

Hong Kong

An overview on economy and business environment



Bordering with the south-eastern extremity of China, Hong Kong covers Hong Kong Island, Lantau Island, the Kowloon Peninsula and the New Territories, including 262 outlying islands. Occupied by the UK in 1841, Hong Kong was formally ceded by China to the UK the following year. As stated in an agreement signed by China and the UK on 19 December 1984, Hong Kong became the Hong Kong Special Administrative Region of the People's Republic of China on 1 July 1997. In this agreement, China promised that, under its "one country, two systems" formula Hong Kong would enjoy a "high degree of autonomy" in all matters except foreign and defense affairs for the subsequent 50 years.



Hong Kong's economy is characterized by free trade, low taxation and minimum government intervention. It is the world's 8th largest trading economy, with the mainland of China as its most significant trading partner. Hong Kong is also a major service economy, with particularly strong links to mainland China and the rest of the Asia-Pacific region.

On the other hand, the same Hong Kong's open economy has left it exposed to the global economic situation. Its continued reliance on foreign trade and investment makes it vulnerable to renewed global financial market volatility or a slowdown in the global economy and this has been particularly evident with the Covid-19 pandemic.

However, at the beginning of 2021, Hong Kong's economy has rebounded sharply after being hit by the pandemic, but the situation is still risky and some sectors growth, like tourism, remains weak.

The Hong Kong economy grew 7.9% in the first quarter of 2021 compared to a year ago – the first economic expansion after six consecutive quarters of contraction.

Hong Kong

An overview on economy and business environment



Let's have a look at the sectors of the Hong Kong's economy. Regarding the primary sector, only 6 percent of Hong Kong's land area is arable, and another 2 percent is under fishponds. Since the 1950s about one-third of the agricultural land has been lost to other uses. The growing season is year-round, however, and several crops per year are possible. Paddy rice cultivation once dominated agricultural land use, but it has practically disappeared, having been surpassed by vegetable and pond fish farming.

Marine fishing in the adjacent waters is one of Hong Kong's most important primary activities. Apart from pond fish, a marine fish culture has shown signs of development, notably in the eastern New Territories.

Hong Kong has no significant mineral resources and it is similarly poorly endowed in other natural resources like timber and hydroelectric. Hong Kong must also import all of the fossil fuel it consumes. It produces most of its electric-power needs at thermal generating plants. The rest of its power requirements are imported from Guangdong province.



With its limited natural resources, Hong Kong depends on imports for virtually all of its requirements, including raw materials, food and other consumer goods, capital goods, and fuel. Under its unique status as an international free port, a transshipment center, mainly with China, flourished until 1951, when a United Nations embargo on trade with China and North Korea drastically curtailed it. This situation, combined with the need to export and with the availability of cheap labour, led to the establishment of competitive light industries and a transformation of the economy in the early 1960s. The market economy and the laissez-faire policy of the British colonial government provided flexibility for further industrialization and the incentive and freedom, from the late 1960s, to attract foreign investment and financial transactions. In succeeding years, with China adopting a more open foreign policy, transshipment center trade rapidly revived, while Hong Kong–China trade surged. Hong Kong developed not only in manufacturing, trade, and shipping but also as a regional financial center and as an agent in China's pursuit of modernization. The tertiary (services) sector of the economy now makes up some four-fifths of the gross domestic product (GDP) and manufacturing, once the most important sector of the Hong Kong economy, has been overshadowed by the vast service sector; manufacturing now constitutes only a tiny fraction of the gross domestic product and employs only a slightly higher proportion of the labour force.

Hong Kong

An overview on economy and business environment



Textile and clothing production is the leading manufacturing activity and contributes about one-third of the value of domestic exports. The electronics industry is the second largest export earner. There are some heavy industries such as shipbuilding and repair and aircraft engineering. Steel rolling, production of machine parts and plastics, and cement manufacturing serve local needs.

As previously said, the tertiary sector is the heart of Hong Kong's economy. Financial services, trading and logistics, tourism, import/export, air transport, professional and producer services are traditional key industries in Hong Kong. The services sector contributes around 88.6% of GDP and employed 88.3% of the workforce in 2020 (World Bank, 2020). Hong Kong acts as a service center for Asian companies, particularly for those trading with China. According to figures published by the Commercial Register, there are over 900 thousand companies registered in Hong Kong.

Hong Kong has one of the world's most advanced and technologically sophisticated telecommunications systems. This has been an important factor in Hong Kong's development as a leading business and financial centre and now it is one of the principal hubs of the global telecommunications network. All sectors of Hong Kong's telecommunications market have been liberalised with no foreign ownership restrictions.



Hong Kong's free-trade policy has made the territory one of the world's great centers of trade. There is no tariff on imports, except for some luxury items, such as perfumes, motor vehicles, alcoholic beverages, and tobacco. China became the main market for Hong Kong's products prior to 1997, and this trade remained predominant after the territory's reintegration. Currently trade with China is accounting for about half of Hong Kong's total trade by value. Other major export destinations include the United States and Japan. Textiles and clothing are the leading exports.

Hong Kong

An overview on economy and business environment



Also important are electrical machinery and appliances, office machinery, photographic apparatus, and a variety of other manufactured items. Reexports constitute a major portion of the goods shipped out of Hong Kong.

International traffic is served by Hong Kong's international airport and its magnificent harbor which is among the world's largest enclosed spaces. In addition, there are good overland linkages with Guangdong province.



The port of Hong Kong, based at one of the world's finest natural harbours, is renowned for its efficiency and capacity. The capacity of its container terminals at Kwai Chung ranks Hong Kong among the world's largest container ports. Speedy ferry service between Hong Kong and Macau and parts of Guangdong is provided by various craft, including hydrofoils and hovercraft.

Despite the impact of the Covid 19 pandemic, Hong Kong has been showing important signs of economic recovery and is still a promising country from a macroeconomic and business opportunities perspective. Especially today when the economic scenario changes quickly, in order to establish safe and profitable business relationships it is necessary to count on local expert business information providers.

On SkyMinder we are able to support you with the leading local providers of business information on all Hong Kong companies. Thanks to the expertise and deep knowledge of CRIF Hong Kong analysts, SkyMinder offers the most complete and updated credit reports on any company registered in Hong Kong.



In Hong Kong there are more than 1,370,000 active companies. The main sources of information are the Company Registry and the Judiciary registry. With regard to financial accounts, only public companies listed on the stock exchange are obliged to disclose. However, providers always try to contact the company and ask for financial accounts.

Hong Kong

An overview on economy and business environment



Here below please find the type of information that CRIF Hong Kong's expert and skilled analysts are able to collect:

- Company identification details
- Registration data and activity status
- Company changes
- Capital and shareholding structure
- Management
- Activity codes and description
- Employee range
- Negative data
- Banking Information
- Financial accounts if available
- Credit rating, score and credit limit



CRIF Hong Kong also offers the KYC report focusing on shareholding structure as well as company directors and registry data.

Of course availability of each piece of information strictly depends on the type of company and on its cooperation in disclosing data, however SkyMinder providers like CRIF Hong Kong assure the best efforts to deliver the maximum available amount of information and can boast the highest success levels in collecting information.

Sources: <https://www.gov.hk/>; <https://www.cia.gov/>; <https://santandertrade.com/>;
www.britannica.com ; <https://www.cnbc.com/>