

Business Opportunities in Hong Kong and Macao

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- Introduction to UK Trade & Investment Hong Kong
- Hong Kong & Macao – economic and other issues
- Opportunities for UK companies in Hong Kong and Macao
- Hong Kong / China
- How we can help

About us

- 19 staff in Hong Kong working to support UK companies
- Also cover Macao from our Hong Kong office
- Work closely with UKTI offices in Mainland China and the Asia-Pacific region, eg Vietnam and Taiwan
- Increasing links with the China-Britain Business Council

Hong Kong: Economic Issues

- Open, international trading city
- Vulnerable to external shocks
- GDP growth (+2.5% in 2008; - 4/5% expected in 2009)
- Financial sector hit; but banks relatively robust
- 90% service economy
- High GDP per capita (US\$30,755 in 2008)
- Population nearly 7 million
- HK\$ pegged to US\$

UK - Hong Kong

- Hong Kong - UK's 16th largest trading partner
- UK exports to Hong Kong: £3.47 billion (2008)
- More than to Australia, South Korea, Taiwan or Malaysia
- 1000 British companies in Hong Kong
- c350 are regional offices or HQs for Asia-Pacific

Why Hong Kong?

- Rule of law, free market, low tax
- Open, transparent Government
- Free flow of information
- Entrepreneurial strength
- Financial services, professional and business services
- Strong IPR protection regime
- Regional location, logistics and communications
- Integration with the Chinese Mainland
- Closer Economic Partnership Arrangement (CEPA)
- Strong UK- Hong Kong business and cultural links

Opportunities in Hong Kong

Key sectors include:

- **Construction**
 - urban regeneration
 - green buildings
- **Creative Industries**
 - film and music
 - product design
 - advertising
 - publishing
- **ICT**
 - mobile telephony
 - intelligent transport
 - retail technology/RFID
- **Financial, Legal, Business Services**
 - Islamic finance
 - carbon trading

Opportunities in Hong Kong (cont.)

- **Education and Training**
 - Special Education Needs
 - Gifted and Talented Education
 - Vocational Training
 - Sustainable education
- **Transport**
 - major rail projects
- **Life Sciences**
 - biotechnology
 - Traditional Chinese Medicine
- **Environment**
 - air pollution
 - low carbon economy
 - electric transport
- **Food**

On the Hong Kong pages of the UKTI website you can find flyers for 12 key sectors detailing opportunities

Opportunities in Macao

- Macao economy developing rapidly, led by gaming sector. More gaming revenue than Las Vegas.
- Global slowdown and restrictions on Chinese visitors impede growth in 2009.
- Venetian Macao opened in August 2007. 2nd largest building in world - 20,000,000 visitors in 1st year.
- UK exports to Macao: £21.6m (2008), 23% increase from 2007.
- Opportunity areas: leisure, tourism, construction, retail, education and training, environmental technology.

Hong Kong: part of China?

- Special Administrative Region of China - “One Country, Two Systems” - for 50 years
- Very high degree of autonomy (except defence & foreign affairs)
- Own system of Government; budget
- Own currency, passport...and Olympics team
- Separate legal and judicial system
- Separate customs and visa territory
- Rights and freedoms still strong (150,000 at Tiananmen Square memorial)
- Negotiates economic and financial agreements by itself; eg member of WTO in its own right

The Pearl River Delta (PRD)

**Continuing integration
of Hong Kong into PRD
economy**



Hong Kong: Springboard into Mainland China

- Hong Kong is the largest investor into virtually every Chinese province
- c50,000 Hong Kong-owned factories in China, employing up to 10m workers
- Hong Kong companies can be agents; distributors; JV partners to access Mainland
- Great depth of knowledge in Hong Kong of doing business in China
- Other advantages of Hong Kong: legal system; international city; no language barriers
- Particularly good route for SMEs
- 1800 mainland companies in Hong Kong

Success Stories

- Lubrication Technology Limited, a Birmingham based specialty lubricants company, has recently begun to supply a Hong Kong distributor which will introduce their products to the Mainland China market. “We couldn’t have got to where we are now without commissioning the OMIS report. There are synergies between the UK and Hong Kong and having the British Consulate-General on your side illustrates your sincerity to potential customers”, John Cowley, Managing Director.
- Scott Aerospace, an aerospace design and manufacturing company based in Bristol, secured a £250,000 deal through assistance provided by UKTI. “The support and information from UKTI in Hong Kong was crucial to us. Hong Kong is a long way from home, so to have someone on the ground who was there to speak to the customer on our behalf and to reassure us that things were on track, was invaluable”, Paul Ellis, Operations Manager.

Success Stories

- Liquid Plastics (Asia Pacific) Ltd, a Manchester based manufacturer of roofing systems, commissioned an OMIS report on the market for their products in Hong Kong. “Having then established our operation here, we continued our relationship with UKTI culminating in an excellent product launch at the Consulate offices, from which we are seeing very positive developments”, Martin Taylor, Managing Director.
- A1 - Envirosiences, Neil Kane Managing Director: “I am confident that without the help and assistance from the British Consulate team in Hong Kong we would not have been able to increase our revenues by 10 times in the 1st year of export, 50% of that growth generated from the Far East”.

Hong Kong – the good news

- Business integrator with China (still growing)
- In uncertain times, Hong Kong becomes an even better option for tackling China
- 25% decline in Sterling vs Hong Kong \$
- Resilience of Hong Kong – 2 other downturns since handover
- Hong Kong Government stimulus package - includes support for SMEs
- UK companies still coming through

How can we help?

- Local staff are the sectoral experts – use them!
- Bespoke Services to grow your business
- More detailed research – through OMIS
- Programme arranging - saves you time and money
- Help with functions – in Consulate or elsewhere
- Trade Fairs (in Hong Kong or Macao)
- Pearl River Delta OMIS - joined up product covering Hong Kong and southern China

Other players

- Other UKTI operations in China markets
<http://ukinchina.fco.gov.uk/en/doing-business>
- China Britain Business Council (CBBC) www.cbcc.org
- British Chamber of Commerce www.britcham.com
- British Council www.britishcouncil.org.hk
- VisitBritain www.visitbritain.com
- Hong Kong Trade Development Council www.tdctrade.com
- Invest Hong Kong www.investhk.gov.hk
- In Macao – IPIM, www.ipim.gov.mo; British Business Association of Macao, www.britchammacao.org



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Conclusion

Three things to remember:

- How autonomous Hong Kong is, ie NOT “now just another Chinese city”.
- Size of Hong Kong investment in China (and therefore extent of knowledge of China business)
- Macao: good opportunities in certain sectors

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