

# Keidanren Business Webinar

## Hong Kong's Latest Developments and Opportunities

Dr Jimmy Chiang

Associate Director-General of Investment Promotion  
(Business Development)

27 July 2021

Invest**HK**



---

## **Overview**

### **InvestHK and JETRO Survey Results**

**Japanese companies setting up and expanding business in Hong Kong**

**Hong Kong's Latest Developments and Opportunities**

**InvestHK's Support for Foreign Investors**



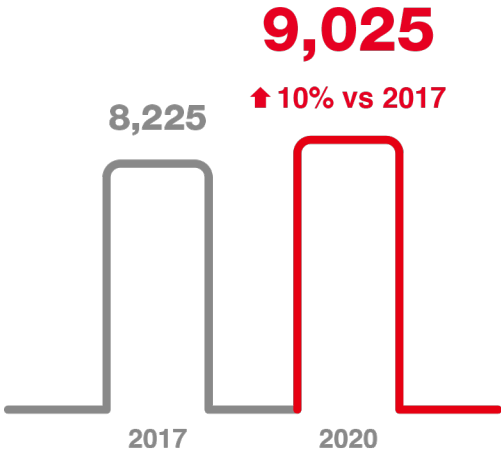


# **InvestHK and JETRO Survey Results**

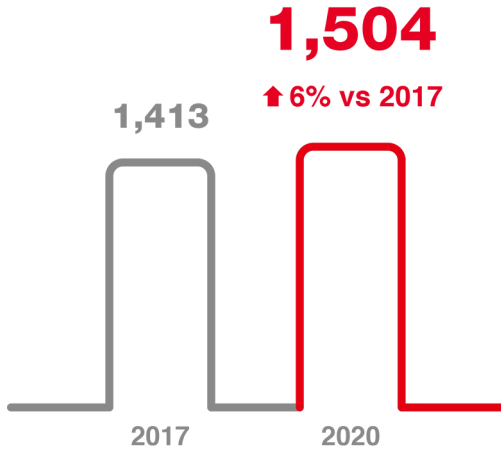
# Attracting Global Businesses

- 2020 Annual Survey of Companies Operating in Hong Kong with Parent Companies Located Outside Hong Kong

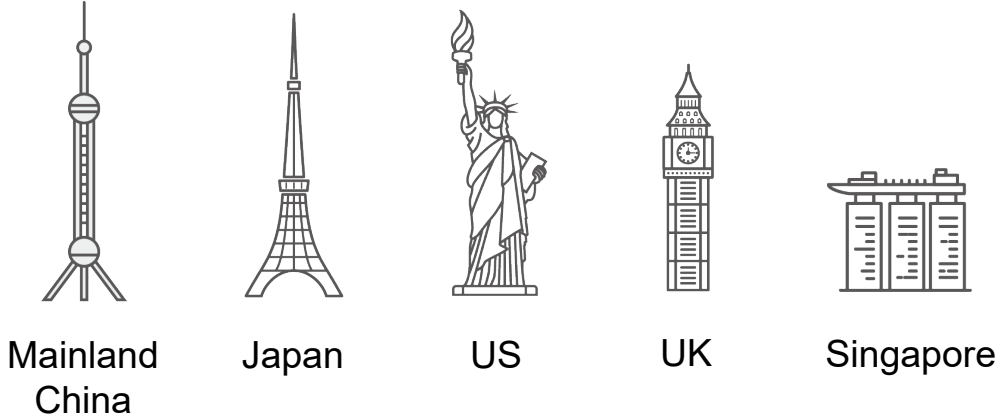
Companies with parent companies outside Hong Kong



Regional headquarters in Hong Kong

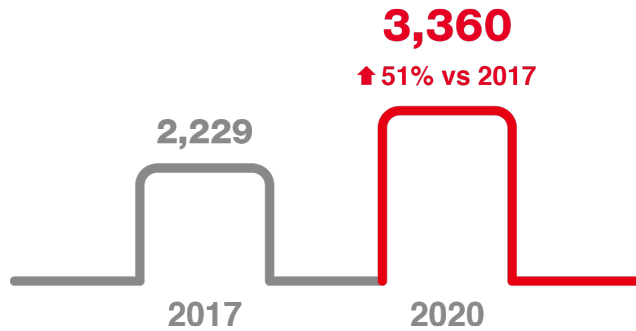


Major sources of the parent companies

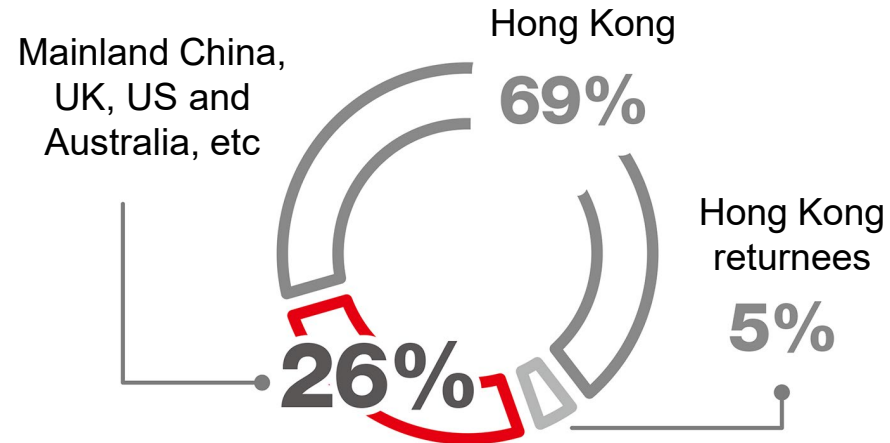


# Vibrant Startup and FinTech Ecosystem

## Number of startups



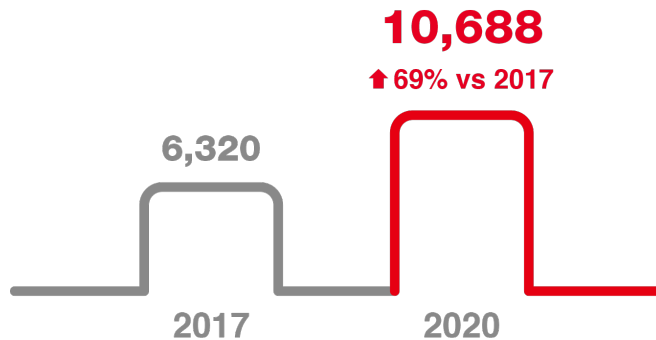
## Origin of founders



## Top business sectors

- FinTech
- eCommerce / supply chain management / logistics technology
- Professional or consultancy services
- Information, computer and technology
- Data analytics

## Number of staff employed



## Number of FinTech companies

600+

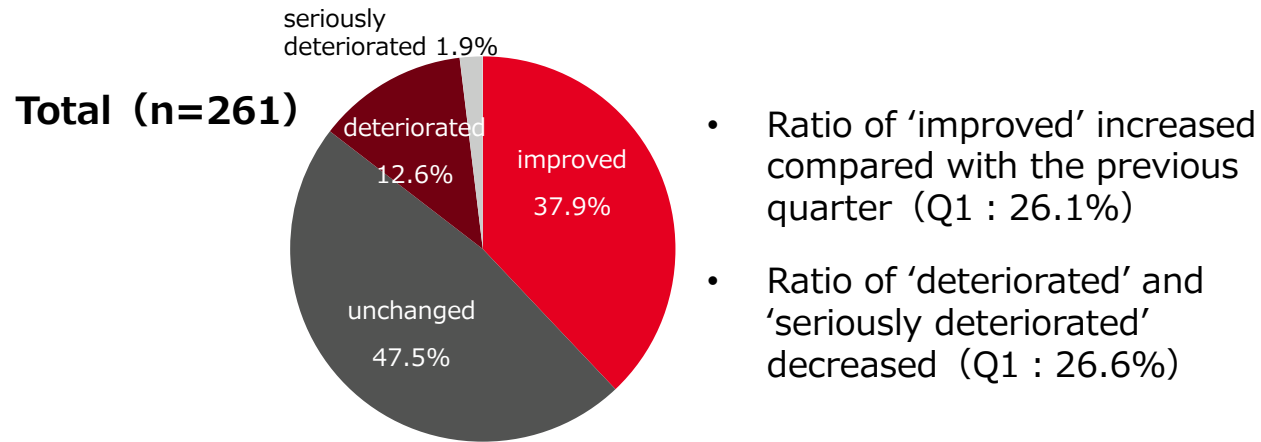


# Japanese Business Community: Survey of the Business Environment in Hong Kong (1)

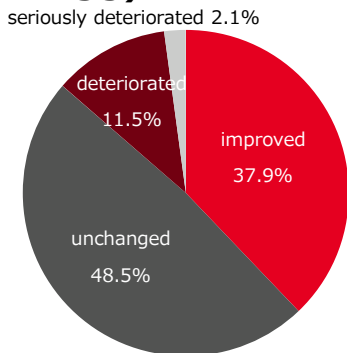
The 8<sup>th</sup> Survey jointly conducted in July 2021 by the Consulate-General of Japan, JETRO Hong Kong and the Hong Kong Japanese Chamber of Commerce and Industry



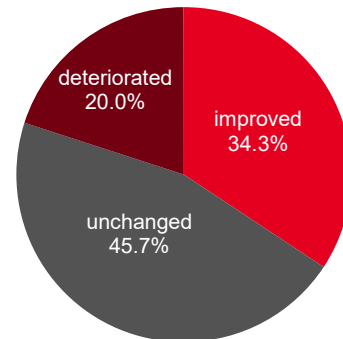
## Business Performance in Q2 2021 – Improving



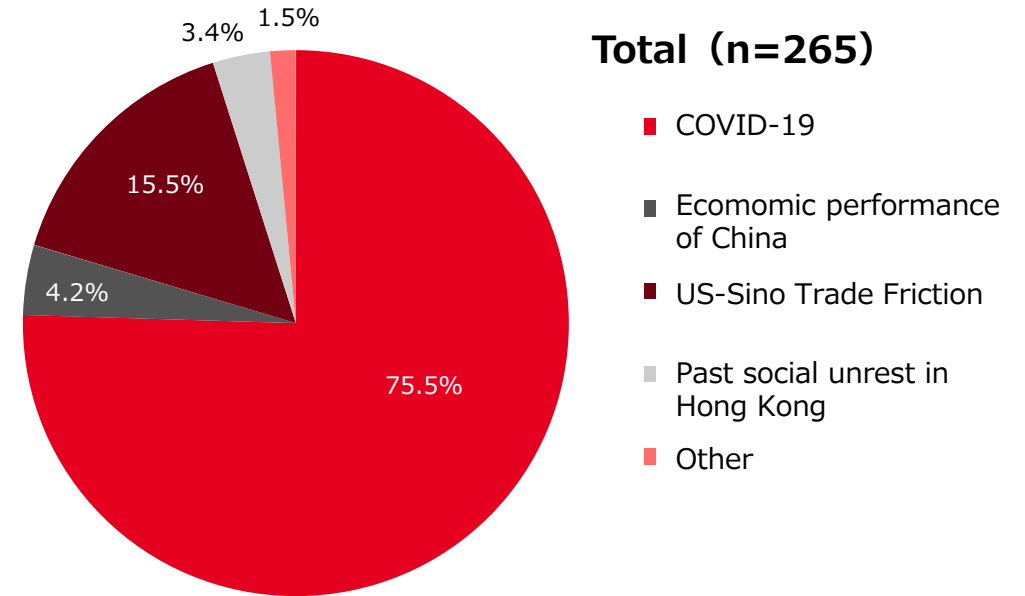
### Non-manufacturing (n=235)



### Manufacturing (n=35)



## Most significant factor for deterioration



- 75.5% replied 'COVID-19'
- Others include 'insufficient supply of parts and materials', 'soaring raw material costs' etc.

Remarks:  
 1) seriously deteriorated : compared with Q1, more than 20% decrease  
 2) Representative offices etc. not involved in sales activities are excluded  
 3) Total number and the sum of Non-manufacturing and Manufacturing do not math due to some belonging to both categories

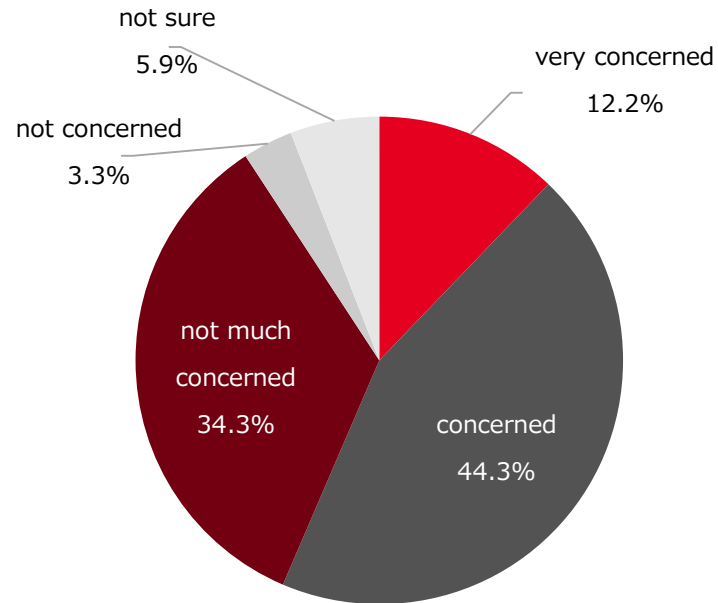
Source : Consulate-General of Japan in Hong Kong, JETRO Hong Kong, The Hong Kong Japanese CCI "The 8th survey of the business environment in Hong Kong", 26 July 2021.

# Japanese Business Community: Survey of the Business Environment in Hong Kong (2)

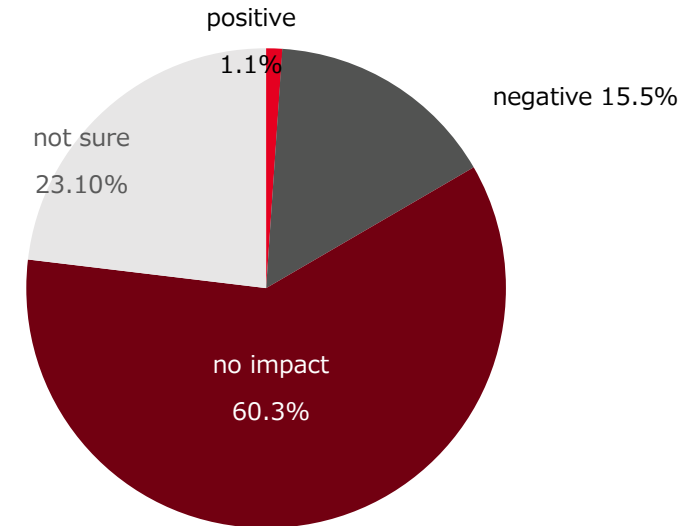


## Concerns and Impact of National Security Law (NSL)

How concerned about NSL (n=271)



Impact on business by NSL (n=277)



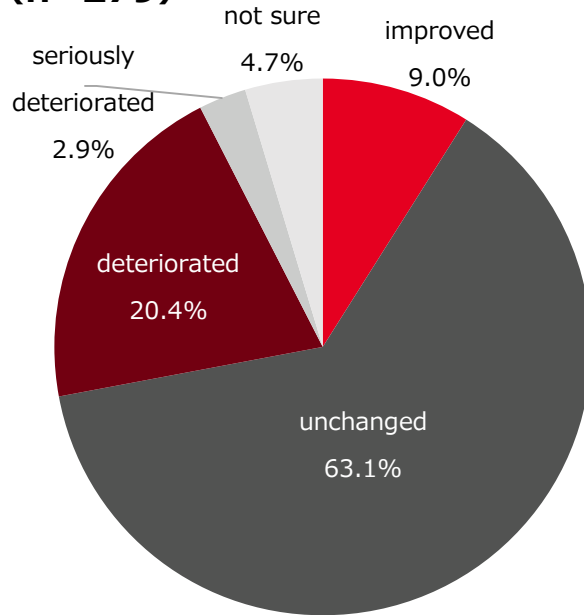
- **56.5%** are '**very concerned**' or '**concerned**'  
(Q1 : 'very concerned' 5.5%, 'concerned' 45.3%)
- Regarding the impact of NSL on business, 15.5% had 'negative impact on business', while **60.3% had 'no impact'**. 23.1% are 'not sure at the moment'.  
(Q1:'negative' 6.4%, 'no impact' 68.6%, 'not sure' 22.9%)

# Japanese Business Community: Survey of the Business Environment in Hong Kong (3)

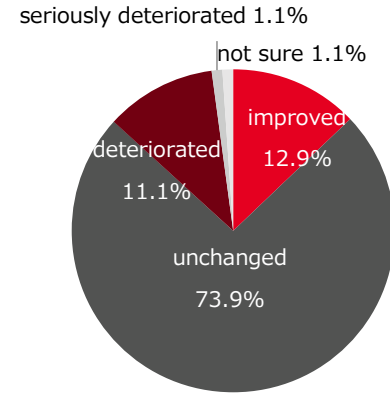
## Evaluation of Hong Kong's business environment (compared with July 2020)



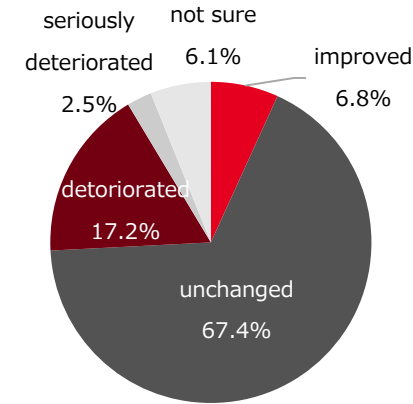
**Total (n=279)**



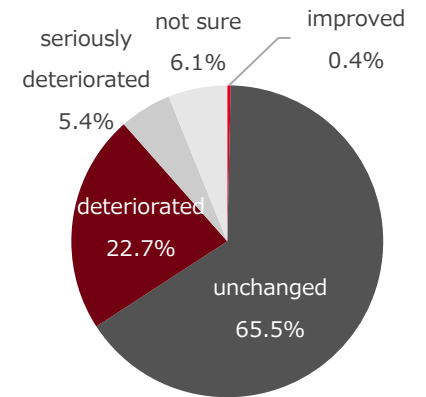
**Business Costs (n=280)**



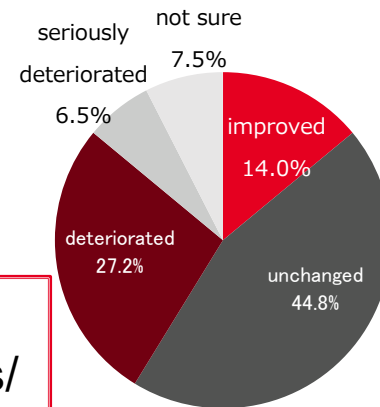
**Human Resources (n=279)**



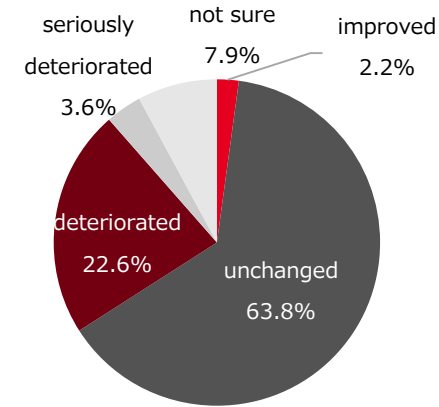
**Free Flow of Information (n=278)**



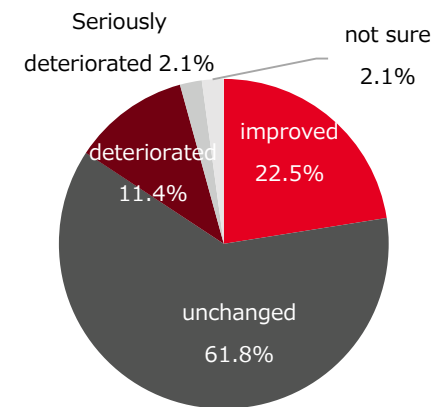
**Political Stability (n=279)**



**Law enforcement (n=279)**



**Safety (Public order) (n=280)**



- Compared with last July, 63.1% answered 'unchanged' while 23.3% answered 'deteriorated' or 'seriously deteriorated'

For details:

<https://www.jetro.go.jp/reportstop/asia/hk/reports/>





**Japanese companies setting up  
and expanding business in  
Hong Kong**

# Recent Case Studies (1)

## Pan Pacific International Holdings Corporation (DON DON DONKI (Don Quijote) )

Date of establishment in HK : July 2019

Number of Outlets : 8

Reasons for setting up in HK : Hong Kong is the largest Japanese food importer,  
Strong local demand, Suitable for test marketing,  
Free port, Logistics hub



Mr Mitsuyoshi Takeuchi, President & Director  
Pan Pacific Retail Management (Hong Kong)

For details (Case studies) : <https://www.investhk.gov.hk/ja/case-studies/japanese-retail-giant-shares-tips-international-success.html>



Mr Kazuo Aratani, President  
Sushiro Hong Kong

## FOOD & LIFE COMPANIES LTD. (Sushiro)

Date of establishment in HK : August 2019

Number of outlets : 9

Reasons for setting up in HK : Low tax system, Logistics hub, High expectation for and popularity of Japanese food, popular, Culture to spend for good food, Concentration of people extremely high compared with other cities in Asia

For details (Case studies) : <https://www.investhk.gov.hk/ja/case-studies/keeping-business-rolling.html>

# Recent Case Studies (2)

## Bandai Namco Group (Namco Enterprises Asia Limited)

Date of establishment in HK : 1977

Number of outlets : 11 amusement facilities

Opened new concept amusement facilities in Oct 2020 and Feb 2021 (SPORTAINMENT ARENA, DOCO DOCO)

Reasons for expansion in HK : High quality of Hong Kong local staff to provide good service equivalent to Japan, Characteristics of Hong Kong people suitable for test marketing (full of curiosity and strong motivation to spend), Many good business partners (shopping malls)



Mr Shuichi Kikuchi, President  
Namco Enterprises Asia Limited

For details : <https://www.investhk.gov.hk/ja/news/namco-opens-first-overseas-docodoco-indoor-digital-adventure-playground-hong-kong.html>

## Others

Case studies : <https://www.investhk.gov.hk/ja/case-studies.html>

Press release : <https://www.investhk.gov.hk/ja/news.html>



- Operating stores in Hong Kong with several Franchise partners
- Started delivery services in Shenzhen, aim to open shops too



- Set up a lab in Hong Kong Science Park for R&D of Regenerative Medicine
- Overseas R&D centre for Mainland Market



- Formed a JV with a Hong Kong biomedical company
- Aim to create new technologies and solutions in the field of cleaning and bio-decontamination robots

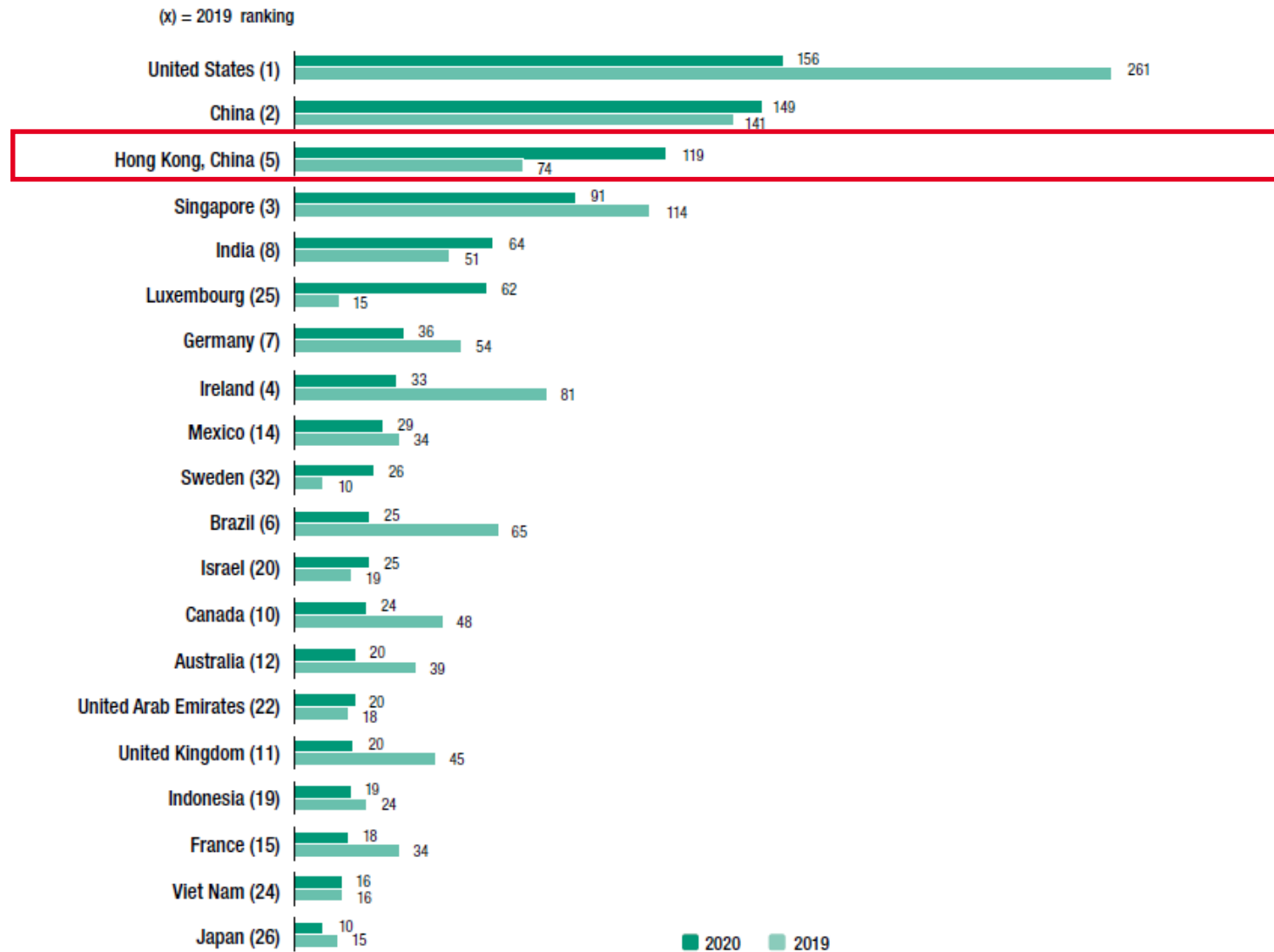


- Aircraft leasing company head quartered in Hong Kong
- Joint investment by Mizuho Bank, Mizuho Leasing and Ping An Leasing in 2019, developing itself to a global company



## **Hong Kong's Latest Developments and Opportunities**

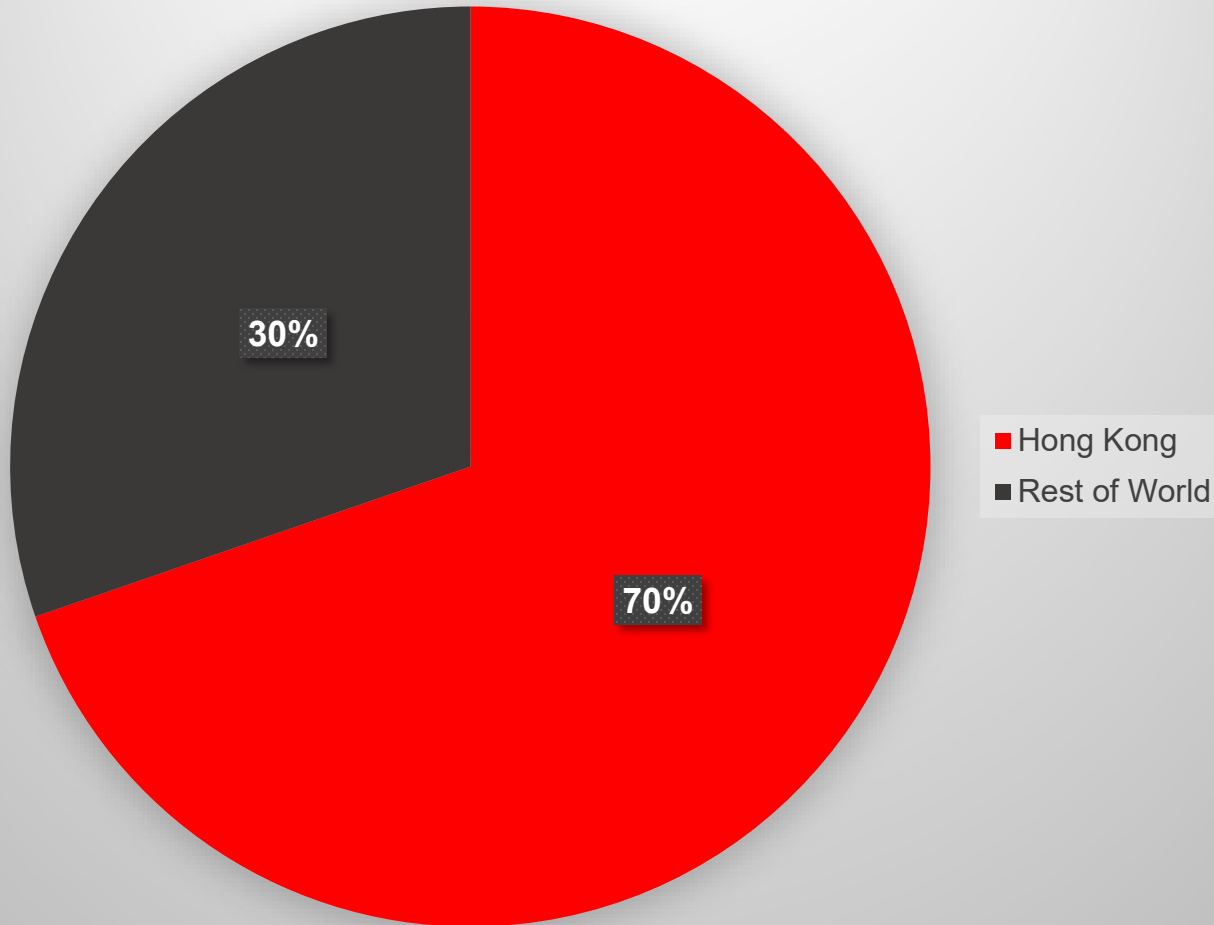
# Hong Kong Still an Attractive Destination for FDI



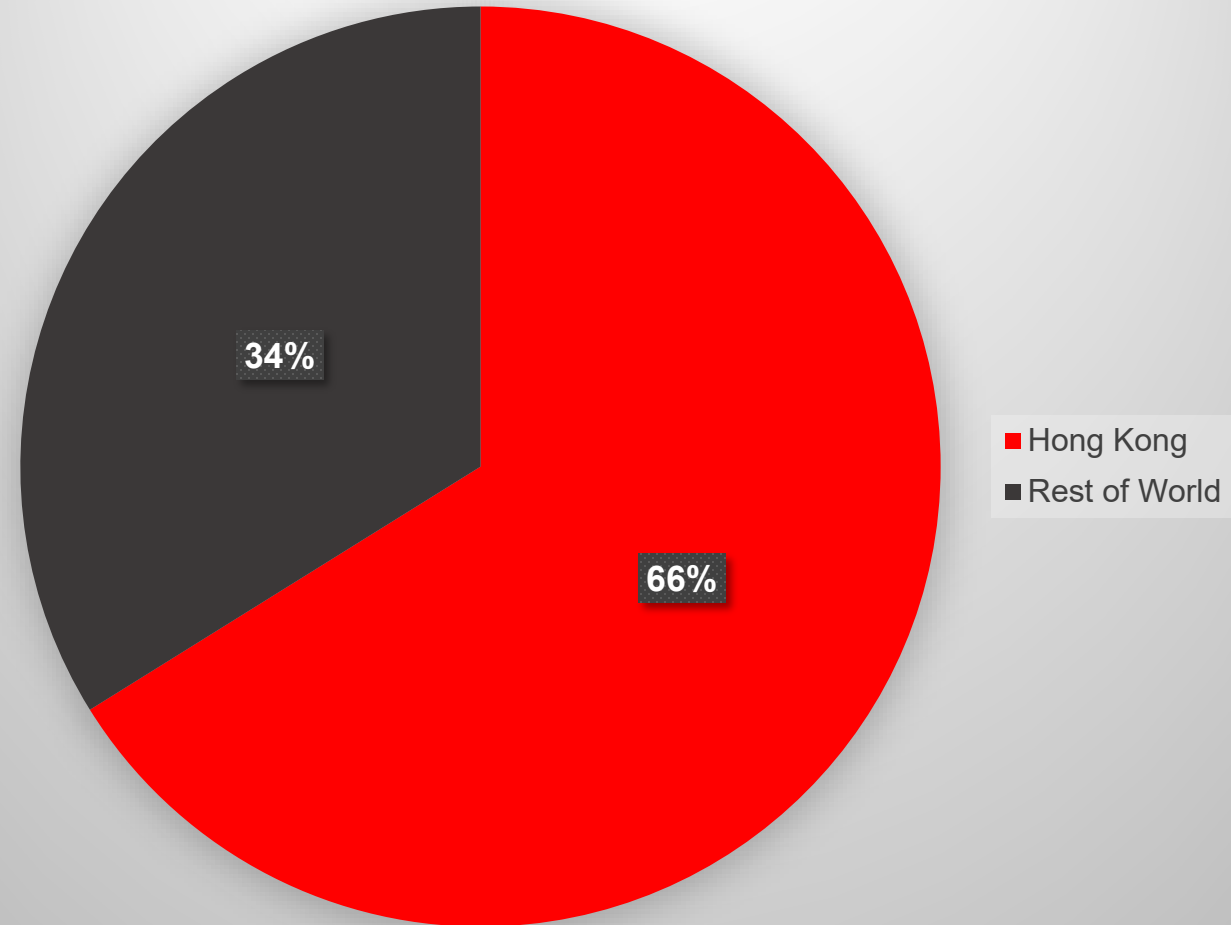
Source: UNCTAD, FDI/MNE database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)).

# Hong Kong Still a Major Investment Conduit

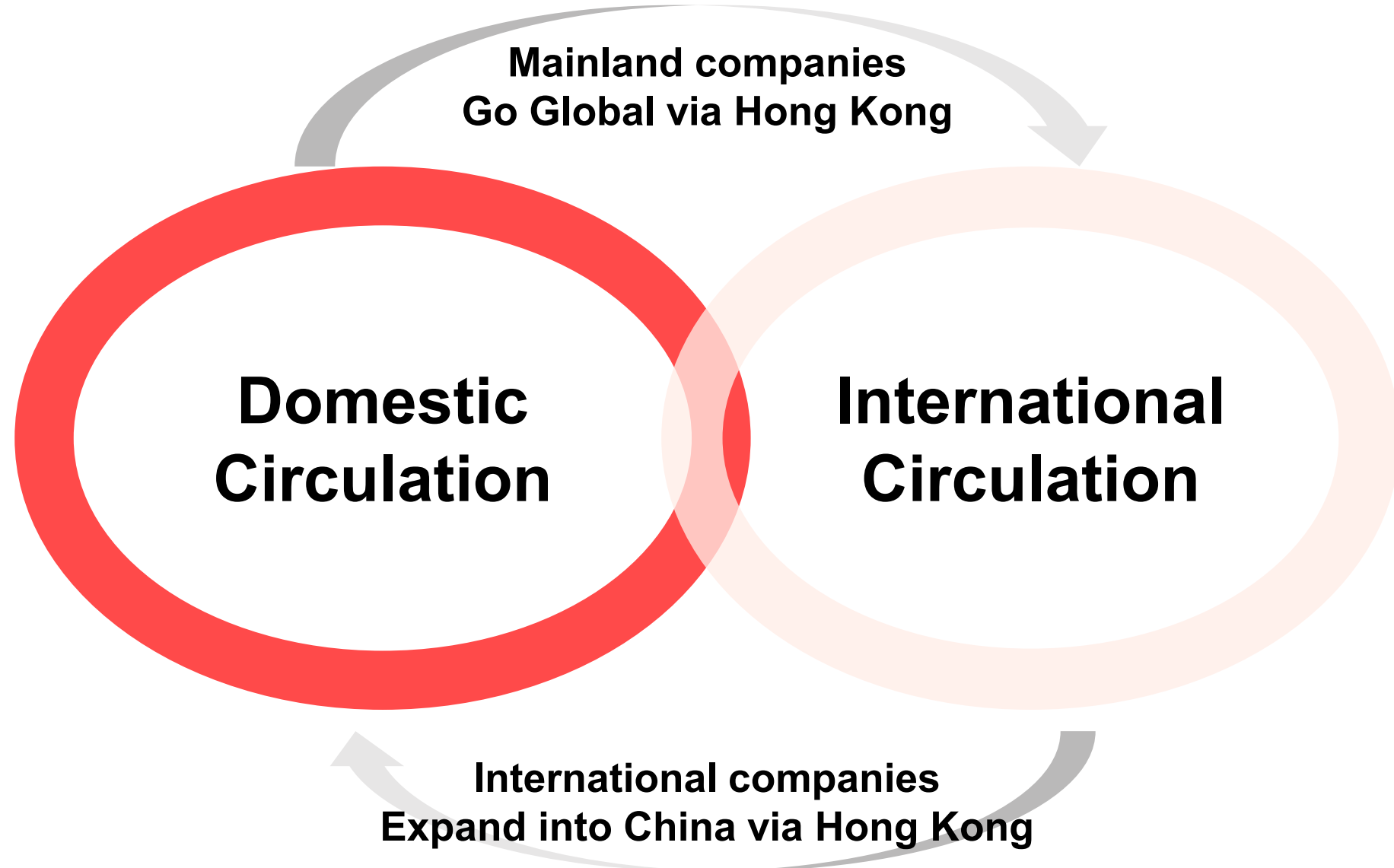
## Origin of Mainland's Inbound Investment in 2019



## Destination of Mainland's Outbound Investment in 2019



# China's Dual Circulation Strategy Enhances Hong Kong's Role as Investment Conduit



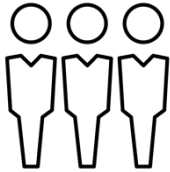
# China's 14<sup>th</sup> Five-Year Plan Supports Hong Kong's Strategic Developments

1. International **financial, transportation and trade** centre
2. Global offshore **RMB** business hub, international **asset and risk management** centre
3. International **legal and dispute resolution** services hub
4. High-end and high value-added **service** industries
5. International **aviation** hub
6. International **innovation and technology** and regional **intellectual property** trading centre
7. Hub for **arts and cultural exchanges** between China and rest of the world





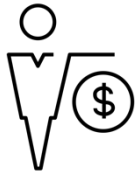
# Guangdong-Hong Kong-Macao Greater Bay Area



Population<sup>1</sup>  
**86 million**



Land Area<sup>2</sup>  
**56,000km<sup>2</sup>**



GDP<sup>3</sup>  
**US\$1.6 tr**

<sup>1</sup> Larger than that of Germany  
<sup>2</sup> Greater than Ireland, Latvia, Panama  
<sup>3</sup> Equivalent to Australia, Spain

# Hong Kong – The Best Gateway to Access GBA

Heart of Asia



One Country, Two Systems



High degree of economic freedom

Common law system and independent judiciary

Robust financial system

Competitive and Simple Tax System

16.5%  
Profits above HK\$2M

**8.25%**  
First HK\$2M of profits

**NO**

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

# Hong Kong's Unique Business Functions in GBA



## RHQ - Management Base



- 1504 foreign companies using HK to manage their regional operations
- Hong Kong as a prime investment destination

## Sales & Marketing



- Launchpad to access huge B2C and B2B markets in GBA, whole of Mainland, and rest of Asia (particularly ASEAN)

## R&D



- Intellectual property protection and trade
- Top universities
- Collaboration with Shenzhen

## Capital Raising



- Top IPO centre 7 times in last 12 years
- A total of 154 companies raised HK\$398 billion in 2020 – the highest amount raised in a single year since 2010

# GBA Opportunities – Innovation and Technology

## Shenzhen/Hong Kong Innovation and Technology Cooperation Zone

### Shenzhen Innovation and Technology Zone

(HKSTP can lease and manage certain areas of this Zone so that institutes and enterprises from Hong Kong can easily start their business in GBA)



**Hong Kong-Shenzhen Innovation and Technology Park**  
(first batch of 8 buildings to be completed in 2024-27 in phases)

# GBA Opportunities – Financial Services

## Proposed Wealth Management Connect

### Mainland/ GBA

- Residents registered in the nine GBA cities, or record of 5 years + social security or individual income tax in the nine GBA cities, and
- 2 years+ experience in investment, and
- Net financial assets of RMB 1 million + over the past 3 months, or financial assets with a monthly balance of RMB 2 million + for the past 3 months
- The qualified products to be verified and announced by the regulators in Hong Kong and Macao
- Designated investment accounts
- Closed-loop through the bundling of designated remittance and investment accounts in RMB

Northbound  
@ RMB 1 million



*Aggregate quota of  
RMB 150 billion*



Southbound  
@ RMB 1 million

### Hong Kong

- Eligibility is subjected to further details from HK and Macao respective regulators
- Eligible northbound investor can invest in Class 1 – Class 3 non-guaranteed principal investment products issued by mainland wealth managers except cash management investment products, and R1-R3 mutual funds
- Closed-loop through the bundling of designated remittance and investment accounts in RMB

# Pan-GBA Inward Investment Liaison Group



## The Chief Executive's 2020 Policy Address

Establishing the **Pan-Greater Bay Area Inward Investment Liaison Group** to enable InvestHK and its counterparts in other cities in the GBA to develop holistic and joint inward investment propositions with a view to enhancing synergy

## Strategic Development

– Develop and execute investment promotion strategies and plans related to GBA business development, focusing on the four major areas of cooperation with GBA cities, including

Joint propositions

Joint promotion materials

Joint events

Joint sharing of best practice



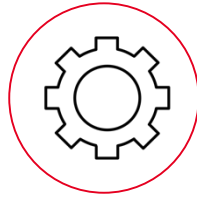
## **InvestHK's Support for Foreign Investors**

# How We Help Companies Grow



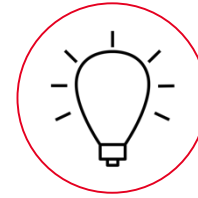
## Planning

- Guidance in strategic implementation and evaluation of business decisions, including opportunity identification
- Connecting with relevant Consulates, Chambers of Commerce and business associations
- Advising on living and working in Hong Kong (bank accounts, housing, healthcare, schooling and networking, etc)



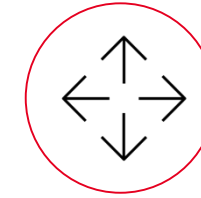
## Set-Up

- Providing support with business licences, visa applications, trademark registration, IP and trade regulations, etc
- Informing on tax and business regulations
- Arranging meetings with service providers, professional associations and government departments
- Advising on sector-specific industries and opportunities



## Launch

- Connecting with lawyers, accountants, human resource specialists, consultancies, designers, interior specialists and real estate companies, etc
- Providing marketing and public relations services



## Aftercare / Expansion

- Tools for continuous expansion
- Support in identifying growth opportunities
- Ensuring a sustainable foundation for growth
- Continuing to support across marketing and public relations



# Get in Touch

**Dr Jimmy Chiang**

JChiang@investhk.gov.hk

 [hk.linkedin.com/in/jimmyhlchiang](https://hk.linkedin.com/in/jimmyhlchiang)

 [@jimmyhlchiang](https://twitter.com/jimmyhlchiang)

**Kiyoko Hashiba**  
**Head, Investment Promotion (Tokyo)**

k\_hashiba@hketotyو.gov.hk


+81 3 3556 8961

**Takemasa Nakata**  
**Consultant (Osaka)**

tnakata@investhk.com.hk

+81 6 4705 7019

 [investhk.gov.hk](http://investhk.gov.hk)

 (852) 3107 1000


 [enq@investhk.gov.hk](mailto:enq@investhk.gov.hk)

 24/F Fairmont House  
8 Cotton Tree Drive  
Central, Hong Kong

 INVEST\_HK

 [e.weibo.com/investhk](http://e.weibo.com/investhk)

 @InvestHK

 [www.linkedin.com/company/invest-hong-kong](https://www.linkedin.com/company/invest-hong-kong)

 [www.youtube.com/user/investhk](https://www.youtube.com/user/investhk)

 [www.flickr.com/photos/investhk](https://www.flickr.com/photos/investhk)

**InvestHK**