig 19C. Has the clarity of the GBA policy and regulatory environment improved?**



**Fig 19D. Top three factors that would support companies' GBA opportunities**

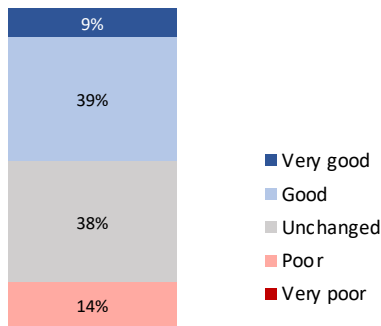




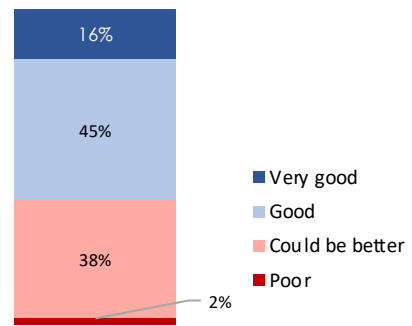
# TRANSPORTATION & LOGISTICS: HONG KONG AS A RE-EXPORT HUB

Hong Kong's transportation and logistics industry performed well in the past 12 months, owing to the city's connectivity with the Greater Bay Area, free trade zone policy, simple customs clearance, and stable flight frequency, making Hong Kong well positioned as an attractive re-export hub.

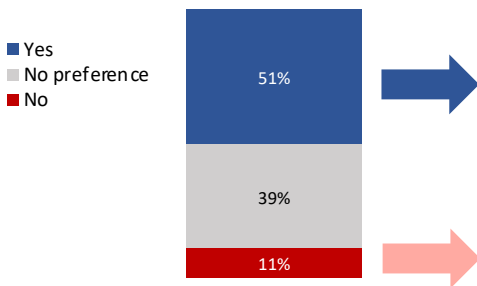
**Fig 20A. What is your/your company's assessment of the Hong Kong transportation and logistics industry's performance in the past 12 months?**



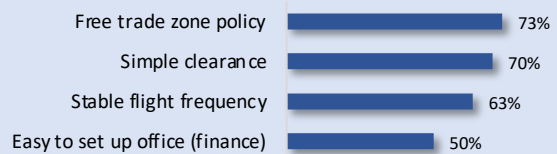
**Fig 20B. How well connected is Hong Kong with the rest of the GBA in terms of transportation and logistics?**



**Fig 20C. Do you think Hong Kong is an attractive re-export hub?**



**Fig 20D. Major reasons of Hong Kong being an attractive re-export hub**



**Fig 20E. Major reasons of Hong Kong not being an attractive re-export hub**





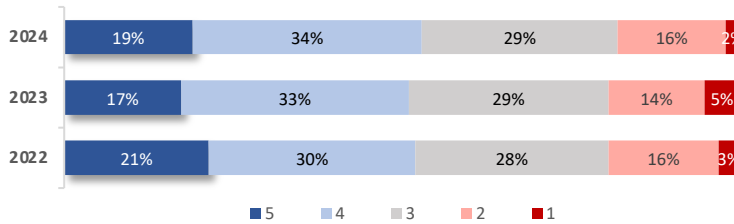


# DATA FREEDOM & PRIVACY

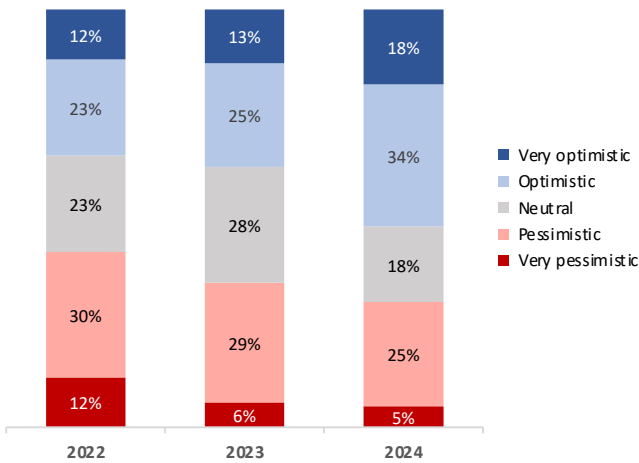
## CURRENT & FUTURE ACCESS TO INTERNET AND INFORMATION PLATFORMS

More than half (53%) of companies responded they were satisfied with data freedom in Hong Kong, with 18% expressing dissatisfaction. 70% indicated they were optimistic or neutral about free access to global internet and information platforms in the next 3 years, an increase compared with last year (66%) and 2022 (58%). However, an increasing number of companies reported frequent difficulties accessing data in Hong Kong, an increase from prior years.

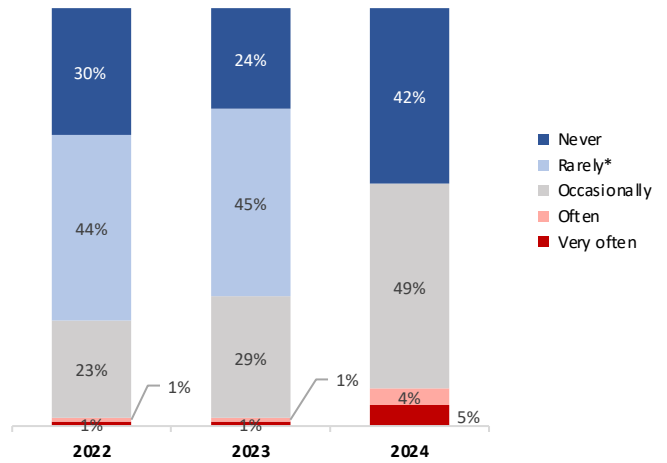
**Fig 21A. On a scale of 1-5 (1 being least and 5 being most), how happy are you with the data freedom in Hong Kong?**



**Fig 21B. Companies' expectation for Hong Kong to continue to have free access (without government censorship and/or firewall) to global internet and information platforms in the next 3 years?**



**Fig 21C. Frequency of businesses encountering difficulties in accessing data (e.g. news, information, website) online in Hong Kong**

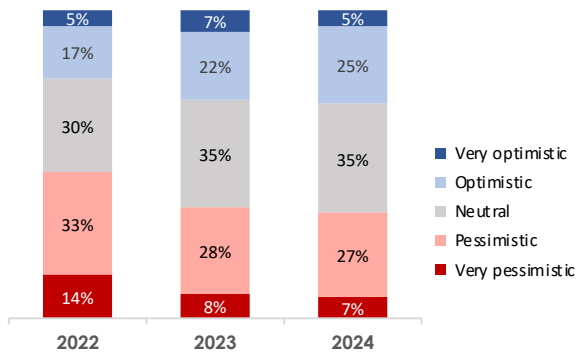


\*This option is removed in the 2024 survey.

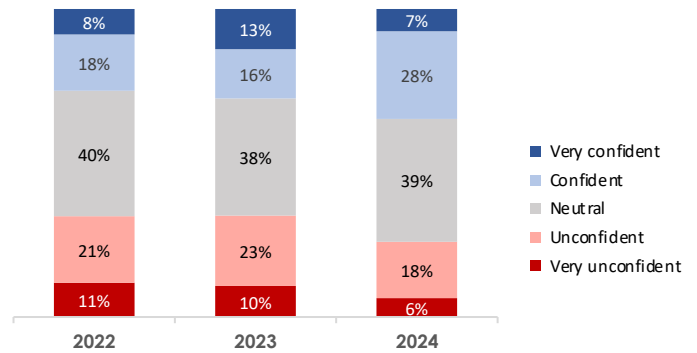
## HONG KONG AS A REGIONAL DATA CENTER

Views of Hong Kong's prospects as a regional data center were largely unchanged. 74% of respondents were confident or neutral about storing customer and company data locally in Hong Kong, with 24% who indicated they were not confident.

**Fig 22A. Hong Kong's future as regional data center**



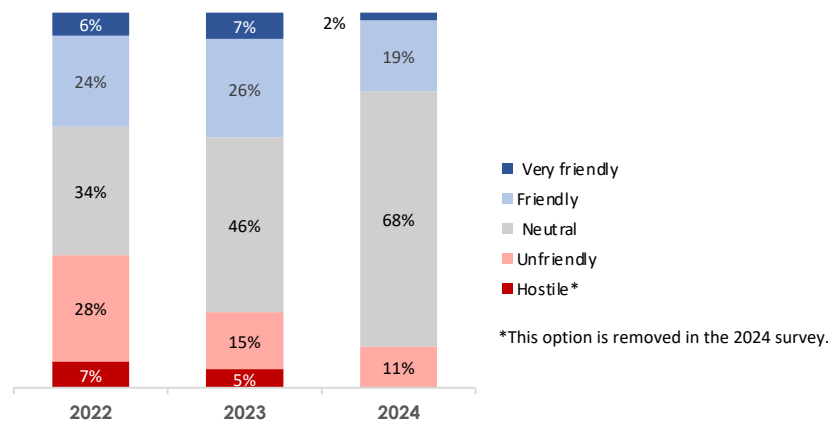
**Fig 22B. Confidence in storing customer and company data locally in Hong Kong**



## DATA PRIVACY

Most businesses were either neutral or comfortable with the regulation of data privacy protection in Hong Kong. There was a decreasing trend of companies that reported Hong Kong had an unfriendly data privacy environment.

**Fig 22C. How comfortable is your company with the regulation of data privacy protection in Hong Kong currently when it comes to the impact on your business?**

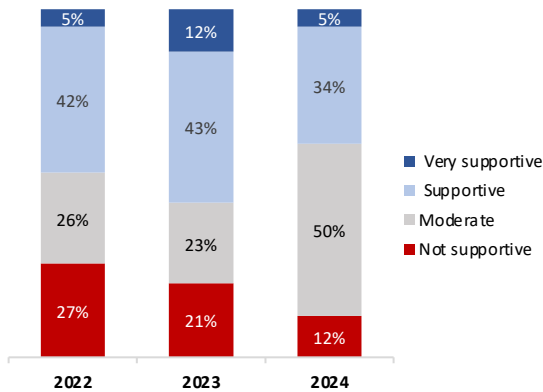




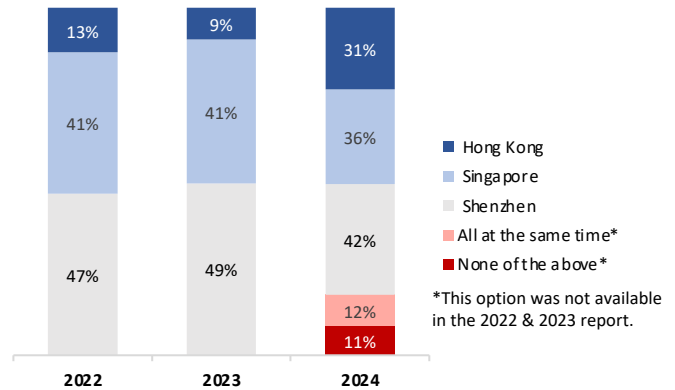
# INNOVATION & TECHNOLOGY, R&D & START UPS

The Hong Kong Government was perceived to be supportive in research and development of innovation and technology. The number of companies (31%) that viewed Hong Kong as the best location for R&D increased, but Shenzhen and Singapore were voted to be better than Hong Kong in this aspect.

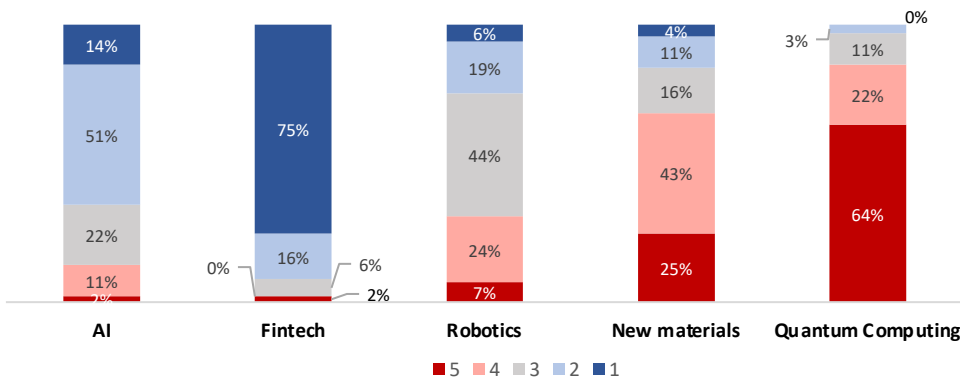
**Fig 23A. Hong Kong Government support to Research & Development and development of Innovation & Technology**



**Fig 23B. Best location for Research & Development**



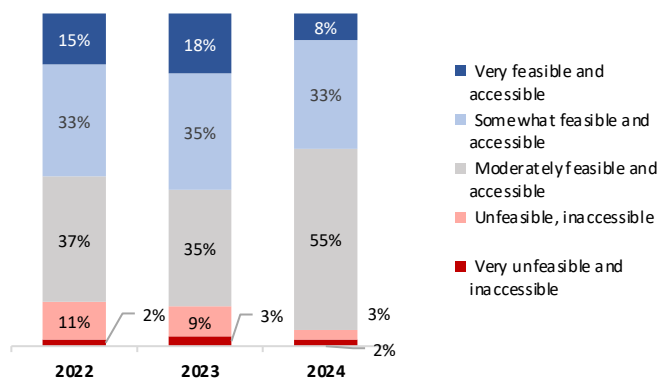
**Fig 23C. How do you rate Hong Kong as a good place to conduct innovation in the following areas (with 1 being the best)**



Members widely agreed that Hong Kong was a good place to conduct innovation in fintech and artificial intelligence, but not as good in quantum computing and new materials.

Respondents indicated there was generally sufficient funding available in the market for new ventures.

**Fig 23D. Access to venture capital funding for entrepreneurs in Hong Kong**

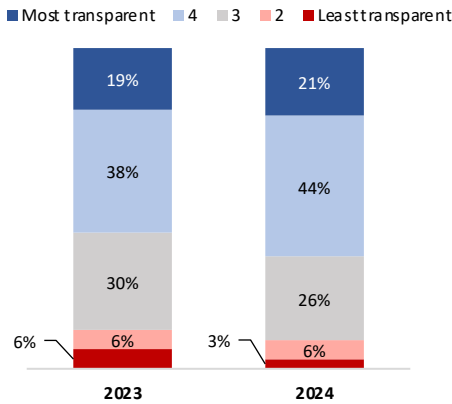




# FINANCIAL SERVICES

## REGULATORY TRANSPARENCY AND REGIONAL COMPETITIVENESS

**Fig 24A. On a scale of 1-5, in your view, how transparent is your industry's regulatory environment?**



65% of respondents indicated Hong Kong's regulatory environment in financial services was transparent.

With the Hong Kong Government's committed policy support for the industry, **wealth management**, **family offices** and **green financing** were considered top areas in which Hong Kong gained competitiveness in the past 3 years. Members noted:

- Collaboration synergy among the family offices on green financing has improved over the past 3 years, strengthening Hong Kong's readiness in green financing, compared with other markets in APAC region.
- Policy facilitation and an abundance of high-net-worth individuals in the GBA continued to unleash more business opportunities for Hong Kong's wealth management industry.
- Hong Kong's investment in financial infrastructure (such as FPSxPromptPay launched by HKMA and Bank of Thailand, e-HKD, and Project mBridge) has strengthened its cross-border payments connectivity.

On the other hand, members noted that **venture capital**, **family offices**, and **private equity** were losing regional competitiveness due to the following reasons:

- Subdued market sentiment and the economic slowdown in China have reduced incentives for companies to list and raise funds in Hong Kong, thus slowing capital market activities in 2023.
- Due to geopolitical tensions, increased uncertainty and risk for cross-border investments, the threat of sanctions, and the opacity of the market, some are looking away from investing in China and Hong Kong to locations (such as Singapore) with greater clarity, stability, and better positioning for impact investments, hence the bipolar views on family offices.
- Hong Kong's limited regulatory governance framework on virtual assets compared with other countries, and scandals involving Hong Kong-based cryptocurrency platforms have also impacted companies' views on Hong Kong's competitiveness in virtual assets.

**Fig 24B. In which areas has Hong Kong gained and lost regional competitiveness in the past 3 years?**

