

Hong Kong: Helping Manage Opportunities and Challenges in China

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The China Opportunity

All eyes are *still* on China! Here's why:

Annual GDP growth at 9.8% over 10 years

Annual trade growth at 23.3% over 10 years

Massive annual FDI: US\$92.4 billion (2008)

Expected to lead Asia from global turmoil



China Today

Facing the global turmoil

RMB 4 trillion stimulus package by Central Government

Determined to meet target of 8% growth in 2009



China Today



Stimulus package to focus on 10 areas:

- Low-cost housing
- Rural infrastructure
- Major transportation
- Medical services
- Environment-related investments
- High-technology industries
- Sichuan's reconstruction
- Raising urban and rural incomes
- Reform of the VAT system
- Direct financial support

The China Opportunity

No longer “just” a production base:

Growing middle class – 200 million

Domestic consumption on the rise (21.6% growth in 2008)



The China Opportunity: Growing consumer market

641 million mobile phone users (2008)

Nearly 300 million internet users (2008)

Growing demand for imported wine –
average of 72.7% p.a. (2006 to 2008)

Second largest car market in the world

Second largest luxury market in the world

100 million Chinese tourists expected by 2020

Growing rural consumer market



The China Opportunity: Industry moving up the value chain

Upgrading Industrial Processes

5.4 million Mainland Private Enterprises

Growing demand for business services
and technologies

R&D expenditure increased by average of
23.6% per year from 2003 to 2007



China Challenges

Companies are concerned about:

China's ability to cope with the downturn

Finding good business partners

Realising profits

Coping with bureaucracy

Mitigating business risk

Retaining quality staff



Hong Kong Advantages



Ideal Location

Resilient Economy

Dynamic People, Creativity, Technology

Hong Kong Advantages: Ideal Location



Hong Kong Advantages: Ideal Location

Immediate Market – the Pearl River Delta:

47 million people

24% of China's imports/exports

16.2% real GDP growth in 2007



Bohai

Yangtze
Delta

Hong Kong Advantages: Ideal Location

Infrastructure integration with PRD

Growing infrastructure links between Hong Kong and PRD cities

Easy and efficient travel

Economic integration

40% of China's FDI comes through HK

Largest overseas investor in most major Chinese cities

Further integration via tri-regional
2020 blueprint



Hong Kong Advantages: Ideal Location

#1 international air cargo:

10,000 tonnes per day

150 cities, 40 in China

One of the world's busiest container ports:

Serves 500 ports

66,500 TEUs a day

1% growth in 2008



Hong Kong Advantages



Ideal Location

Resilient Economy

Dynamic People, Creativity, Technology

Hong Kong Advantages: Resilient Economy

“One country, two systems”

Open market - Free flows of goods, capital,
people and information

Strong, independent legal system

Intellectual Property protection

Open and transparent government

Anti-corruption culture

Service-oriented economy



Hong Kong Advantages: Resilient Economy

International Financial Centre

Convertible currency, link to US dollar

Free flow of capital

Strong, well-regulated, banking system

Low, simple tax system

International arbitration centre



Hong Kong Advantages: Resilient Economy

International Financial Centre

3rd highest market capitalisation in Asia, 7th in the world

3rd largest foreign exchange market in Asia, 6th in the world

Largest venture capital centre in Asia

Largest capital-raising hub for Chinese companies (outside the mainland)

Becoming an offshore RMB centre

High capital reserve ratio



Hong Kong Advantages: Resilient Economy

Closer Economic Partnership Arrangement (CEPA)

WTO-plus market access for service providers

Tariff-free access to the mainland for products

Overseas companies can benefit!



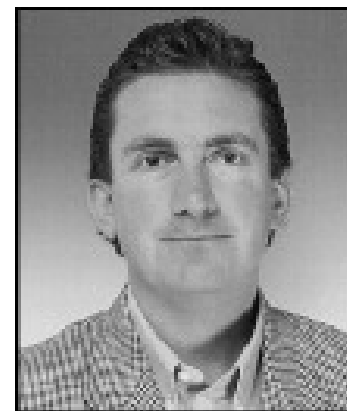
Hong Kong Advantages: Resilient Economy

CEPA success stories

Caben Ltd (Toys, child care)

"Our success proves that CEPA is accessible to overseas investors."

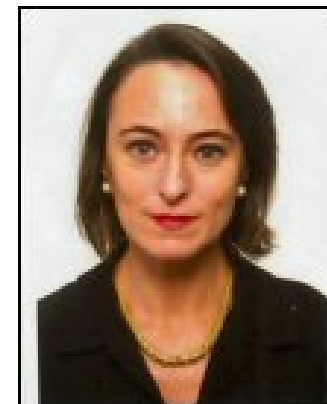
Fabrizio Goldini, General manager



Adecco (Staffing, recruitment)

"CEPA helped us take advantage of greater market opportunities in China."

Christine Pace, Marketing Director



Hong Kong Advantages: Resilient Economy

Electronics



Technology



Architecture



Sourcing and Retail



Hong Kong Advantages



Ideal Location

Resilient Economy

Dynamic People, Creativity, Technology

Hong Kong Advantages: Dynamic People



Hong Kong is the Chinese city that speaks your language ...

Generations of entrepreneurial spirit

Unrivalled China market and international business experience

Diverse international workforce

... the language of international business!

Hong Kong Advantages: A hub of creativity

Lifestyle trendsetters in Asia



Hong Kong Advantages: Technology Marketplace

Sourcing and selling technology to/from the Chinese mainland

Hong Kong companies experts in technology trading and transfer

Growing demand for advanced technologies in manufacturing and management

Demand for technology to meet new environmental standards

Hong Kong – a partner for foreign technology companies



Hong Kong Trade Development Council

Creating opportunities in international trade

Providing Information

Matching Business Partners

Connecting Customers

Helping SMEs



HKTDC: Providing Information

In person

11 offices in Chinese mainland, more than 40 worldwide

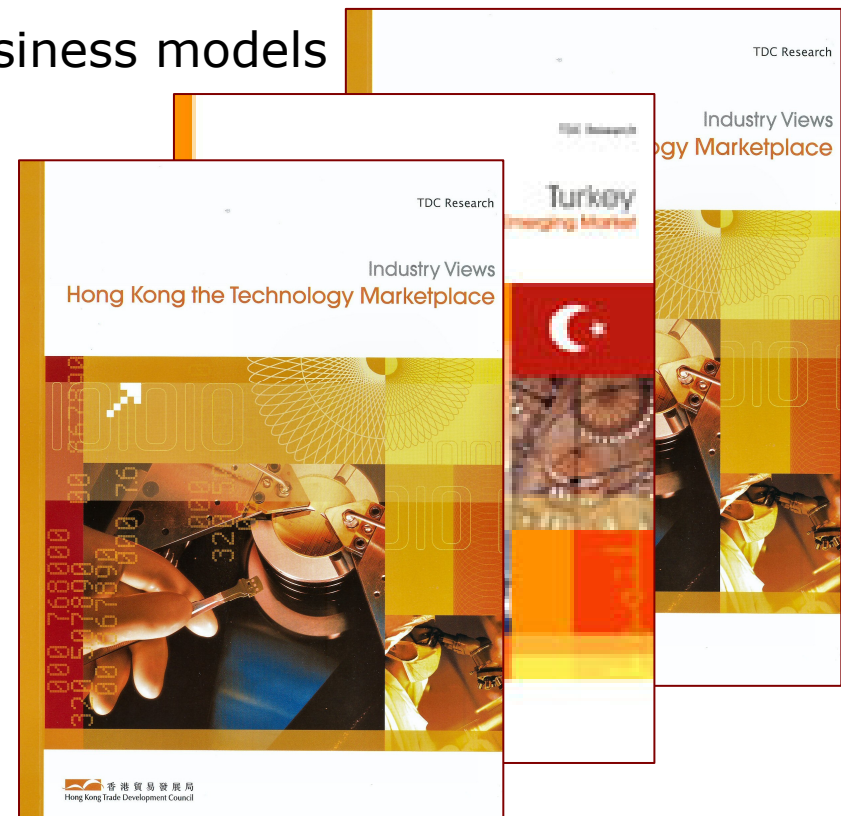


HKTDC: Providing Information

Research publications

Analysis on topical issues and specific industries

Excellent sources for developing business models



HKTDC: Providing Information



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Hong Kong Trader

Hong Kong Spotlight

Where the Consumers Are

With Hong Kong exports likely to fall for the first time in seven years, the Chinese mainland and other emerging markets look more promising than ever.



Six Questions



David Eldon: End of the World?

Asia remains in better shape than the rest of the world amid the global financial turmoil, says former HSBC Chairman David Eldon, who tells us why the region's greatest economic threat is psychological.

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HKTDC Showcase



Asian Financial Forum 2009

World business and government leaders converge in Hong Kong this month for the region's premier financial event, the Asian Financial Forum (AFF). More on why you need to be there.

My News

Americas



Treasury Again Finds that China Is Not Manipulating Currency

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HKTDC: Connecting Customers

Leading trade fairs in Asia



Hong Kong Electronics Fair (Autumn Edition)
香港秋季電子產品展



Hong Kong Gifts & Premium Fair
香港禮品及贈品展



Hong Kong Fashion Week for Spring/Summer
香港時裝節春夏系列



Hong Kong International Jewellery Show
香港國際珠寶展



Hong Kong Houseware Fair
香港家庭用品展



World SME Expo
中小企國際推廣博覽



Summer Sourcing Show for Gifts, Houseware & Toys
香港夏季禮品、家庭用品及玩具展



Hong Kong Watch & Clock Fair
香港鐘表展



HKTDC: Helping Hong Kong SMEs

Trade Buyers Incentive Programme

Subsidies to local exhibitors

Special SME offers

Co-operation with neighbouring PRD cities

World SME Expo



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