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Hong Kong: a resilient international hub in the very heart of Asia

Hong Kong remains a welcoming, cosmopolitan city for visitors and investors from the United Kingdom and around the world, says the financial secretary of the Government of the Hong Kong Special Administrative Region (HKSAR)



Paul Chan

Financial secretary of the Government of the Hong Kong Special Administrative Region (HKSAR)



“Despite current challenges which are attracting quite a bit of media coverage, we are determined to resolve the differences in society through dialogue in a peaceful and rational manner to restore Hong Kong’s hard-earned reputation as a safe and vibrant place to live and work,” said Mr Chan, who is in the UK updating audiences on the latest situation in Hong Kong.

“The Government of the HKSAR is united and committed to upholding the rule of law to deal with violent protests and problems in society. The fundamentals underpinning our society and economy remain strong. Civil liberties, including freedom of the press and freedom of expression, remain intact. Our independent judiciary upholds the rule of law without fear or favour.

“The financial system is functioning smoothly, with a stable and freely convertible currency and ample liquidity in the banking system and capital markets. In fact, the latest UK-based Global Financial Centres Index continues to rank Hong Kong at No. 3, just behind New York and London.”

During his seven-day visit to London, Mr Chan is meeting entrepreneurs and leaders in government and finance to explore the potential for even closer ties between the UK and Hong Kong at this pivotal time for both economies. “The UK is one of Hong Kong’s largest and most important partners,” Mr Chan said. “Whether it be in international finance or business or creating fresh opportunities for the trailblazing start-up entrepreneurs in ‘new economy’ sectors, such as financial technology [fintech], I believe there is plenty of scope for win-win collaboration.”

Enduring strengths under ‘one country, two systems’

Unique opportunities afforded by the “one country, two systems” principle have served the city well since the establishment of the Hong Kong Special Administrative Region of China 22 years ago. Hong Kong remains firmly committed to the arrangement, which has helped the city maintain its advantages as a free and open economy with a tried and trusted common-law system underpinned by a fiercely independent judiciary. Strong links with the rest of the common-law world are manifested most prominently at the highest level of the judicial system, with elite jurists from other common-law jurisdictions sitting on the apex court, the Court of Final Appeal (CFA). Among the nine UK Non-Permanent Judges of the CFA are the President of the Supreme Court in the UK, the Right Honourable the Baroness Hale of Richmond, and the Deputy President of the Supreme Court in the UK, the Right Honourable Lord Reed.

Hong Kong has also been consistently rated as the world’s freest economy by both the Heritage Foundation in the United States and the Canada-

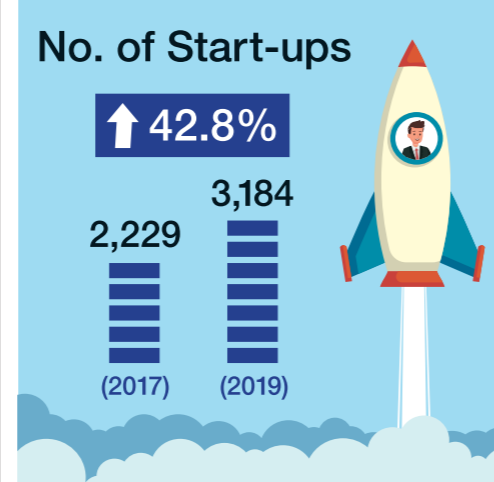
based Fraser Institute. This month, the World Economic Forum ranked Hong Kong third in its 2019 Global Competitiveness Report, a rise of four places from last year. This indicates the enduring strengths that have propelled the city to become a world leading hub for business and finance.

UK companies are fully aware of the advantages of doing business in Hong Kong and have easily adapted to an environment that includes familiar legal and financial systems, a well-understood business culture and a location at the very heart of Asia. Figures from Invest Hong Kong released this month show that the number of Mainland China and overseas companies operating in Hong Kong has risen to more than 9,000, a jump of 9.9 per cent compared with 2017, including more than 700 UK companies.

Start-ups thrive in Hong Kong

Whether starting a business or expanding to Asia, Hong Kong continues to be a location of choice for entrepreneurs from around the world. They are attracted by Hong Kong’s prime geographical location and low and simple tax regime, where the first £200,000 of corporate profits is taxed at just 8.25 per cent. Above that, remaining profits are taxed at 16.5 per cent. Salaries tax is capped at 15 per cent and there is no inheritance tax, capital gains tax or dividend tax.

It is relatively quick and easy to set up a company in Hong Kong and founders can maintain full control of their business. They also have access to a huge pool of local and international talent. With well-established arbitration and mediation frameworks in place, Hong Kong is an effective deal-making and dispute resolution centre in Asia.



Opportunities go hi-tech

Identifying innovation and technology (I&T) as a key driver of future growth, job creation and business opportunities, the HKSAR Government is making bold investments to nurture and attract top talent, upgrade I&T infrastructure and support enterprises through various initiatives. This multipronged approach is unfolding with government funding of more than £10 billion so far. Hong Kong’s public and private sectors, academia and R&D centres are focusing on healthcare, artificial intelligence (AI) and robotics, smart-city development and fintech as key areas to retool and revitalise the city’s economy for this digital century and enhance quality of life.

Vibrant tech communities have evolved at the Hong Kong Science Park and Cyberport. The Science Park is home to around 770 companies and a working population of 13,000, providing a living laboratory for the testing and application of new technology. Cyberport is a creative digital community with more than 1,300 companies and dedicated clusters for smart living, digital entertainment and e-sports among others.

Exploring Greater Bay Area opportunities

Entrepreneurs are always looking for new opportunities, and in Hong Kong they are appearing on our doorstep in the Guangdong-Hong Kong-Macao Greater Bay Area. This is a national development strategy to harness the full economic potential of nine leading cities in the mainland Chinese province of Guangdong and the Special Administrative Regions of Hong Kong and Macao.

This “9+2” economic superzone adds up to huge potential for businesses to tap new markets in this high-growth region, with Hong Kong serving as its epicentre for financial, legal and business services as well as an international trans-shipment hub.



Close ties between UK and HK

The UK and Hong Kong have a long history of close ties across all sectors and with people from all walks of life. Our trade relationship continues to go from strength to strength. Last year, bilateral merchandise trade amounted to £11.35 billion, up 14.6 per cent on 2017. Latest figures are also encouraging, with the value of our bilateral goods trade exceeding £6 billion in the first half of 2019, up 18.3 per cent on to the same period last year.

The UK expatriate community in Hong Kong numbers 300,000 and we welcome more entrepreneurs, researchers and creative minds from the UK to come and explore the new opportunities Hong Kong offers.

“The UK is one of Hong Kong’s largest and most important partners”



A fintech powerhouse

Hong Kong is fast emerging as a leader and pioneer in fintech development, with strong collaboration between the public and private sectors and game-changing initiatives, including a Faster Payment System, Open API (Application Programming Interface) framework, and issuance of virtual banking licences.

Cyberport is currently leading a delegation of about 20 fintech entrepreneurs to the UK, from areas such as virtual banking, blockchain and cybersecurity, to explore partnership opportunities.

Cyberport is home to the largest innovative digital community in Hong Kong, including more than 350 fintech start-ups and tech companies, offering fintech solutions such as financial software and services, AI and big data analytics, insurtech, wealth planning and digital payment solutions. In 2016, it opened its first co-working space for fintech companies.

Peter Yan, CEO of Cyberport, said: “Cyberport is pleased to be organising a fintech delegation to the UK again after its fruitful visit in 2017. The delegation exemplifies the strong connection between the two major fintech ecosystems and provides an opportunity for Cyberport’s fintech start-ups to demonstrate the innovative solutions they have on offer on the global stage. As Hong Kong’s premier fintech hub, Cyberport will also look to foster partnerships with outstanding UK fintech entrepreneurs and companies.”

Hong Kong FinTech Week, presented by Invest Hong Kong with active participation by Cyberport, will be held on 4-8 November at AsiaWorld-Expo. This year’s event gathers experts, investors, entrepreneurs and top-notch speakers to explore the latest fintech developments and opportunities in Hong Kong, the Greater Bay Area and beyond.

Hong Kong and neighbouring cities in the Greater Bay Area offer significant levels of innovative economic activity