



Invest**HK** 投資推廣署
The Government of the Hong Kong
Special Administrative Region

HONG KONG: A KEY LINK FOR THE BELT AND ROAD



CONTENTS



4-5

ABOUT INVEST
HONG KONG

6-7

BELT AND ROAD
OVERVIEW



8-11

HONG KONG ADVANTAGES

12-13

HONG KONG AND
THE NATIONAL DEVELOPMENT
AND REFORM COMMISSION

14-17

INDUSTRY OPPORTUNITIES

18-21

REGIONAL
OPPORTUNITIES





ABOUT INVEST HONG KONG



Invest Hong Kong (InvestHK) is the Hong Kong Special Administrative Region Government's department responsible for attracting foreign direct investment. Our goal is to help Mainland and overseas companies to set up and develop their businesses in Hong Kong. For those foreign companies that are already established here, we extend our services to help them expand in our city.

All of our services are free, confidential and tailored to clients' needs. Our comprehensive range of services includes:

Latest information on Hong Kong's business environment:

- Sector-specific advice and opportunities
- Business incorporation procedures
- Tax and business regulations
- Cost-of-business models
- Employment legislation
- Immigration requirements
- Business networking opportunities

Introduction to business contacts:

- Lawyers, accountants, human resource specialists, consultancies, designers, interior specialists and real estate companies

Arranging visit programmes:

- Meetings with service providers, professional associations, and government officials and departments

Business support facilitation:

- Support and assistance with business licences, visa applications, trade mark registration, IP and trade regulations
- Marketing and public relations services during the launch and expansion of your company
- Advice on living and working in Hong Kong — housing, healthcare, schooling and networking

InvestHK has offices in major cities around the world and industry experts across a range of business sectors. Contact us for free advice on setting up in Hong Kong or for details on how we can support your expansion in our city.

BELT AND ROAD OVERVIEW

Combining two related development schemes: “Silk Road Economic Belt” and “21st Century Maritime Silk Road”, the Belt and Road Initiative (BRI) connects Asia, the Middle East, Eastern Africa, and Eastern Europe. It is a monumental undertaking that will transform lives and trading patterns.

To ensure the Initiative’s success, Belt and Road countries are keen to promote market integration and forge new ties among different economies. Existing bilateral and multilateral cooperation mechanisms will be used to accelerate the economic integration of countries along the route and support growth in trade.

The Belt and Road promises a wide array of benefits to billions of people — these are the principal objectives of this enterprise:

Policy Coordination

- Promote cooperation among all participating BRI governments
- Construct an enduring platform for multilateral policy coordination

Facilities Connectivity

- Strengthen infrastructure planning and construction to achieve facilities connectivity

Unimpeded Trade

- Reduce and eliminate trade barriers
- Foster the growth of Free Trade Agreements (FTAs)

Financial Integration

- Streamline multinational financing and investment links
- Coordinate monetary policy to lower macroeconomic risks

People-to-People Bonding

- Promote academic and cultural exchange between Belt and Road nations
- Foster cooperation and unity throughout participating countries



“

The Belt and Road promises a wide array of benefits to billions of people.”



HONG KONG ADVANTAGES







The international nature of the city's legal profession makes Hong Kong an indispensable partner in the BRI ”

“One Country, Two Systems”

Under the “one country, two systems” principle, Hong Kong enjoys a double advantage. Thanks to the “one country” advantage, goods and services of Hong Kong can enter the Mainland market with preferential treatment under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and other preferential policies, whereas the “two systems” advantage enables Hong Kong to maintain its internationally compatible social, economic, legal and judicial systems.

Competitive Free Economy

Hong Kong's economic power and freedom represents the incredible potential of human enterprise. Hong Kong has been ranked for the 24th consecutive year as the world's freest economy by the Heritage Foundation¹. Equally, the city welcomes businesses from every corner of the world - from establishing regional headquarters to facilitating the trade of goods from Asia to Africa, Europe to America, and as a gateway to the Mainland.

Robust Legal System

Hong Kong has an independent and robust legal system. Practising the common law system, a strong contingent of qualified lawyers is on hand to facilitate all kinds of business transactions and resolve any disputes. According to the “2015 International Arbitration Survey” published by Queen Mary University of London, the Hong Kong International Arbitration Centre was rated the most preferred seat of arbitration outside Europe. Arbitration awards made in Hong Kong are enforceable in more than 150 jurisdictions under the New York Convention (including Hong Kong's major trading partners like the United States, Japan, Singapore and South Korea) and in Mainland China in accordance with the “Arrangement Concerning Mutual Enforcement of Arbitral Awards Between the Mainland and the HKSAR”. Furthermore, Hong Kong will implement the Madrid Protocol in 2019, enabling local trademark and patent applicants to enjoy IP protection in any Madrid Protocol signatory nation with a single registration. The international nature of the city's legal profession makes Hong Kong an indispensable partner in the BRI.

International Financial Centre

Hong Kong's financial markets are characterised by a high degree of liquidity without foreign exchange controls. Trading is brisk on its stock, futures, gold and foreign exchange markets. Aligned with international standards, Hong Kong's financial regulatory regime is effective and transparent. For decades, banks and asset managers have been the lynchpin of Hong Kong's success as it ascended to its current status as a premier global financial powerhouse. 70 of the world's 100 biggest banks have offices in Hong Kong, joining a total of 150 foreign and local banks licensed to operate here. During 2017, corporates raised over US\$16.5 billion in Initial Public Offerings (IPOs), a figure that vaulted Hong Kong to the fourth place of the global IPO rankings².

Prime Location at the Heart of Asia

Strategically situated at the southern coast of Mainland China, Hong Kong is the perfect nexus to connect billions of people living in Mainland China and Southeast Asia. For over 150 years, traders, merchants, and professionals of every stripe have crossed paths in Hong Kong. Beijing, Shanghai, Bangkok, Singapore, Jakarta, Kuala Lumpur, Tokyo, Seoul, Taipei, Mumbai, Delhi are all accessible within five hours or less flying.



¹ Hong Kong ranked world's freest economy for 24 consecutive years <http://www.info.gov.hk/gia/general/201802/02/P2018020200484.htm>

² Source: Dealogic

Exemplary Infrastructure

Hong Kong's advantageous location is bolstered by a highly developed infrastructure that efficiently links both people and data. Hong Kong International Airport (HKIA) frequently earns "Best Airport in the World" awards. An established pioneer in mobile telecommunications, 5G mobile network standard is expected to blitz Hong Kong by 2020.

World-Class Education

Twenty institutes of higher education support Hong Kong's position as a regional leader in learning and research. Hong Kong's unique blend of East and West, rigorous academic standards, and proximity to Mainland China attracts students and scholars from all over the world. Three universities in particular are routinely ranked in the top fifty globally. Business schools in Hong Kong are renowned all over the world.



HONG KONG AND THE NATIONAL DEVELOPMENT AND REFORM COMMISSION





Hong Kong has an instrumental role in boosting the BRI. ”

At the behest of President Xi Jinping, Hong Kong has an instrumental role in boosting the BRI. The HKSAR's robust commitment to the rule of law, its experience in maritime trade and superb infrastructure — all make the city an indispensable ally to the BRI. The relevant measures help reinforce and elevate Hong Kong's position as international financial, transportation and trade centres, promote partnership between the Mainland and Hong Kong enterprises, spawn the demand for Hong Kong's professional services, and present local talent with exciting opportunities.

The agreement, signed in 2017 between the HKSAR and the National Development and Reform Commission, encompasses every facet of the BRI and how Hong Kong deploys its capabilities to realise the “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road³.” There are six key areas identified as the core objectives of this agreement:

- **Finance and Investment Leverage**
Hong Kong's financial sector to fund BRI projects, and strengthen cooperation between Hong Kong and Mainland's financial institutions that will enhance participation in the BRI.

- **Infrastructure and Maritime Services**
Assist Mainland entities “Go Global” in tandem with Hong Kong businesses, and utilise Hong Kong's insurance and environmental control capabilities to assist Mainland enterprises' Belt and Road projects.

- **Economic and Trade Facilitation**
Encourage Mainland businesses to set up their regional headquarters in Hong Kong and exploit the city's experience in multinational operations to maximise their contribution to the BRI.

- **People-to-People Bonds**
Launch exhibitions and forums pertaining to the Belt and Road; push forward with student exchange and working holiday programmes that will help the young people of Hong Kong understand the culture and business environment of their fellow BRI partners.

- **Advancing Guangdong-Hong Kong-Macao Bay Area Development**
Drive Hong Kong's participation in developing the Guangdong-Hong Kong-Macao zone and propel Southern China's economic benefits into Southeast and South Asia. Improve cooperation in trade, finance, and infrastructure, which in turn will increase the region's benefits to the BRI.

- **Enhancing Collaboration in Project Interfacing and Dispute Resolution Services**
Boost communication mechanisms between the government ministries, trade associations, and corporations of Hong Kong and the Mainland. This will support the seamless operation of Hong Kong and Mainland enterprises to jointly invest in BRI projects.

³ Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road
<http://www.beltandroad.gov.hk/visionandactions.html>



INDUSTRY OPPORTUNITIES



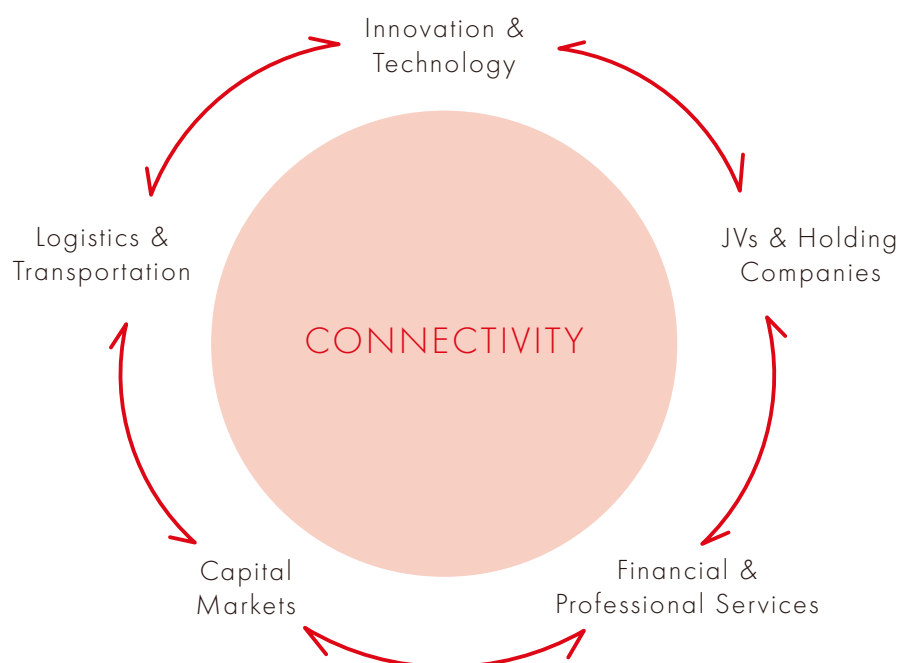
There is a strong demand for high-end financial and professional services in regions along the BRI. Hong Kong's professionals can provide quality services in mergers and acquisitions financing, professional consultancy, legal, construction engineering and management, project planning and development, manpower training and more.

Hong Kong's financial markets are characterised by a high degree of liquidity without foreign exchange controls. Aligned with international standards, Hong Kong's financial regulatory regime is effective and transparent.

As an international logistics and trade centre, Hong Kong is connected to the world through an advanced IT and communications infrastructure and a global network of shipping and aviation services. Hong Kong companies can provide sophisticated logistics services, including global supply chain management solutions.

Financial Services

The city is keeping pace with the growing demand for investment vehicles of all types. At the end of 2016, assets under management across all classes totalled HK\$18.3 billion, which includes substantial amounts in private equity, insurance, and private banking to go along with traditional mutual and pension funds⁴. According to the Hong Kong Securities and Futures Commission (SFC), 71.5% of managed assets amounting to HK\$4.88 billion are invested throughout the Asia-Pacific — providing yet more evidence Hong Kong is an invaluable partner to the BRI.



Hong Kong performed a monumental role in aiding China's economic opening and reforms. Today, the Special Administrative Region is not only home to 32 PRC banks, it also handles more than 70% of the world's offshore renminbi (RMB) transactions and maintains approximately 50% of the offshore RMB liquidity pool (RMB580 billion as of March 2017).

Strong financial ties between Hong Kong and the Mainland were augmented by the introduction of the Stock Connect scheme in November 2014, which first connected the Hong Kong stock market with its Shanghai counterpart; the Hong Kong-Shenzhen link followed suit two years later.

Bond Connect, a scheme to allow foreign investors to trade Mainland bonds through Hong Kong, was launched in July 2017. This initiative will not only help to further open up the Mainland capital market, but also increase the liquidity of Hong Kong's bond market and further consolidate Hong Kong's position as an international financial centre.

Foreign companies are well placed to benefit from Hong Kong's advanced financial capabilities. From project loans and raising capital to credit insurance, overseas enterprises will find thousands of experienced local and foreign banking

and insurance professionals who can assist corporations in obtaining the necessary financial instruments to succeed throughout the Belt and Road countries. The Hong Kong stock market continues to welcome foreign listings: local IPOs and share placements will help them raise the necessary funds to invest in the BRI.

Legal and Dispute Resolution Services

Proficient with English and a range of other foreign languages, skilled with foreign regulations, and adept at interacting with both Mainland and international businesses, Hong Kong's lawyers are reliable partners for any enterprise with global ambitions.

The growing popularity of mediation and dispute resolution as an alternative to litigation is reflected in the strength of Hong Kong's legal and dispute arbitration capabilities. With its independent and robust legal system, Hong Kong has become the centre for dispute resolution in the region. In Hong Kong, there are over 10,000 local and foreign practising solicitors and barristers who are familiar with the legal and regulatory regimes of different jurisdictions. They are able to provide quality services for project negotiation, contract preparation and management, due diligence, etc.

⁴ Fund Management Activities Survey 2016
http://www.sfc.hk/web/EN/files/ER/PDF/FMAS%20Report_English_2016.pdf



Professional Services

Hong Kong has experienced finance professionals lending their expertise in project financing, mergers and acquisitions, IPOs, and asset management. As one of the most open insurance centres in the world, Hong Kong provides a variety of choices for asset and wealth management.

At present, there are lots of professional services companies in Hong Kong providing strong support for development projects in BRI regions, covering areas in project management, building and construction works, accounting, tax and management consulting.

Logistics, Shipping and Transport

Connected to the world through a global network of shipping and aviation services, Hong Kong is one of the world's busiest and most efficient transport hubs. In 2017, the Hong Kong International Airport recorded a passenger throughput of 72.9 million and a cargo volume of 4.94 million tonnes⁵, and has been the busiest cargo airport in the world. Hong Kong has signed air services agreements or air services transit agreements with over 40 BRI countries.

With a maritime heritage that goes back over a century, the city's port is well-equipped to interface with any class of commercial vessel. Handling over 10.25 million TEUs⁶ in the first half of 2017, Hong Kong is the fifth busiest port in the world by this measure. The city's shipping industry is also strongly backed by a robust customs system, efficient legal services, and a broad range of maritime insurance offerings.

To further enhance Hong Kong's ability to finance BRI infrastructure projects, the Hong Kong Monetary Authority (HKMA) established the Infrastructure Financing Facilitation Office (IFFO) in July 2016. The IFFO's mandate is to be a catalyst for financing infrastructure investments. Over 80 institutions, which include development and commercial banks, insurers, and various professional consultancies, have joined the IFFO as partners. Acting as a platform, the IFFO enables its partners to share best practices and identify appropriate infrastructure opportunities.

Innovation and Technology

From the Hong Kong Science Park and Cyberport, to its various initiatives to drive R&D forward (examples include the Innovation and Technology Fund and the New Technology Training Scheme), the HKSAR Government is committed to make Hong Kong shine as Asia's preeminent technology and innovation hub. To encourage R&D investment by enterprises, it is proposed in the 2017 Policy Address to introduce a 300% tax deduction for the first HK\$2 million eligible R&D expenditure, with the remainder at 200%. By announcing its commitment to invest an additional HK\$18 billion into the city's technology industry, the Government believes the existing Science Park and the new high-tech manufacturing centre and data technology hub will augment Hong Kong's reputation as a "Smart City" that is conducive to cutting edge innovation. In the 2018-2019 Budget, HK\$50 billion is allocated to facilitate the development of innovation and technology industry.

⁵ HKIA Ranked World's Busiest Cargo Airport for the Eighth Consecutive Year
https://www.hongkongairport.com/en/media-centre/press-release/2018/pr_1285

⁶ Statistics on vessels, port cargo and containers for second quarter of 2017
https://www.censtatd.gov.hk/press_release/pressReleaseDetail.jsp?charsetID=1&pressRID=4081



REGIONAL OPPORTUNITIES







Hong Kong is well-versed in acting as an intermediary between Mainland China and the rest of the world. Being culturally Chinese, Mainland Chinese businesses are comfortable dealing with their Hong Kong partners and customers; Hong Kong enterprises, meanwhile, can draw on their international experience and connect China with the rest of the world.

In 2016, Mainland Chinese direct investment into Hong Kong reached HK\$256.8 billion; the city possesses numerous advantages that make Hong Kong a focal point for Mainland Chinese firms aiming to 'go global'.





Asia

The region's dynamic markets, large population, and proximity to China have long attracted Mainland firms; the BRI will encourage them to deepen their links in the region's infrastructure and real estate sectors. Prominent family businesses and other private enterprises in Hong Kong have operated throughout Southeast Asia for decades — their expertise and local connections will be a valuable asset to Mainland enterprises.

Europe

The European Union (EU) is Hong Kong's second largest trading partner after China, with bilateral trade hitting EUR 53.2 billion in 2016. The city enjoys deep ties with the EU: over 2,000 companies from the EU have a presence here. In recent years, Mainland firms are investing heavily to bolster their telecommunications, infrastructure, and technology interests in the EU, making Hong Kong and its experienced business conglomerates an ideal collaborator.

Africa

Various African countries along the BRI have the potential to provide investment opportunities in the infrastructure sector and related financing. With the region's current plans to develop its rail, road and energy networks, East Africa has become an integral part of BRI.

In short, Hong Kong retains its role as a vital link between Mainland China and the globalised economy of the 21st Century. Hong Kong's financing capabilities, independent legal system, and infrastructure development expertise means the city is the perfect bridge between China and other Belt and Road countries.

INVESTHK'S WORLDWIDE NETWORK

HEAD OFFICE

- Hong Kong

AMERICAS

- Lima
- Mexico City
- New York
- Rio de Janeiro
- San Francisco
- Santiago
- Toronto

EUROPE AND THE MIDDLE EAST

- Berlin
- Brussels
- Copenhagen
- Dubai
- Gothenburg
- Istanbul
- Jerusalem
- London
- Milan
- Moscow
- Oslo
- Paris

ASIA PACIFIC

- Bangkok
- Beijing
- Chengdu
- Guangzhou
- Jakarta
- Mumbai
- Osaka
- Seoul
- Shanghai
- Singapore
- Sydney
- Taipei
- Tokyo
- Wuhan

FOR MORE INFORMATION,
PLEASE CONTACT

Invest Hong Kong
Head Office
24/F, Fairmont House,
8 Cotton Tree Drive,
Central, Hong Kong
Tel : (852) 3107 1000
Fax : (852) 3107 9007
Email: enq@investhk.gov.hk





www.investhk.gov.hk

Disclaimer:

The information contained in this publication is for general reference only. While every effort has been made to keep information current and accurate, InvestHK is not liable for any errors in, omissions from, or misstatements or misrepresentations (whether express or implied) concerning any such information, and does not have or accept any liability, obligation and responsibility whatsoever for any loss, destruction or damage (including without limitation consequential loss, destruction or damage) however arising from or in respect of any use or misuse of or reliance on the information. You are responsible for making your own assessment of all information contained in this publication and shall verify such information by making reference and obtaining independent advice before acting upon it. There is no implied endorsement of any material or recommendation of a company or service provider over another.