

Unleash Hong Kong's potential – Think Asia, Think Hong Kong



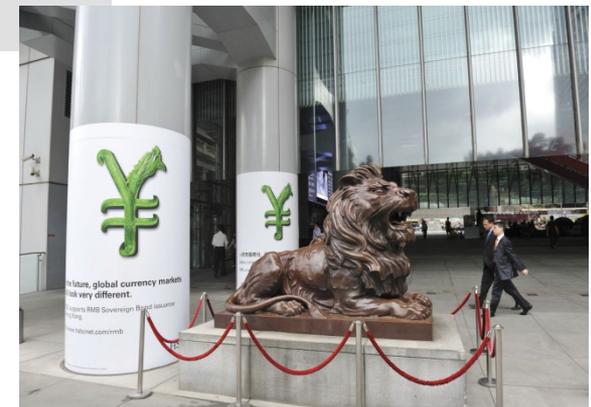
Hong Kong-Canada bilateral trade relations

- Hong Kong - one of the priority markets of Canada announced by the federal government in 2013
- Hong Kong is Canada's 6th largest merchandise market



Business supporting measures

- Land supply and infrastructure development
- Simple and low tax regime
- Facilitate business disputes resolution
- Support for innovation and intellectual property trading
- Deepening of economic ties with other parts of Asia



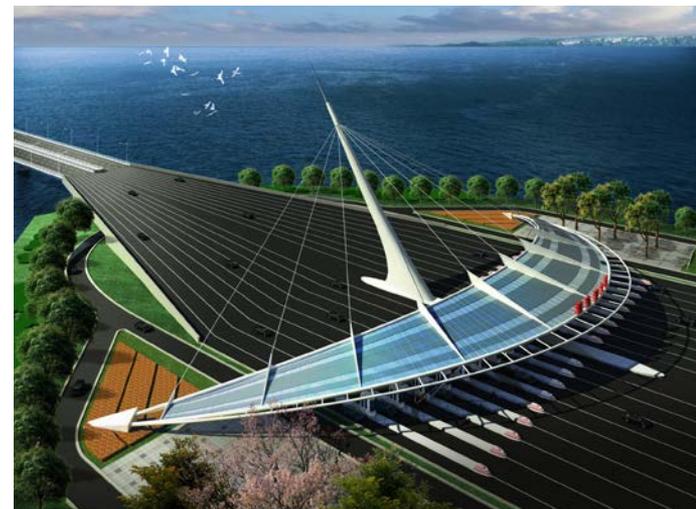
Increase in land supply

- The energizing Kowloon East initiative will transform Kowloon East into another central business district with about 7 million-sq-m commercial / office supply to support Hong Kong's long-term economic development



Major infrastructure project

- Hong Kong-Zhuhai-Macao Bridge
- West Kowloon Terminus of the Express Rail Link (Hong Kong Section)
- The third runway for the Hong Kong International Airport
- Seven new railway projects by 2031





Maintenance of a low tax regime

Simple and low taxation

- ❑ Profits tax: 15% for unincorporated businesses and 16.5% for corporations
- ❑ Salaries tax: capped at 15%

NO

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

HK-Canada double taxation avoidance agreement

- Country of residence allow tax relief against its own tax for the tax imposed by the country of source
- Reduction in withholding tax rates

	Canadian domestic	Hong Kong domestic	Hong Kong-Canada agreement
Dividends	25%	0%	5% / 15%
Interest	25%	0%	10%
Royalties	25%	4.95%	10%

The rule of law

- ❑ Sound legal system based on common law
- ❑ Independent judiciary
- ❑ Strong pool of qualified practitioners
- ❑ Centre for disputes resolution in the Asia Pacific Region
 - Permanent Court of Arbitration
 - Asia Pacific Regional Office of the Hague Conference on Private International Law
 - Secretariat of the International Court of Arbitration, International Chamber of Commerce
 - China International Economic & Trade Arbitration Commission Hong Kong Arbitration Centre
 - China Maritime Arbitration Commission Hong Kong Arbitration Center



Support for innovation

Institutional support

❑ Cyberport

- Creative digital community comprising 190 companies engaged in ICT, digital content creation, and mobile apps development

❑ Hong Kong Science and Technology Park

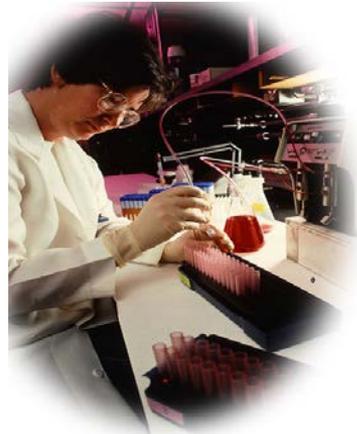
- Home to nearly 500 technology companies with incubation programs for startups
- Phase 3 development underway to provide spaces for additional companies



Support for innovation

Funding support

- ❑ Injection of HKD 5 billion to the Innovation and Technology Fund for applied R&D projects.
- ❑ New Enterprise Support Scheme for private sector companies irrespective of size, subject to a ceiling of HKD10 million
- ❑ A corporate venture fund of HKD 50 million by the Hong Kong Science and Technology Park for co-investment, on a matching basis with private funds, in start-ups





Support for intellectual property trading

Regional hub for intellectual property trading

- Strong legal protection for contractual intellectual property rights
- Strong experience in international trade
- Presence of bilingual practitioners and professionals for a wide range of services
- New funding for organising and sponsoring IP manpower training
- Free initial IP consultation to SMEs
- Legislative changes to update our IP regime

Gateway for Mainland China's trade and investment

- ❑ Hong Kong is the Mainland's second largest trading partner (after the US), and the trade value accounted for nearly 10% of the Mainland's total trade.
- ❑ Hong Kong is the Mainland's largest export market, taking up around 17% of its total exports
- ❑ Hong Kong is the Mainland's largest source of foreign direct investment, accounting for nearly half of the Mainland China's national total
- ❑ Around 20% of Mainland China's foreign trade is intermediated by Hong Kong





Access to other markets

Access to Mainland markets

- ❑ Continuous deepening of market liberalisation measures for local and foreign companies based in Hong Kong under CEPA
 - Easier access to the mainland market: e.g. relaxation in equity share restrictions, reduction in entry thresholds such as registered capital and business turnover
 - Zero tariff on importation of goods meeting CEPA rules of origin
 - In December 2014, new agreement signed under the framework of CEPA - opening up of 153 sub-sectors of the service industry in the Guangdong province; national treatment will be applied to Hong Kong in 58 sub-sectors

Access to other Asian markets

- ❑ Commence formal negotiation for free trade agreement with the Association of South East Asian Nations (ASEAN)

Financial services

Fund raising

2nd worldwide in terms of total funds raised through IPO in 2014

Asset management

Leading asset management centre in Asia

Legislative work in progress to allow private equity funds also to enjoy tax exemption for offshore funds

RMB offshore business

Premier RMB business centre for trade settlement, financing and asset management

Support for development of RMB denominated products, cross border reinsurance, direct cross-border investment from the Mainland

Shanghai-HK Stock Connect further increases the liquidity of offshore RMB market in Hong Kong



“Smarter Hong Kong, Smarter Living”

New business potential with the initiatives to

- Double the number of free Wi-Fi hotspots
- Promote wider use of Internet of Things, sensors and big data analytics for municipal management
- Digitalize government operations and release of public information



Making Hong Kong a greener city

New business potential with the initiatives to -

- ❑ **Improve building efficiency:** legislation and funding schemes
- ❑ **Improve air quality:** phasing out diesel commercial vehicles, extending the exemption of first registration tax for electric vehicles
- ❑ **Modernize municipal waste management:** promote development of recycling technologies, addition of new modern facilities for food waste management





Hong Kong: an excellent place for business

- Ranked **1st** as the world's freest economy by the Heritage Foundation since 1995 and the Fraser Institute since 1970
- Ranked **1st** as the best place for business by Bloomberg (2014)
- Ranked **1st** as overall Asia-Pacific City for Foreign Direct Investment by the Financial Times (2013-14)
- Ranked **2nd** in global IPO funds raised in 2014
- Ranked **2nd** in Asia as the most competitive economy by the IMD World Competitiveness Yearbook 2014
- Ranked **2nd** in Asia in the World Economic Forum's Global Information Tech Report (2014)
- Ranked **2nd** in Asia in the 2014 Global Innovation Index
- Ranked **3rd** global financial centre by the Global Financial Centre Index (GFCI 17, 2015)
- Ranked **3rd** as the easiest place to do business in the world in the 2015 World Bank's Doing Business Report

What's next?

Step 1: Knowing more about HK

- HKETO – (416) 924 - 5544



Hong Kong Economic and Trade Office (Toronto)
We work across Canada



Step 2: Finding business opportunities

- HKTDC – (416) 366 - 3594

Step 3: Setting up an office in HK

- InvestHK – (416) 924 - 5544



InvestHK

The Government of the Hong Kong
Special Administrative Region