Leveraging on the role of Hong Kong in the Greater Bay Area to tap into Southeast Asia

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Head of Maritime Cluster

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GREATER BAY AREA

POPULATION
71 mn
> UK, Italy, South Africa

LAND AREA
56,000 km²
<Ireland, Latvia, Panama, West Virginia (US)

GDP
US$1.6 trillion
> Indonesia, Netherlands, Turkey

Source: CBRE Research
STRATEGIC POSITIONING OF THE GREATER BAY AREA

- A vibrant world-class city cluster
- A globally influential international Innovation and Technology (I&T) hub
- An important support pillar for the Belt & Road Initiative (BRI)
- A showcase for in-depth cooperation between the Mainland and Hong Kong and Macau
- A quality living circle for living, working and travelling
## COMPARISON WITH THE WORLD’S MAJOR BAY AREAS

<table>
<thead>
<tr>
<th></th>
<th>Guangdong-Hong Kong-Macau Bay Area</th>
<th>San Francisco Bay Area</th>
<th>New York Metropolitan Area</th>
<th>Tokyo Bay Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land area (sq km)</td>
<td>56,000</td>
<td>17,900</td>
<td>21,500</td>
<td>36,900</td>
</tr>
<tr>
<td>Population (mn)</td>
<td>71</td>
<td>7.6</td>
<td>20.2</td>
<td>44.0</td>
</tr>
<tr>
<td>GDP (US$ bn)</td>
<td>1,600</td>
<td>781.2</td>
<td>1,657.5</td>
<td>1,774.2</td>
</tr>
<tr>
<td>Real GDP growth (%)</td>
<td>7.0</td>
<td>5.3</td>
<td>0.9</td>
<td>1.9</td>
</tr>
<tr>
<td>GDP share of tertiary industry (%)</td>
<td>65.6</td>
<td>71.9</td>
<td>83.3</td>
<td>77.0</td>
</tr>
<tr>
<td>Per-capita GDP (US$)</td>
<td>21,750</td>
<td>102,230</td>
<td>82,050</td>
<td>40,360</td>
</tr>
<tr>
<td>Stock Market Capitalisation (USD Trillion)</td>
<td>7.6</td>
<td>N.A.</td>
<td>30.5</td>
<td>5.7</td>
</tr>
<tr>
<td>No. of World Top 100 Universities</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Air freight traffic (mn tonnes)</td>
<td>7.96</td>
<td>1.18</td>
<td>2.16</td>
<td>3.58</td>
</tr>
<tr>
<td>Port container throughput (mn TEUs)</td>
<td>66.48</td>
<td>2.42</td>
<td>6.25</td>
<td>7.76</td>
</tr>
</tbody>
</table>

Source: Government statistical departments in the relevant jurisdictions, TDC
• Shortens the distance between Dongguan and Panyu District by at least **10 km**

• Reduces the travelling time between Shenzhen and Zhongshan from currently 2 hours to **20 minutes**

• Reduces the travelling time between the Hong Kong International Airport and Zhuhai from currently 4 hours to about **45 minutes**

• With direct access facilities for both passengers and vehicles

• Takes only **48 minutes** to Guangzhou South
FOCUSES OF THE 4 CORE CITIES

Coordinated and innovation-driven regional development with more seamless flows of people, goods, capital and information

- National core city and integrated gateway city
- Enhance functions as international centres for commerce and industry, transport, technology, education, and culture

For the other 7 key node cities, main objectives are to develop towns with distinct characteristics and to promote integrated development of urban and rural areas

- World-class tourism and leisure centre
- Commerce and trade cooperation service platform between China and Lusophone countries

HONG KONG
- International financial, transportation and trade centres
- Global offshore RMB business hub and international asset and risk management centre
- International legal and dispute resolution services centre
- Develop high-end services, innovation and technology industries and emerging industries

Source: CMAB
## HONG KONG AMONG GREATER BAY CITIES

<table>
<thead>
<tr>
<th>GBA City</th>
<th>Area (sq. km)</th>
<th>GDP (USD billion)</th>
<th>Population (Million)</th>
<th>GDP Per Capita (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>1,104</td>
<td>319.3</td>
<td>7.37</td>
<td>43,300</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>7,436</td>
<td>284.6</td>
<td>14.04</td>
<td>20,300</td>
</tr>
<tr>
<td>Shenzhen</td>
<td>2,007</td>
<td>283.0</td>
<td>11.90</td>
<td>23,800</td>
</tr>
<tr>
<td>Foshan</td>
<td>3,875</td>
<td>125.3</td>
<td>7.50</td>
<td>16,700</td>
</tr>
<tr>
<td>Dongguan</td>
<td>2,512</td>
<td>99.1</td>
<td>8.25</td>
<td>12,000</td>
</tr>
<tr>
<td>Huizhou</td>
<td>11,159</td>
<td>49.5</td>
<td>4.78</td>
<td>10,400</td>
</tr>
<tr>
<td>Zhongshan</td>
<td>1,770</td>
<td>46.4</td>
<td>3.23</td>
<td>14,400</td>
</tr>
<tr>
<td>Macao</td>
<td>29.2</td>
<td>44.7</td>
<td>0.64</td>
<td>69,800</td>
</tr>
<tr>
<td>Jiangmen</td>
<td>9,554</td>
<td>34.8</td>
<td>4.54</td>
<td>7,700</td>
</tr>
<tr>
<td>Zhuhai</td>
<td>1,696</td>
<td>32.3</td>
<td>1.68</td>
<td>19,200</td>
</tr>
<tr>
<td>Zhaoqing</td>
<td>15,006</td>
<td>30.2</td>
<td>4.06</td>
<td>7,400</td>
</tr>
</tbody>
</table>

**HONG KONG**
- No Capital and Exchange Controls
- HKD pegged to USD
- Common Law
LOW & SIMPLE TAX SYSTEM

Two-tiered tax system

Profits Above HK$2M

First HK$2M of Profits

8.25%

16.5%

Hong Kong has signed Comprehensive Double Taxation Agreements (CDTAs) with 40 jurisdictions.

Negotiations with 11 jurisdictions are in progress.

* There is no standard rate across the Mainland China. Shanghai is used as an example.

VAT/GST/Sales tax
Capital Gains Tax
Withholding tax on investments
Estate duty
Global taxation
Wine duty

Corporate Income
Personal Income
Employer Social Security
Employee Social Security
VAT

HONG KONG

SINGAPORE

SHANGHAI*

(as of May 2018)
<table>
<thead>
<tr>
<th>Rank</th>
<th>FDI Inflows (2017)</th>
<th>US$ bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>275</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>136</td>
</tr>
<tr>
<td>3</td>
<td><strong>HONG KONG</strong></td>
<td>104</td>
</tr>
<tr>
<td>4</td>
<td>Brazil</td>
<td>63</td>
</tr>
<tr>
<td>5</td>
<td>Singapore</td>
<td>62</td>
</tr>
<tr>
<td>6</td>
<td>Netherlands</td>
<td>58</td>
</tr>
<tr>
<td>7</td>
<td>France</td>
<td>50</td>
</tr>
<tr>
<td>8</td>
<td>Australia</td>
<td>46</td>
</tr>
<tr>
<td>9</td>
<td>Switzerland</td>
<td>41</td>
</tr>
<tr>
<td>10</td>
<td>India</td>
<td>40</td>
</tr>
</tbody>
</table>


8,754 companies of which 3,955 are regional headquarters (RHQs) and regional offices (ROs) in 2018

Source: 2018 Annual Survey, HKSAR Government’s Census & Statistics Department
KEY ROLES OF HONG KONG IN THE GREATER BAY AREA

- International Financial Centre
- Transport & Logistics Hub
- Innovation & Technology
- Legal Services Hub
World’s No. 3 global financial centre, behind London & New York; 1st in Asia (1)

77 of the world’s 100 top banks operate in Hong Kong

World’s 3rd largest and Asia’s 2nd largest stock market by market capitalisation in early Apr 2019 (US$5.78 trillion) (2)

World’s No.1 for IPO funds raised in full year 2018. (3)

HK ranked No.1 for IPO funds raised in 2009 to 2011, 2015 and 2016.

(2): Hong Kong pips Japan to become world’s third-biggest stock market, Financial Times 10 Apr 2019
(3): KPMG. SCMP
HONG KONG ADVANTAGES & OPPORTUNITIES

- **International financial centre and world freest economy***
  - In view of the differences in the regulatory and approval standards for financial products between the Mainland and Hong Kong, better synergy should be promoted

- **World largest offshore RMB hub** (70% of global)
  - **Foreign capital** can be introduced thru HK to participate in the PE & VC Funds in GBA

- **Premier financial infrastructure, effective financial regulations and an abundant pool of financial professionals**
  - To enhance HK as ship financing centre and green finance hub and serve the corporates in GBA

*The Heritage Foundation’s economic freedom index*
HK-SHENZHEN INNOVATION & TECHNOLOGY PARK IN THE LOOP

- Situated at Lok Ma Chau Loop (落馬洲河套區), near HK-Shenzhen border
- 87-hectare, 4 times the size of Hong Kong Science Park
- A key base for co-operation between HK and the Mainland in innovation and technology research
- To attract top enterprises, research institutions and higher education institutes from the world
Super Tax Deduction for R&D expenditure

- **300% tax deduction** for private enterprises on the first HK$2 million of qualified R&D expenditure
- Remaining enjoys **200% tax deduction**

Technology Talent Admission Scheme (TechTAS)

Fast-track arrangement for the admission of overseas and Mainland R&D talents

Policy Address 2018

- Inject HK$20 billion into the Research Endowment Fund
- Launch a HK$3 billion Research Matching Grant Scheme
Hong Kong and the Association of Southeast Asian Nations (ASEAN) signed a Free Trade Agreement (FTA) and a related Investment Agreement (IA) on 12th November 2017.

The agreements are expected to enter into force within 2019.

Hong Kong also plans to seek accession to the Regional Comprehensive Economic Partnership after completion of negotiations between ASEAN and relevant economies.
FREE TRADE AGREEMENT with ASEAN

- **Tariff reduction**: Customs duties on goods of HK origin reduced or even eliminated
  - Trade in Goods

- **Fewer restrictions**: on HK service providers, e.g. lifting the cap on foreign ownership to ≥50% in many sectors of individual ASEAN markets
  - Trade in Services

- **Facilitating entry & stay**: for business purposes, e.g. permission for HK business visitors to stay up to 90 days in individual ASEAN markets
  - Entry and Stay of Business Persons

- **Fair treatment**: on HK investments and enhanced protection against non-commercial risks
  - Investment Protection
HOW WE CAN HELP YOU GROW.

Whether you are new to Hong Kong or a long-standing investor

**Planning**
- Information to aid planning and evaluation

**Set-Up**
- Facilitation of visa applications, schooling

**Launch**
- Networking events, introduction to service providers

**Expansion**
- PR and marketing support for launch/expansion
GET in TOUCH

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