

HK Foreign Direct Investment



2017 / 18 Budget Promotes Diversified Economic Development

The Government will continue to work with major trading and investment partners to open up more markets and remove market impediments to strengthen Hong Kong's status as a regional investment, financial and logistics hub

Hong Kong's Financial Secretary Paul Chan unveiled the 2017-18 Budget on 22 February. On the economic front, the economy grew by 1.9 percent for 2016 as a whole and is forecast to grow by 2-3 percent in 2017. Headline inflation was 2.4 percent in 2016, with an underlying inflation rate of

2.3 percent. For 2017, headline inflation is estimated at 1.8 percent with underlying inflation of 2 percent.

Boosting Pillar Industries

Hong Kong's financial services, accounting for 18 percent of gross domestic product (GDP), is a key driving

force of steady economic growth. Hong Kong will continue to build on its status as the global offshore Renminbi (RMB) business hub and will explore with Mainland authorities ways to open up more two-way cross-border channels for RMB fund flows.

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To develop the asset and wealth management sectors, the Government proposes extending the profits tax exemption to onshore privately offered open-ended fund companies. This will help attract more funds to domicile in Hong Kong and build Hong Kong's fund manufacturing capabilities.

On maritime services, Invest Hong Kong will strengthen promotion activities overseas and in the Mainland with a focus on Hong Kong's development as a regional maritime services hub, as well as a platform connecting the Mainland with the maritime industry in other parts of the world.

To boost the aviation industry, and following completion of the Hong Kong-Zhuhai-Macao Bridge, the Government will look at how to better connect Hong Kong and the Pearl River Delta region. Cross-boundary helicopter services will be considered to enhance connectivity.

To boost the aviation financing sector, the Government plans to introduce a bill into the Legislative Council in 2017 to amend the Inland Revenue Ordinance to offer tax concessions aimed at attracting aircraft leasing companies to Hong Kong.

To capitalise on the strong growth of cross-boundary e-commerce, the Airport Authority Hong Kong (AA) has reserved land on both airside and landside to support the growth in transshipment, cross-boundary e-commerce and high value-added air cargo business. The AA is striving to enhance the Hong Kong International Airport (HKIA)'s capacity to handle high-value temperature-controlled goods, including pharmaceuticals, with a view to enhancing the HKIA's competitive edge.

The Hong Kong tourism industry will receive an additional \$243 million in 2017-18 for initiatives in areas of work including: light shows and home-grown mega events; tourism projects with local characteristics and green tourism elements; transit, overnight and cruise tourism passengers; enhanced publicity in the Mainland and overseas; and training through the Travel Industry Council of Hong Kong to enhance service quality.

Promoting Emerging Sectors

"While strengthening our pillar industries, we will seize the opportunities and strongly support the development of industries over which we have advantages as well as emerging industries to further diversify our economy," the Financial Secretary said.

The Financial Secretary will set up a new committee on innovation and technology (I&T) development and re-industrialisation to co-ordinate the I&T development and re-industrialisation of Hong Kong. A new tax policy unit will also explore enhanced tax deductions for I&T expenditure.

Startups will continue to be supported, for example via the \$2 billion Innovation and Technology Venture Fund. The Fund will inject new capital and energy into technology startups in Hong Kong.

To help the development of financial technologies (FinTech), the Hong Kong Monetary Authority is developing a new Faster Payment System to provide a round-the-clock inter-

bank real-time payment platform. The Government will also encourage the industry to make good use of the trial environment provided by the FinTech Supervisory Sandbox, so as to deliver more products and services based on different kinds of new technology.

On creative industries, the vision is to shape Hong Kong into a trend-setting creative hub as well as a metropolis rich in arts and culture. Areas such as film, design, fashion, animation, advertising and music had all benefited from government funding support in the past.

The Government will sponsor a series of celebration events to showcase the robust development of Hong Kong's creative industries during the 20th anniversary of the establishment of the Hong Kong Special Administrative Region in 2017.

Expanding Overseas and Mainland Network

With the global economic development gravity shifting towards the East in recent years, Mainland enterprises have been active in making investments overseas and tapping overseas markets. Hong Kong can capture business opportunities by capitalising on its quality professional services, socio-cultural advantages and rich international business experiences.

The Government will continue efforts to explore new markets for the local commercial sector and professionals, with the opening of a new Hong Kong Economic and Trade Office (HKETO) last year in Indonesia, and new HKETOs planned for Korea, India, Mexico, Russia, South Africa and the United Arab Emirates. The network of liaison offices in the Mainland will also be strengthened to provide a more even spread throughout the country.

www.budget.gov.hk

Measures to support small and medium enterprises (SMEs)

- extend the application period for the Dedicated Fund on Branding, Upgrading and Domestic Sales for five years to June 2022 to assist Hong Kong enterprises in furthering their business development in the Mainland;
- extend the application period for the special concessionary measures under the SME Financing Guarantee Scheme to 28 February 2018 to help enterprises tide over their liquidity needs; and
- propose to strengthen the underwriting capacity of the Hong Kong Export Credit Insurance Corporation (ECIC) by raising the cap on the contingent liability of ECIC under contracts of insurance from \$40 billion to \$55 billion.



2017

MAR

London, UK

Silicon Dragon London 2017

This annual forum enables participants to explore the leading tech and VC trends in global innovation hubs, such as London, Hong Kong and Silicon Valley.

Location: London Stock Exchange, 10 Paternoster Sq., London EC4M 7DX

Organiser: Silicon Dragon

► silicondragonventures.com/event/silicon-dragon-london-2017

Liverpool, UK

Business Seminar – Hong Kong as the Super-Connector for Asian Markets

This event will help you gain a better understanding on how to expand your business in Mainland China and Asia via Hong Kong.

Location: Royal Liver Building, Liverpool Waterfront, Liverpool L3 1HU

Organisers: Hong Kong Economic and Trade Office (London) and InvestHK (UK Office)

Changsha, Hunan, China

“Belt and Road, Together We Grow” I&T Roundtable (Changsha)

This investment promotion roundtable aims to introduce to Hunan I&T (innovation and technology) enterprises about Hong Kong's business advantages and how Mainland enterprises can make use of the Hong Kong's platform to “go global” under the Belt and Road Initiative.

Organisers: InvestHK and Hunan Provincial Department of Science and Technology

Athens, Greece

Business Luncheon “Business Opportunities in Hong Kong – Your Partner in Asia”

This CNY-event is a business seminar and luncheon for Greek companies. InvestHK will provide useful information on doing business in Hong Kong.

Location: Royal Olympic Hotel

Organisers: InvestHK, HKETO Brussels and SEV- Hellenic Federation of Enterprises

Thessaloniki, Greece

Hong Kong Business Seminar

This is a networking opportunity for companies in and around Thessaloniki, and InvestHK will provide useful information on doing business in Hong Kong.

Location: Porto Palace Hotel

Organisers: InvestHK, HKETO Brussels and Northern Greek Federation of Industries

Sofia, Bulgaria

Hong Kong: Where Business Goes To Grow

The event is a Hong Kong business seminar for Bulgarian companies and InvestHK will provide useful information on doing business in Hong Kong.

Location: Offices Bulgarian Chamber of Commerce and Industry

Organisers: InvestHK, HKTDC, HKETO Brussels and Bulgarian Chamber of Commerce and Industry

Hong Kong

Art Basel in Hong Kong

The upcoming show offers a premier platform for showing works from across the globe, with half of them from Asia and Asia Pacific. The show provides an in-depth overview of the region's diversity through both historical materials and cutting-edge works by leading and emerging artists.

Location: Hong Kong Convention & Exhibition Centre

► artbasel.com/hong-kong

Liverpool, UK

China Business Conference 2017

The 5th Annual China Business Conference will analyse the key business issues affecting UK companies in 2017.

Location: QEII Conference Centre, Broad Sanctuary, Westminster London, London SW1P 3EE

Organiser: China-Britain Business Council

► cbbc.org/whatson/china-business-conference-2017

APR

Hong Kong

Sonhar Hong Kong

First launched in Barcelona in 1994, Sonhar Festival links music, creativity and technology together. The first Hong Kong edition will bring the audience an expertly curated mix of established artists and hotly tipped emerging talents, and diverse performances ranging from live acts to DJs, and from dance-floor-driven sets to experimental electronica.

Location: Hong Kong Science Park

Organiser: Magnetic Asia Ltd

► sonarhongkong.com

Seville, Spain

Business Seminar “Hong Kong – Gateway to China for the Tourism and Agrifood Sectors”

Location: Chamber of Commerce of Seville

Organisers: InvestHK, Chamber of Commerce of Seville

London, UK

Innovate Finance Global Summit 2017

This is a very prestigious conference for the financial technology industry, with the aim of providing a platform that convenes the world's global institutions together with startups, policy makers and investors to share ideas and solutions to the challenges facing financial services.

Location: Guildhall, Gresham St, London EC2V 7HH

Organiser: Innovate Finance

► ifgs2017.innovatefinance.com

Tokyo

Luncheon Seminar

Professor Tony F Chan, the President of Hong Kong University of Science and Technology, will deliver a luncheon talk titled “Innovation & Technology: Another Pillar of Hong Kong Economy” to representatives from technology hub, business community as well as start-up companies in Japan. Charles Ng, Associate Director-General of Invest Hong Kong, will introduce the latest business environment of Hong Kong.

Location: Tokyo

Organisers: HKUST, ETO Tokyo

Supporting Organisers: InvestHK (Tokyo), HKTDC Tokyo

Hong Kong

GTR Asia Trade & Supply Chain Finance Conference 2017

Returning for its third year, the conference will continue to build on its reputation as a key networking forum for leading trade and supply chain finance specialists from across Asia.

Location: JW Marriott Hotel, Hong Kong

Organiser: Global Trade Review

► gtreview.com/events/asia/gtr-asia-trade-supply-chain-finance-conference-2017

StartmeupHK Festival 2017

StartmeupHK Festival Heralds Shape of Things to Come

The StartmeupHK Festival took place from 16 to 20 January 2017 and the week-long event has drawn well over 5,000 participants to activities on subjects ranging from retail innovation and fashion technology to smart cities, financial technology (FinTech) and health technology



StartmeupHK Venture Forum

StartmeupHK Venture Forum, the signature event organised by InvestHK, was held on 17 January and attracted more than 1,000 entrepreneurs and investors from Hong Kong and overseas. The Secretary for Commerce and Economic Development, Gregory So, mentioned in his opening remarks that entrepreneurs come to Hong Kong as it has been ranked as one of the fastest growing startup hubs in the world and has become a hotbed of innovation and a hub for every stage from ideation to commercialisation. "With the vibrancy and entrepreneurial spirit the city is famous

for, Hong Kong has a good environment and all the ingredients to facilitate this whole new generation of disruptors to create, test, show and launch their new businesses, right here in our city," he said.

Speakers included best-selling author and founder of the Moven mobile banking service Brett King; Director of the Li Ka Shing Institute of Health Sciences of the Chinese University of Hong Kong, Professor Dennis Lo; cyber illusionist Marco Tempest; Internet pioneer and Chairman of VeriFi (Hong Kong) Pindar Wong; and co-founder of Ethereum and founder of ConsenSys Joseph Lubin and more.

Retail's Cutting Edge

16 January

Organised by Inside Retail Asia, Retail's Cutting Edge looked at how disruptors are using technology in the retail space to grow brands, select products and make purchases. Speakers included Alexis Wong, one of the "Top 100 Most Influential Women in Business", who talked about the startup journey from concept to fruition. Luke Grana, founder and CEO, Grana.com shared with the audience how his business models disrupted the retail industry and the fast-moving nature of retail means Hong Kong consumers can expect to see changes in the high street within months rather than years.



Fashion Tech Asia

16 January

The evening event kicked off with a panel discussion exploring the future of fashion that is enabled by technology, with representatives from FashionTech startups, Fashion media, VCs and startup accelerator.



The Connected City

17 January

Co-organised by KPMG and the Smart City Consortium, the conference focused on the changing dynamics, demographics and growth of megacities, along with the need to make them liveable, feasible and sustainable. Smart city solutions in Vienna, Mainland China, Singapore and Songdo of South Korea were shared by industry experts while panel discussions with topics including The Future of Hong Kong, Enabling Technology for a Better Hong Kong and Connecting the Dots and Supporting the Next Generation of Tech Entrepreneurs were held. Other key talking points included the Internet of Things (IoT), data analytics and the growth in renewable energy.



FinTech Finals 2017 (FF17)

18-19 January

Riding on the success of FinTech Finals 2016 (FF16), FF17 had another year of strong line-up with some 60 speakers for the two-day event. Opening keynote speaker Michael Casey, Senior Advisor, Blockchain Opportunities, MIT Media Lab shared how blockchain can be a solution to the distributed, decentralised structure of the IoT world. Other breakout tracks covered topics on FinTech hubs, blockchain, Regtech, insurtech and wealth. Another highlight of the event was the FF 17 pitch competition with 24 outstanding startups selected from around the world pitching their business plans to compete for the Best in Show Prize of US\$10,000, as well as Best Early Stage, Best Growth Stage and Best Mature Stage Startups.



HealthTech Asia

20 January

Organised by APAC BioHealth, HealthTech Asia offered a fascinating look at the future democratisation of healthcare as new technologies and better processes bring down costs, making it more affordable for all. The opening keynote speakers were Lee Dentith and Tim Ng from Britain's Now Healthcare Group, who discussed how emerging medical technology is disrupting healthcare delivery. Then TRT International's Dr. Alex Cahana combined two of the hottest fields in tech – virtual reality and healthtech – in his talk about digital integrative care. In addition, two panel discussions on healthtech investing trends and the impact of incubation programmes concluded the week-long event on a vital component of our wellbeing.



Korea



InvestHK hosted a seminar in Seoul on 19 January to encourage Korean companies to leverage Hong Kong's business opportunities as well as its strategic location to enter the Mainland and other Asian markets via Hong Kong.

The seminar, entitled "Hong Kong: Where Business Goes to Grow", was co-organised by InvestHK and the Korea Chamber of Commerce and Industry. Addressing over 180 audience members from leading companies in various sectors at the seminar, Francis Ho, Associate Director-General, highlighted the business opportunities Hong Kong has to offer Korean companies.

Mr Ho said, "The bilateral trade between Hong Kong and Korea reached over HK\$226 billion in 2015. With the close business relations between Korea and Hong Kong, Korean investors can make good use of our strategic location at the heart of Asia and our role as the 'super-connector' between the Mainland and the

world to expand to the Mainland and other parts of Asia."

He explained that Hong Kong as the international business hub has an independent judiciary and rule of law, a low and simple tax system, free flow of capital and information, a workforce with international and Mainland perspectives, and a level playing field. In addition, the Comprehensive Double Taxation Agreement (DTA) between Korea and Hong Kong entered into force in September 2016. All these make the city the perfect platform for Korean companies to get access to the Mainland and Asian markets.

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Mexico

Asia is emerging as a good opportunity for Mexican companies to expand globally, and InvestHK's new consultant for this market is starting to spread the message that Asia is the future and Hong Kong its best regional hub for business operations.

InvestHK's Principal Consultant Victor Aguilar recently organised an event at COMCE in Mexico, the most important network of



international Mexican companies, to promote this message. The roundtable discussion generated a productive debate with most of the audience asking follow-up questions and for more specific information about Hong Kong's advantages for their companies.

Mexico was Hong Kong's second largest source of imports in Latin America in 2015, second only to Brazil. According to ProMexico, the Government's international trade and investment agency, food and beverages is an attractive sector for Mexican companies to expand abroad, in particular dried fruits, pork, chicken, beef, tequila, fish and seafood.

Mexico and Hong Kong have signed a Comprehensive Double Taxation Agreement (DTA), and an Air Services Income Agreement. An Investment Guarantee Agreement between Hong Kong and Mexico is also being drafted.

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Bloomberg Expands its Digital Presence in Hong Kong

As technology changes the face of the media industry, the media arm of the global business and financial information and news company anticipates strong audience growth through constant digital innovation

“Hong Kong has a critical role to play in China’s future, from the internationalisation of the RMB through to the Belt and Road initiative. The city has always found a way to stay relevant, and it’s exciting to see this every day.”

Parry Ravindranathan, Managing Director - International Bloomberg Media Group

Bloomberg opened its Hong Kong office in 1993, and it now spans two different office spaces in the Central district. It recently finished putting together a large digital team in Hong Kong to manage and produce its online news content, whether it’s on Bloomberg.com, its new mobile consumer app or via the various social media channels it uses in Asia. They did this to deliver consistent, high-quality and engaging content for the region.

“Our digital-first approach has kept us on the front foot, and we’ve been able to cement our position as the leading international business news provider in the region,” Parry Ravindranathan, Managing Director - International of Bloomberg Media Group, said.

A new global vertical called Bloomberg Technology recently went live, spanning digital, mobile, television, radio and print channels as well as events, showcasing the company’s multi-platform strength. This is in addition to a newly launched mobile app, offering a new interface and upgraded multimedia experience.

“The Hong Kong bureau is now our largest one in Asia, and that points to the city’s strength as a leading global business and finance centre,” Ravindranathan added. “It is also a gateway into Mainland China, where the world is increasingly turning its attention to. From a hiring perspective, there’s great talent here in Hong Kong, because the city’s top universities and world-class journalism courses are supporting this ecosystem.”

He highlighted that, like in many other sectors, technology has brought huge disruption to the media industry, but this also brings opportunities to those willing to embrace it. He sees Hong Kong as the place to capture this trend by experimenting and innovating.

“Hong Kong has one of the highest mobile penetration rates in the world, and it’s not surprising that mobile is how a significant

volume of our news content is consumed. The city’s high cellular speeds allow news providers like us to deliver rich digital content to our audience here and engage them in new and varied ways,” he said.

In 2016, Bloomberg was tracking at an all-time high of some 39 million unique digital visitors each month. Its Asia-Pacific mobile readership saw roughly 37 percent year-on-year growth and its website has been recording a 10 percent year-on-year increase in visitors from the region.

Ravindranathan thinks that Hong Kong’s role in the region will only become bigger.

“Hong Kong has a critical role to play in China’s future, from the internationalisation of the RMB through to the Belt and Road initiative. The city has always found a way to stay relevant, and it’s exciting to it see this every day,” he said.

He added, “It’s a great city to work and live. It’s so easy to get around, to find great food and outdoor activities here. But most importantly for me, it’s a very efficient hub for regional business travel.”

Bloomberg Media Group

- First set up its office in Hong Kong in 1993
- Recently built up a large digital presence in Hong Kong, where it has its largest bureau in Asia
- Saw roughly 37 percent year-on-year mobile readership growth in Asia-Pacific

bloomberg.com

Bringing Swiss Innovation to Asian Home Living

Home appliance specialist V-ZUG from Switzerland hopes to use Hong Kong as the launch pad to Asia

Swiss home appliance specialist V-ZUG recently set up the first ZUGORAMA showroom for Hong Kong in Causeway Bay, allowing visitors get to see for themselves how Swiss technology can improve home living.

Alberto Bertoz, Managing Director Greater China, said Hong Kong is not only an important market in itself, but is also a trendsetter in the region and being here brings visibility to the brand. "Hong Kong has had, and we believe will continue to have, a 'lighthouse effect' in the region. No luxury brand with a success story in Asia is without a success story in Hong Kong."

Dozens of events have been held at the showroom, which consists of a living room and a dining area with an open kitchen, to demonstrate to developers and potential consumers the results the lines of high-tech kitchen equipment are able to produce. Adjacent to the showroom is an office where staff take care of sales and marketing, customer service and support, as well as management and finances of the company's Greater China operations.

"Now that our showroom is set up and ready, it will complement the service of kitchen dealers that possess the level of taste and experience to understand, discern and propose the brand and the products for their value," Bertoz said.

Now with showrooms in both Hong Kong and Shanghai, V-ZUG is well positioned to focus on establishing itself in Greater China in the next two years, before expanding to other parts of Asia.

Bertoz emphasised that V-ZUG does not merely export products overseas, but it's more about addressing customers' needs with Swiss technology, whatever market it may be.

The company has also introduced to the city the V-ZUG Gourmet Academy, which helps customers make purchasing decisions through regular events and activities. The chef at Hong Kong's Gourmet Academy is discovering how to prepare Chinese recipes through the brand's tradition of attention to detail and Swiss perfection.

"I personally cooked pork belly for my friends prepared with the V-ZUG Combi-Steam oven, which takes 72 hours at 62 degrees

Celsius. After it was set up, the whole cooking process was automated. The dish was ready to serve after three days of slow-cooking. This cooking process seemed complicated, but it was actually very simple and it produced an outstanding result. Everybody was amazed," Bertoz said.

The oven, he furthered, is also able to achieve crispiness and the golden colour desired in many traditionally fried dishes in Chinese cuisine such as "spring rolls", through the precise distribution of humidity and heat, but without deep-frying. But taking note of the importance the local cuisine places on specific preparation techniques, V-ZUG has developed a line of gas hobs available only for the Asian market.

Other key products introduced to Hong Kong by V-ZUG include the Refresh Butler, which according to the company, is a revolution in fabric care that de-creases, sanitises and dries delicate garments through the world-exclusive photocatalysis process coupled with steam technology. It reduces the need for dry-cleaning, which involves chemicals harsh on fabrics.

Bertoz relocated to Hong Kong with his family last year and has been enjoying his new home. "It's very vibrant and dynamic, and there's a lot of business going on. But in just 20 minutes, you can be in the middle of nowhere with a lot of green. There's no other city like it," he said.

V-ZUG

- Set up the first showroom in Hong Kong at the end of 2016
- Developed a line of gas hobs exclusively for the Asian market
- Plans to focus on establishing itself in Greater China in the next two years

vzug.com

"Hong Kong has had, and we believe will continue to have, a 'lighthouse effect' in the region. No luxury brand with a success story in Asia is without a success story in Hong Kong."

**Alberto Bertoz, Managing Director Greater China
V-ZUG**



“As an international finance centre and gateway to the Mainland, Hong Kong has attracted many business travellers to the city. With tourism being one of the major pillars of Hong Kong’s economy, these two factors mean a vast pool of potential customers for ONYX.”

Tommy Lai, Vice President, North Asia
ONYX Hospitality Group



The Unique Thai Hospitality Experience

With more than 50 years of experience in running some of the most successful hotels in Thailand, ONYX Hospitality Group has extended their footprint to 13 markets in the Asia-Pacific region

Before the company was rebranded as ONYX in 2008, the group had 15 hotels in Thailand under one brand - Amari. Today, the group has developed into a multi-brand company offering accommodation choices to a broad spectrum of travellers and guests, namely Amari, OZO and Shama. Amari is the most established chain of hotels that creates memorable experiences and embodies the spirit of local culture. OZO offers hotels and resorts that enable on-the-go guests a quality experience without any fuss. Shama is a collection of serviced apartments that epitomise comfort, style and luxury. Currently in Hong Kong, there are five Shama serviced apartments and one OZO Wesley Hong Kong which was opened in 2013, the first OZO hotel for the group. In 2017, ONYX will be adding two more properties into the portfolio - Shama Island North Hong Kong in North Point, and a Mosaic Collection property, Hotel 108, located on 108 Soy Street, Mong Kok.



Expand with a Solid Ground Experience

To cope with the expansion plan, ONYX set up their North Asia office in Hong Kong in 2010 in order to provide a gateway for the group to access the local and Mainland hospitality markets, as well as an opportunity to develop all the brands within the ONYX portfolio in this market. According to Tommy Lai, Vice President, North Asia, their first regional office outside Thailand is in Hong Kong. They now have a significant presence in the city and form a very strong foundation to develop their business in Mainland China. “As an international finance centre and gateway to the Mainland, Hong Kong has attracted many business travellers to the city. With tourism

being one of the major pillars of Hong Kong’s economy, the city welcomes an average of more than 26 million overnight visitors a year. These two factors mean a vast pool of potential customers for ONYX,” Lai explained.

“With its solid banking sector and a stable legal system, as well as a highly motivated workforce, Hong Kong has one of the most favourable business environments in the world with a low tax base and rule of law. All these provide a reliable setting for us to grow from here,” he added.

Currently the group has a portfolio of 68 properties that are already open or under development in 13 markets across the Asia-Pacific region and aim to expand to 81 properties by 2018. In Hong Kong, there are 150 staff members. In order to attract talent to accommodate the group’s expansion strategy, they work closely with local universities and institutions to attract those with the hospitality mindset and training to join the group.

“InvestHK has created a platform for us to meet with companies that have a business presence in Hong Kong such that we can expand our network in terms of business development and sales effectively. We look forward to working more closely with the department to further expand our presence here in this important market,” Lai concluded.

ONYX Hospitality Group

- Originated from Thailand with experience in running some of the most successful hotel operations in the Asia-Pacific region
- Operating two brands in Hong Kong, OZO hotels and Shama serviced apartments
- Currently has a portfolio of 68 properties that are already open or under development in 13 markets across the Asia-Pacific region and aim to expand to 81 properties by 2018

onyx-hospitality.com

Level 3 Uses Hong Kong as Platform to Strengthen Services in Asia Pacific

US-headquartered Level 3 Communications, a global communications service provider, has recently expanded its service portfolio in the region, with its office in Hong Kong being the command centre

“Hong Kong’s very high economic freedom makes it easy for a multinational company like Level 3 to do business here.”

**Ricky Chau, Vice President, APAC
Level 3 Communications**



Hong Kong has a highly developed information and communication infrastructure, which is vital to its status as a global financial centre. It is also a factor that has attracted multinational corporations (MNCs) to set up regional headquarters or regional offices in the city.

“We have operation in 10 countries throughout Asia Pacific. Hong Kong is a major location for us,” Ricky Chau, Vice President of Asia Pacific of Level 3 Communications, said. Level 3 Communications, Inc. (NYSE: LVT) is a Fortune 500 company that provides global communications services to enterprise and carrier customers. Level 3 serves customers in more than 500 markets in over 60 countries across a global services platform anchored by owned fiber networks on three continents and connected by extensive undersea facilities.

The company has been operating in Hong Kong since 2004, and Chau pointed to three reasons why it has become an important location in the region for Level 3. “First, Hong Kong has a well-developed telecommunication infrastructure with multiple submarine and terrestrial cables connecting it. Secondly, Hong Kong is the regional base for many multinational customers and a key gateway to Mainland China. The third reason is Hong Kong’s very high economic freedom makes it easy for a multinational company like Level 3 to do business here.”

In 2017, Level 3 has expanded its DDoS mitigation and software-defined networking (SDN) solutions to the Asia-Pacific region.

“Our enterprise customers are in the midst of digital transformation that is accelerating the need for security and agile networking solutions. We are expanding our services in Asia Pacific to enable our customers in their digital transformation journey,” Chau said.

Level 3 opened three new scrubbing centres in Hong Kong, Tokyo and Singapore in January, which have joined eight others in Europe and Americas. Level 3’s DDoS ingest capacity, at 4.5 terabits per second, provides a high capacity to ingest massive attacks so customers can get back to business as usual. The service is carrier agnostic and pulls all customer traffic into

Level 3’s globally located scrubbing centres for cleansing before forwarding legitimate traffic through a private connection or the public internet.

The Level 3’s Threat Research Labs in Colorado, US, monitors Internet traffic, analysing about 48 billion net flow sessions per day.

“With a scrubbing centre here, we deliver our DDoS mitigation service in the region. This will benefit not only our customers in Asia Pacific but also our customers globally,” he said.

Level 3 has also expanded its award-winning Metro 2.0 global Ethernet platform and software-defined networking (SDN) solutions to the Asia Pacific. Enterprises can now access Level 3’s agile Ethernet platform from two access points each in Hong Kong, Tokyo and Singapore, for a total of six access points in the region. The move is necessary with the rise of cloud computing, as administrators need to manage massive traffic loads in a flexible and more efficient manner. Level 3 Ethernet services reach more than 290 markets around the world with flexible bandwidth options ranging from 2 Mbps to 6 Gbps.

Level 3 has a sales office in Causeway Bay and two operational locations in Chai Wan and Tseung Kwan O.

Level 3 Communications

- Using Hong Kong as the command centre for its Asia Pacific operations since 2004
- Has recently opened three scrubbing centres in Asia Pacific, including one in Hong Kong
- Has recently expanded its award-winning Metro 2.0 global Ethernet platform and software-defined networking (SDN) solutions to the Asia Pacific, including two access points in Hong Kong

level3.com

Bringing Entertainment to the World

Israeli media group Keshet International has recently founded its Asia headquarters in Hong Kong as the command centre for its regional expansion

You may be a fan of critically acclaimed TV drama *Homeland*, but you may or may not know that the American political thriller television series was developed based on an Israeli production called *Prisoners of War* (*Hatufim*). The company that created the original version, Keshet Media Group, was founded in Tel Aviv in 1993 and has become a global media conglomerate in less than two and a half decades. And the company's footprints have reached Asia for several years with local adaptations of its productions, such as *Master Class* in China, *Spy* in Korea, *Rising Star* in Indonesia and *Boom!* in Thailand and Cambodia.

But it was not until 2014 that a decision was made to open an Asia headquarters, and Hong Kong was ultimately chosen as the location.

"Geographically, if you look at the map, if you look at the business we are building, Hong Kong is right in the centre," Gary Pudney, Head of Keshet International Asia, explained. Cities that he frequently travels to for business, such as Beijing, Shanghai, Singapore and Mumbai, are within three to five hours' flight time.

"It's a very efficient location, and it is very easy to set up a company. You have an accountant at every street corner, and the law is stable."

Within months after the Hong Kong office opened in October 2015, the team has closed several major deals such as *Prisoners of War* with Star TV in India, *Trade Up* with Mainland China's CCTV as well as *Master Class* in Vietnam and *Rising Star* in Cambodia.

"Our revenue in Asia is up 300 percent year on year," Pudney said.

Other than the main distribution and production arm Keshet International in Tel Aviv and Keshet International Asia in Hong Kong, the group also has Keshet Productions UK in London, Keshet Mx production company in Mexico City, and Keshet

Studios in Los Angeles. The group has a catalogue of more than 90 tried and tested properties that appeal to audiences worldwide, spanning all genres. Pudney pointed out that Asia is where the company sees the most growth potential.

"One-third of the world's population is here; our goal from this office is to plant a flag in every country," he said.

Keshet has been working with a number of partners in Mainland China. "There is an explosion of opportunities in the scripted space, and we have a number of dramas under development right now. They will start to break the surface from 2017 into 2018," he said.

Keshet International Asia has a team of four at the moment. Pudney expects to eventually grow the headcount to 10. Many of the key members of the team have 15 to 20 years of experience in the industry.

Keshet International

- Offers a catalogue of more than 90 tried and tested properties that appeal to audiences worldwide, spanning all genres
- Opened the Asia headquarters in Hong Kong in October 2015
- Saw a 300 percent year-on-year growth in business in Asia after the regional headquarters opened

keshetinternational.com



"Geographically, Hong Kong is right in the centre. It's a very efficient location, and it is very easy to set up a company."

**Gary Pudney, Head of Asia
Keshet International**

Expand Japanese Dining into a Broader Horizon

Having established in Hong Kong for more than 15 years, Watami International Co Ltd has established a wealth of successful brands with 28 outlets in Hong Kong while planning to expand their footprint to a broader horizon with more new concepts

Hong Kong's first Ishokuya concept Watami, a dining oriented bar, opened in 2001 and it was also the first Watami outside Japan. According to Yutaka Kuwabara, President, since the population and market size in Japan was declining, it is important for the restaurant group to expand to overseas markets with a growing economy and business potential. Hong Kong not only provides the potential for the group to expand, its strategic location near Mainland China allows the group to gain up-to-date information about the Mainland market which helps the company to establish their presence in the country.

Building Diversified Brands

Watami Group operates 17 Watami outlets, five Watei outlets aiming at a more mass market, four Gochiso restaurants that serve fusion Mediterranean cuisine, and Kitchen J that offers sandwiches and pizza. The restaurant group has also launched two new projects recently. Firebird, a yakitori skewers restaurant located in buzzing Causeway Bay and Kyo Watami, a new premium concept to be implemented at the Kornhill branch. Both the interior design and menu are designed by Japanese professionals; most of the ingredients are also imported from Japan.

Kuwabara understands that nowadays gourmards are not looking for localised Japanese food but something authentic from Japan. So when they have decided to create Kyo Watami, it was essential to incorporate Japanese elements from start to finish. "Japan is one of the most popular leisure destinations for Hong Kong people. A lot of them are very familiar with Japanese cuisine and its origins. It is important for me to be based in Hong

Kong in order to receive first-hand feedback from customers, follow the food trends, understand the concerns of our staff and adapt to this fast-moving market." Kuwabara said.

"With the assistance of InvestHK, I am able to receive timely advice on my ideas and the networking events they arrange really help me expand my network and open up new business opportunities," Kuwabara added.

At the moment, the group has hired 1,000 staff in the city and 95 percent are locals. "Hong Kong people are very independent, hardworking and always willing to learn more," he added.

Other than Hong Kong, Watami Group also has presence in other parts of Asia, such as Shanghai, Shenzhen, Guangzhou, Suzhou, Singapore, Korea, Taiwan, the Philippines and Cambodia. Talking about the future development, Kuwabara is planning to create more diversified brands to capture a wider audience and cater for the ever-changing market.

Watami International Co Ltd

- Opened the first Watami Japanese Dining Restaurant in Hong Kong in 2001
- The group now operates 28 outlets under different brand names in Hong Kong with 1,000 staff

watami-int.net



"It is important for me to be based in Hong Kong in order to receive first-hand feedback from customers, follow the food trends, understand the concerns of our staff and adapt to this fast-moving market."

**Yutaka Kuwabara, President
Watami International Co Ltd**



“The Hong Kong market is very open, and very ideal for new companies to start up and run. Clients are very open to meeting us and testing us out.”

**Aviel Sim, Consulting Director
RecruitFirst**

The Balancing Act of Recruitment Business

Singaporean human resources consultancy RecruitFirst hopes to tap the growing market of contracting work in Hong Kong and help employers find the right talent

Promising to be “fast and furious”, RecruitFirst from Singapore opened an office in Hong Kong in January 2017 with the goal to “place a candidate every minute, every day”.

“The brand was first set up four years ago in Singapore, and we built it up very quickly. It has become stable and profitable, so we decided it was a good time to expand it to an overseas market,” Aviel Sim, Consulting Director, said. “The Hong Kong market is very open, and very ideal for new companies to start up and run. Clients are very open to meeting us and testing us out.”

Although RecruitFirst is itself a young brand, it is part of the bigger network of the HRnetGroup, which has several brands under its wings. The most well-known among them is the 25 years old HRnetOne, which specialises in placing executive-level candidates in a range of industries. In Hong Kong, where the brand has operated for 16 years, it is known for serving clients in retail and pharmaceutical industries.

For RecruitFirst, one of the main sources of business is placing candidates in temporary or contracting roles, with insurance and banking; retail and fast-moving consumer goods; as well as IT and telecommunications being the key sectors.

Sim explained that a relatively volatile global economic climate has prompted more companies to turn to contracting as a flexible way to control headcount based on changing needs, while candidates are also more open to accepting temporary roles.

“When you are talking about fixed-term contracting, the candidate is placed on our company’s payroll and we outsource them to the client,” he explained.

For permanent positions, roles handled by RecruitFirst range from entry level to managerial level. But Sim stressed that, in either case, it takes more than sheer luck to find the right candidate for a client.

“Clients really trust us in sending them candidates that are reliable and well managed. Time is invested in educating the candidate about the market situation, the nature of the company they are applying for and the nature of the role,” he said.

RecruitFirst also makes use of technology to help its work. It has recently launched its own mobile app that links the user to its candidate database. Job seekers can also use it to search for openings based on their aspirations.

The team at RecruitFirst makes frequent visits to local universities to get the word out about their company and to seek out new talent.

“In terms of academic training, the universities in Hong Kong definitely train students well,” he said. “Every week we meet a lot of good candidates and are very impressed by them.”

The HRnetGroup network has operations in eight countries and 10 cities across Asia Pacific, which enables RecruitFirst to place candidates around the region.

RecruitFirst

- Set up in Singapore four years ago, and entered the Hong Kong market in January 2017
- Taping the growing contracting work market as one of its main sources of business
- Part of the HRnetGroup, which has operations in eight countries and 10 cities across Asia Pacific

recruitfirst.com.hk

Finding the Next Messi from Asia

Sparta Rotterdam Football Club in the Netherlands has set up its regional arm in Hong Kong to nurture the next generation of stars on the pitch

Football is a loved sport in Hong Kong and fans make it their mission to show up in droves to support their favourite teams at matches. Youngsters and adults alike can be seen around town practising the art of scoring goals. Their fervour has caught the attention of legendary Sparta Rotterdam Football Club, founded in 1888 and based in the Netherlands.

To keep the sport growing, Sparta Rotterdam has established the Sparta Youth Academy to nurture promising football players from a young age, and its mission extends beyond the borders of its home country. At the end of 2016, the football club set up a presence in Hong Kong.

"After three years of cultivation, Sparta Rotterdam Asia, the official representative of Sparta Rotterdam Football Club, has launched the Sparta Rotterdam Junior Soccer Nurture programme in Mainland China," Rob Westerhof, Chairman of Sparta Rotterdam Football Club in the Netherlands, said. "This soccer programme is carried out by the new Hong Kong associate SR Nurture Talent Ltd."

The programme spans various Asian countries but Hong Kong has been designated as the command centre. "Hong Kong has been chosen as the regional hub of Sparta Rotterdam Football Club to expand its activities into Mainland China and Asia because all sorts of professional services can be found here, ranging from finance and marketing to medical service, event management and sports development."

The programme's first league competition will kick off in March 2017 and run through to June across five countries. Participating teams come from football academies and schools in 15 cities, including Hong Kong, Singapore and those in Guangdong, Guangxi, Jiangxi, Hunan, Malaysia, Thailand and Vietnam.

There will also be aspiring footballers from Changsha and Wuhan. More cities in Mainland China and the rest of Asia are expected to join the rank in the coming years.

Dutch coaches are sent to the region at least twice a year to train local coaches, who will in turn transfer the Dutch Total Football knowledge and skills to the local players. Sparta Rotterdam Football Club is the first foreign club in close cooperation with the Chinese Football Association and the Sports Bureau. It has opened a football training school in Dongguan and is in the process of setting up an office in Guangzhou.

Sparta Rotterdam sees many opportunities in Hong Kong. "The Hong Kong Government has invested a lot in sports facilities and there are very nice football pitches and football courts in Hong Kong. Also there are many world-class retired players coaching in the city. Sparta Rotterdam Asia and SR Nurture Talent will seek to work and cooperate with them," Westerhof said.

Sparta Rotterdam Football Club

- Opened its regional headquarters in Hong Kong at the end of 2016
- Launched the Sparta Rotterdam Junior Soccer Nurture programme in Mainland China in November 2016
- Sends Dutch coaches to the region at least twice a year to train local coaches

sparta-rotterdam.nl



"There are very nice football pitches and football courts in Hong Kong, and also many world-class retired players coaching in the city."

**Rob Westerhof, Chairman
Sparta Rotterdam Football Club**



“As a major global business hub Hong Kong naturally attracts the best professionals, and it also has exceptional home-grown talent. The talent pool in Hong Kong is one the very best in the world.”

**Nissim Yochai, VP Trans Pacific Trade
ZIM Integrated Shipping Services**

Hong Kong Remains Key Port of Call for Global Cargo Carrier

Israeli shipping service provider ZIM bases two of its four regional business units in Hong Kong after restructuring

The world is increasingly fast-changing, and it is the same at sea as it is on land. Last year, ZIM Integrated Shipping Services went through organisational restructuring to enable its country offices around the world “to respond quickly to market needs”. It is also part of the company’s overall strategy to “focus on profitable trade areas in which ZIM enjoys competitive advantage”.

Area Managements have been cancelled and replaced with four major Business Units, namely Pacific Unit, Intra-Asia Unit, Latin America Unit and Cross Suez - Atlantic Unit. The first two business units are based in Hong Kong whereas the latter two are based in Kingston, Jamaica and Haifa, Israel respectively.

“ZIM’s Asia Pacific head office has been based in Hong Kong for more than 40 years. The offices in Hong Kong are responsible for a huge segment of ZIM’s global business, representing over 50 percent of ZIM’s overall business,” Nissim Yochai, VP Trans Pacific Trade, said.

ZIM serves more than 120 countries globally. It employs a staff of some 250 in Hong Kong.

“As a major global business hub Hong Kong naturally attracts the best professionals, and it also has exceptional home-grown talent. The talent pool in Hong Kong is one the very best in the world,” Yochai said.

The company has high expectations of the “Maritime Silk Road” laid out in the Chinese Government’s Belt and Road Initiative, as well as the recently established Hong Kong Maritime and Port Board.

“We naturally see Hong Kong as a ‘super-connector’ and our policy is to maintain and strengthen our activities in Hong Kong. We are certain that the Hong Kong Maritime and Port Board will continue to facilitate shipping lines operations in an efficient and professional manner for the benefit of all parties,” Yochai said.

In recent years, many major shipping companies have formed alliances as a way to expand their product and service offerings without significantly increasing investment. But ZIM, Yochai explains, has chosen to stay independent.

“For us, we can make decisions on our own, and we can make decisions faster. We can change the schedules, and we can add ports ad hoc, if necessary. It’s freedom for us, freedom for our customers,” Yochai said.

“We have recently introduced a restructured efficient network, largely operated independently by ZIM, covering the Cross-Pacific, Asia-Med/Black Sea and Atlantic trades, enhancing our offer to the market. But not being part of an alliance does not preclude us from forming partnerships.”

ZIM works with other operators through swaps, vessel sharing agreements and slot trading. Yochai points out that most of the vessels in ZIM’s fleet are chartered, and that allows the company to be “asset light”.

“Over the last two years we have been consistently outperforming the industry’s average in terms of operational profit,” he said.

ZIM celebrated its 70th anniversary in 2015, and as part of the celebration, it has launched the Container Artist Residency 01 project, in which seven artists have been chosen out of more than a hundred bids to travel on the company’s commercial cargo ships and create artworks during their journeys. The pieces are to be displayed in a series of exhibitions held in three cities, starting from Hong Kong and followed by Tel Aviv and New York. On 6 March, some of the pieces will be auctioned off at PARA SITE art space in Quarry Bay, including one from Art Basel winner Samson Young. Proceeds will go to charity Room to Read.

ZIM Integrated Shipping Services

- Set up its Asia Pacific head office in Hong Kong some 40 years ago
- Bases two of its four regional Business Units in Hong Kong after restructuring in 2016
- Serves more than 120 countries, with the Hong Kong office responsible for over 50 percent of the company’s overall business

zim.com

InvestHK recently facilitated the following companies to establish or expand their business presence in Hong Kong. We welcome them to our city and wish them a prosperous future.

Company name	Sector	Company name	Sector
France		Sweden	
Ekimetrics	Consulting in Data Analytics	moreganic Sweden	Food & Beverage
French Allure	Fashion Wholesale/Retail	Switzerland	
Kello Labs Ltd	Sleep Tech and Internet of Things	V-ZUG	Household Appliances
Germany		Thailand	
a.Hartrodt	Logistics and Transportation	ONYX Hospitality Group	Hospitality
India		The Netherlands	
Accelerate	Tech Education	Fruit for You	Office Fruit Delivery
Indonesia		Sparta Rotterdam Football Club	Sport
Fivelements	Wellness Industry	Turkey	
Ireland		Gino Monti HK Ltd	Genuine Leather & Trading
Axiom	Recruitment	United Kingdom	
Israel		Imagesound Group	Retail and Hospitality Music Solutions
Keshet International	Entertainment	Nelian Holdings	Tourism & Luxury Retail
ZIM Integrated Shipping Services	Shipping	Partnership Education Greater China Limited	Recruitment
Italy		ZEDRA	Trust, Corporate and Fund Administration Services
Trip Guru	Travel	United States	
Japan		Bloomberg Media Group	Business and Financial Information Provider
Watami International Co Ltd	Restaurant	E.P. Miller	Photography
Mainland China		Epsilon Venture Partners	Technology Venture Capital Investor
Hong Kong New Oriental Culinary Art	Culinary Training	Go2Group	Software Technology Solution Provider
New Zealand		Level 3 Communications Inc	Telecommunication Infrastructure
KorumLegal	Legal Services		
Philippines			
Jollibee	Fast Food Restaurant		
Singapore			
Imperial Treasure	Restaurant		
RecruitFirst	Recruitment		
Reste Laboratories Pte Ltd	Medical Laboratory		



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