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From Hong Kong to the Greater Bay Area to Belt and Road, and beyond

January 2018

Benjamin Wong
Head of Transport and Industrial

OVERVIEW

- **Hong Kong's Dynamic Business Environment**
- Guangdong, Hong Kong and Macao Greater Bay Area
- Belt and Road Initiative
- How InvestHK Can Help

HEART OF ASIA

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One of the busiest and most efficient international container ports in the world, handling **20.8** million TEUs of containers in 2017 and providing about **330** container liner services per week connecting to around **470** destinations worldwide.

Ranked **4th** in the world, Hong Kong Shipping Register provides quality services to over **2 500** vessels with a gross tonnage of over **110** million.

HEART OF ASIA

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More than **100** airlines operate about **1,100** flights daily, linking the Hong Kong International Airport to **220** destinations worldwide, including over **50** Mainland cities

The busiest air cargo airport in the world – **4.52 million tonnes of cargo** handled in 2016
(Airport Authority Hong Kong)

Most of Asia's key markets within four hours' flight time

From half the world's population

ONE COUNTRY TWO SYSTEMS

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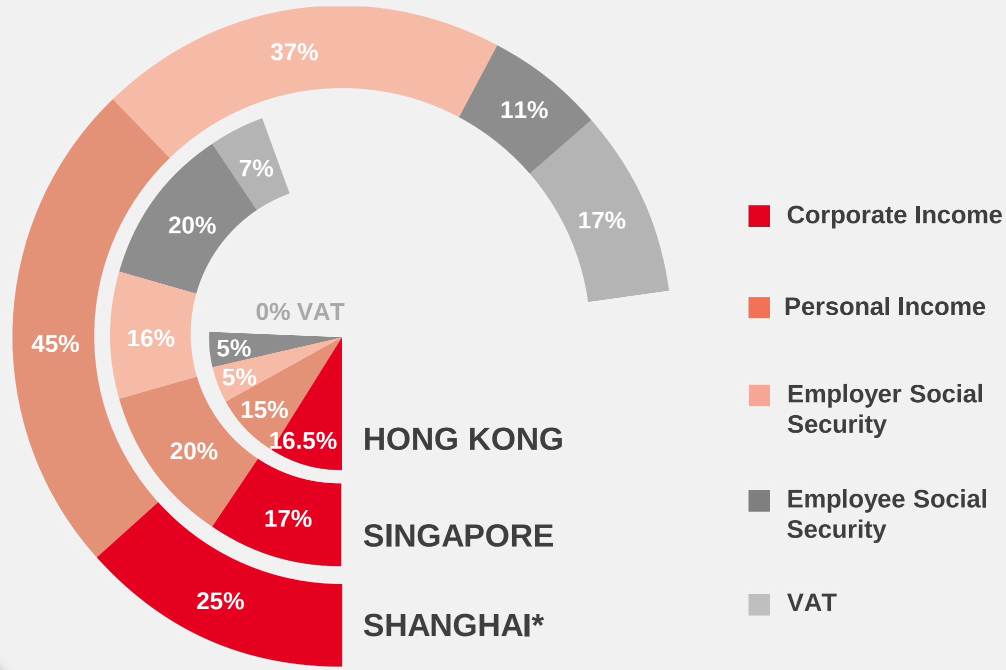
LOW & SIMPLE TAX SYSTEM



** 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**

Hong Kong has signed Comprehensive Double Taxation Agreements (CDTAs) with 38 jurisdictions.

Negotiations with 13 jurisdictions are in progress.

(as of Oct 2017)

PRIME CONDUIT FOR FDI

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8,225 companies of which **3,752** are RHQs and ROs in 2017

Source: 2017 Annual survey, HKSAR Government's Census & Statistics Department

Rank	FDI Inflows (2016)	US$ bn
1	United States	391
2	United Kingdom	254
3	China	134
4	**HONG KONG**	108
5	Netherlands	92
6	Singapore	62
7	Brazil	59
8	Australia	48
9	India	44
10	Russian Federation	38

Source: World Investment Report 2017, UNCTAD

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GREATER BAY AREA

- Comprises Hong Kong, Macao and nine Guangdong cities
- To promote economic integration in the area and to develop external links in order to establish a significant position in the global economy
- B2B and B2C opportunities
- Connectivity

POPULATION

68mn

>UK, Italy, South Africa

LAND AREA

56,000km²

<Ireland, Latvia, Panama, West Virginia (US)

GDP

US$1,328bn

>Indonesia, Netherlands, Turkey

Source: CBRE Research

Greater Bay Cities

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

“Battle of the Bays”

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Global Bay Areas	Area (sq km)	Population (Million)	GDP per capita (USD billion)	Total GDP (USD Trillion)	No. of World 100 best universities	Stock Market Capitalisation (USD Trillion)
Greater Tokyo	36,800	43.5	41,000	1.8	2	5.7
Greater New York	17,400	23.4	69,000	1.4	2	30.5
San Francisco Bay Area	17,900	7.2	99,000	0.76	2	N.A.
Greater Bay Area	56,000	66.7	20,000	1.36	4	7.6

- *The above comparison is based on current figures (i.e. without the GBA synergy).*
- *The aim of the GBA initiative is to integrate the strengths of different cities in the region, e.g. high-tech innovation of Shenzhen, strong manufacturing base in Dongguan and world-class financial and professional services industries of Hong Kong*
- *To build a new powerhouse that could rival all the other “bays”.*

Strategic Importance of GBA

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- **Part of China's 13th five-year plan (2016 – 2020)**
- **Framework agreement signed among the National Development and Reform Commission, the People's Government of Guangdong Province, the Hong Kong SAR and the Macao SAR during President Xi's visit to Hong Kong**

Enhance cooperation → **Identify core competitive advantages** → **Explore ways to complement one another**

- **It is not just a local and regional strategy, but a long-term plan at the <u>NATIONAL</u> level.**

INFRASTRUCTURE & CONNECTIVITY

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Destination	Est. Travelling Time
Futian	14 minutes
Shenzhen North	23 minutes
Humen	33 minutes
Guangzhou South	48 minutes
Shanghai	7 hours 45 minutes
Beijing	8 hours 45 minutes

Collaboration and Integration

- Enhanced cross-border movements of capital, people, goods and services
- Collaborations on economic policies, environmental and transport issues
- Development of regional connectivity infrastructures
  - Two will be rolled out in 2018: Guangzhou – Shenzhen – HK Express Rail Link & HK – Zhuhai – Macao Bridge
  - More in the pipeline

Other Regional Infrastructure Projects in the Pipeline

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Humen Second Bridge (虎門二橋)

- Enhanced connection of Guangzhou and Dongguan

- To roll out in 2019

Guangzhou – Shantou Express Rail Link (廣汕高鐵)

- Shorten the trip from Guangzhou to Shantou to 90 mins

- To roll out in 2020

Shenzhen – Zhongshan Corridor (深中通道)

- Cutting the trip from Shenzhen to Zhongshan to 30 mins

- To roll out in Dec 2024

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BELT & ROAD

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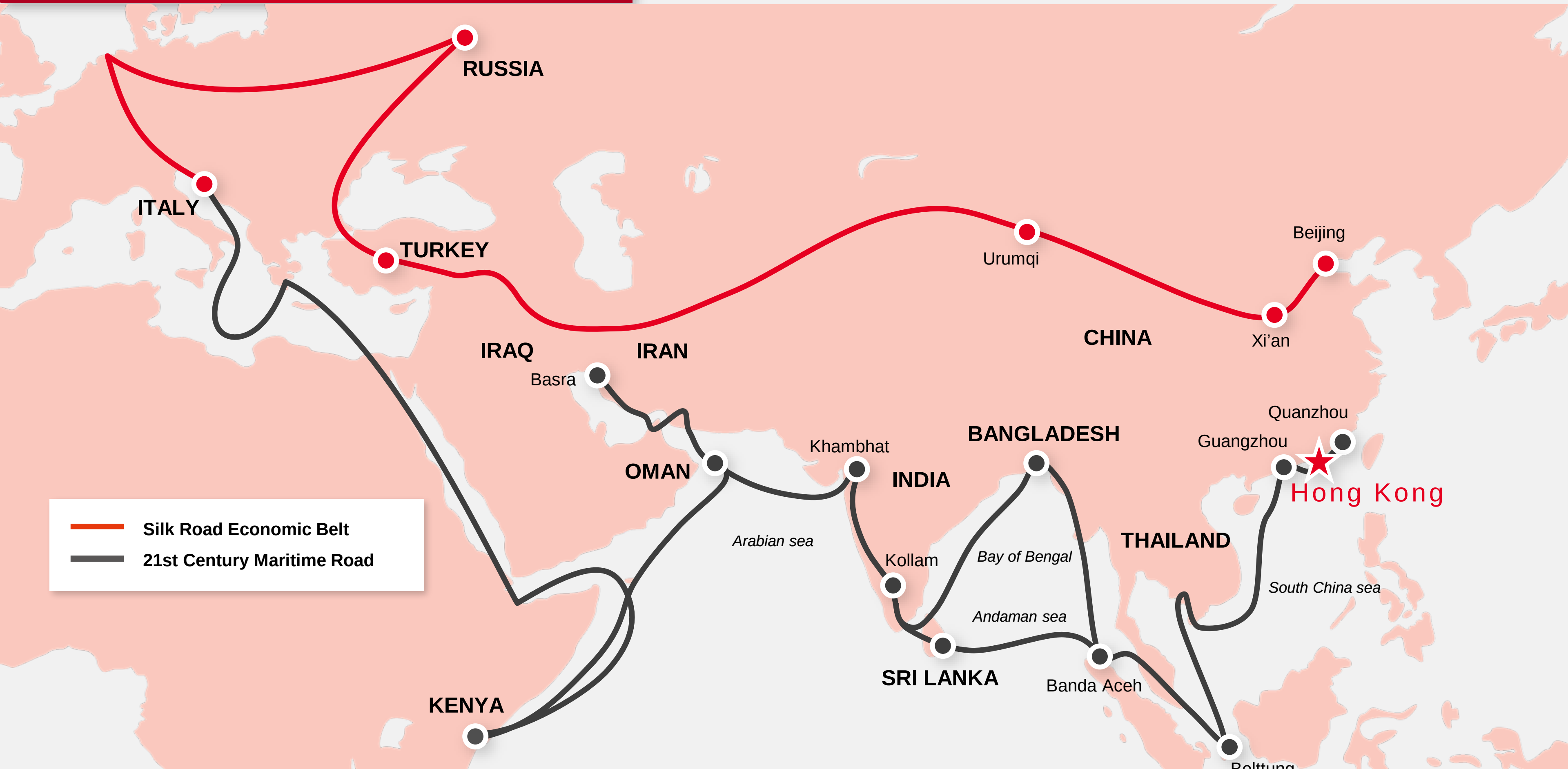
- About **31%** of global GDP in 2016
- About **62%** of the world's population in 2016
- About **33%** of the world's total merchandise trade in 2016



Sources: China-US Focus, Xinhua Finance Agency

Hong Kong: A Key Link for the Belt & Road
What Can We Offer?

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Quality & efficient financing platform

- High Standard of corporate governance
- Abundant talent pool
- Ability to manage and operate mature projects
- Diversified investors including banks, private equities and etc

World's largest offshore Renminbi business hub

- Largest pool of RMB deposits: RMB595.1bn
- Largest Dim Sum Bond market outstanding RMB256.8bn
- Daily RMB clearing and settlement turnover: RMB 871.5bn

Asia Infrastructure Investment Bank (AIIB)

- Approval of Hong Kong's membership highlights what we can offer - project loans, bond issuance, treasury management, private equity investments and many others.

Infrastructure Financing Facilitation Office (IFFO)

- The IFFO now boasts 77 members - ranging from multilateral financial agencies, development banks, private and public sector investors, to insurance companies and professional service firms - all keen to ride the wave of Belt and Road opportunities.

Belt and Road – Hong Kong Footprints

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To name a few…

Hong Kong architectural design firm responsible for design of the Pad, a residential project in UAE.

Hong Kong railway company invests in and constructs rails in the Mainland China.

International shipping company based in Hong Kong operates and develops part of Piraeus Port.

International consultancy firm based in Hong Kong provides comprehensive advisory services for a multi-purpose complex in Poland.

International consultancy firm based in HK partners up with Chinese shipping group to providing engineering consultancy for container port in Sri Lanka.

Hong Kong-based shipping and investment group takes part in the operation of the Port of Djibouti in East Africa.

Hong Kong engineering company took part in construction of Pakistan Karachi-Lahore Motorway.

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HOW WE CAN HELP

- Information to aid planning and evaluation
- Facilitation of visa applications, schooling
- Networking events, introduction to service providers
- PR and marketing support for launch/ expansion

GET IN TOUCH

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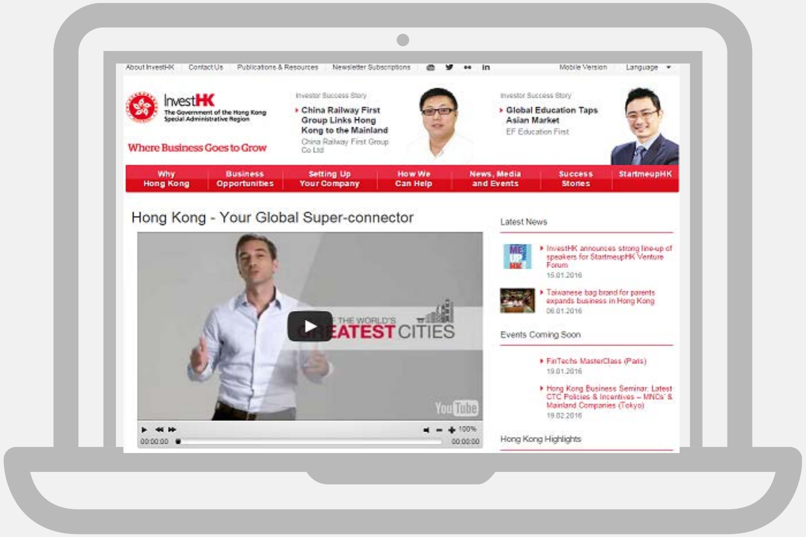

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