



HONG KONG

the hub, the gateway and the services centre



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The perfect location

A strategic gateway to Southern China and at the heart of Asia, Hong Kong opens to a world of opportunities.

Hong Kong provides convenient access not only to the thriving industrial hinterland of the Pearl River Delta of Mainland China, but also to the entire Asia-Pacific region. Over half of the world's population lives within five hours' flight from Hong Kong. The city also offers state-of-the-art infrastructure and a wide range of world-class services to help international businesses make the most of the opportunities within reach.



The place for business

Repeatedly hailed by the Heritage Foundation in the US and other public policy think tanks as the world's freest economy, Hong Kong has a vibrant, friendly and efficient business environment. We believe in open markets, free trade, a level playing field for all, as well as free flow of people, capital and information. We have a sound legal system, a free port, an efficient customs service, a low and simple tax regime, a freely convertible currency, liberal immigration policies and a vast pool of talent.



Closer Economic Partnership Arrangement with the Mainland

The Closer Economic Partnership Arrangement (CEPA) allows local and foreign-owned businesses in Hong Kong to tap the vast opportunities China offers, enabling service providers in logistics, freight forwarding, storage, air transport sales agency and maritime and road freight transport to set up wholly owned enterprises on the Mainland. This landmark agreement gives Hong Kong-based companies a first-mover advantage for business expansion on the Mainland and reinforces Hong Kong's role as an important gateway for international investors in China. Overseas companies can take advantage of CEPA by establishing a business in Hong Kong, partnering with Hong Kong firms or buying Hong Kong firms.





Lower tax – higher earnings

Hong Kong has one of the lowest and simplest tax systems in the world. As at March 2015, the Hong Kong Special Administrative Region Government (the government) has signed double taxation relief agreements covering shipping income with 39 tax administrations worldwide, bringing bilateral benefits to, amongst others, shipowners in all signatory jurisdictions. Lower costs and reduced overheads translate to higher profits – in any language.





An international logistics hub



Hong Kong's world-class infrastructure and integrated service expertise make it the preferred international logistics hub in Asia. The city's success as a logistics centre dates back to the 1950s, since then it has cultivated the expertise, experience and networks essential for modern international and domestic operations. Located at the centre of a global and multi-modal network of cargo and transport routes via land, sea and air, Hong Kong is an unparalleled supply chain base.





Extensive air services

Since its opening in 1998, Hong Kong International Airport (HKIA) has grown to be one of the finest and busiest airports in the world. Over 100 airlines operate about 7,500 flights every week between HKIA and about 180 destinations worldwide, including 45 destinations on the Mainland. HKIA has been recognised as the world's best airport more than 50 times over the years. HKIA was the world's busiest cargo airport in 2014, handling 4.38 million tonnes of cargo.

An additional cargo terminal, with a design capacity of 2.6 million tonnes per year, has been in full operation since October 2013. To cope with medium-term air traffic demand, the Airport Authority Hong Kong (AA) has completed its west apron expansion project which provides 28 aircraft parking stands, a cross-runway vehicular tunnel and other related supporting facilities. The AA has also been implementing midfield development project at HKIA. Construction of a passenger concourse with 20 additional aircraft parking stands is expected to be completed in 2015.

With government's affirmation of the need to expand HKIA into a three-runway system (3RS) in March 2015, the AA is actively exploring ways to facilitate early implementation of the project, with a target commissioning date of 2023. Upon completion of the project, HKIA has the capacity to handle around 100 million passengers and 8.9 million tonnes of cargo annually by 2030. The 3RS project is crucial in catering for the long-term air traffic demand of Hong Kong and maintaining Hong Kong's competitiveness amidst increasing competition from neighbouring airports.





Efficient container port

Hong Kong is one of the busiest container ports in the world, handling 22.2 million TEUs (20-foot equivalent units) of containers in 2014. The naturally sheltered deep-water port serves about 70 international shipping lines, with about 350 weekly sailings to around 510 destinations worldwide. Of these, about 210 are intra-Asia shipping services, which underline Hong Kong's position as a regional hub port.



Hong Kong's nine container terminals, situated in the Kwai Chung-Tsing Yi basin, are operated round the clock. Together, these terminals provide 24 berths, 7,694 metres of deep-water frontage and a total handling capacity of over 21 million TEUs per year.

To meet the draught requirements of the new generation of ultra-large container ships, the government is taking forward a project to dredge the Kwai Tsing Container Basin and its approach channel from the present depth of 15 metres to 17.5 metres. The project is expected to be completed in 2016.



Hong Kong is one of the few major international ports where container terminals are financed, owned and operated by the private sector. To remain at the forefront of the industry and meet growing demand, the terminal operators frequently upgrade their equipment and systems to enhance efficiency. A quay crane here can perform at most 36 to 40 moves per hour. The operators also attach priority to pursuing green initiatives such as using gantry cranes to be driven by shore electricity or hybrid machines.

Apart from the container terminals, the port features a variety of cargo-handling facilities, ranging from a River Trade Terminal for intra-Pearl River Delta connections, to mid-stream sites and public cargo working areas on the waterfront. They together meet the requirements of visiting vessels of various sizes and types.



Ideal distribution centre for high-value goods

In addition to flexibility and efficiency in supply chain management, Hong Kong offers high security, quality assurance and intellectual property protection, making it an ideal place for the distribution of high-value products and brand-name goods. To facilitate migration of the logistics sector in this direction, the government is working toward increasing the supply of land for the development of a cluster of third party logistics services. The government's initiative is supported by the Central People's Government of the People's Republic of China. In its Outline of the 12th Five-Year Plan for National Economic and Social Development, which was promulgated in March 2011 and covers the period 2011 to 2015, Beijing backs Hong Kong's development into a high-value goods inventory management and regional distribution centre.



Staying on top with information technology

Information connectivity along the supply chain is essential for Hong Kong's quest to remain at the pinnacle of the Asian logistics operation. Apart from using "e-freight" project in processing air cargo data electronically, an Intermodal Transshipment Facilitation Scheme was launched in 2010 to provide one-stop and seamless customs clearance for air-land and sea-land transshipment cargoes through the use of Electronic Lock and Global Positioning System (GPS) technologies. Under normal circumstances, cargoes are only examined at either the airport/port or land boundary control points, but not both, thereby saving time and enhancing efficiency for the industry. Currently, manifests for air, sea and land cargoes can all be submitted to the Hong Kong customs electronically.

An On-board Trucker Information System, which uses GPS and wireless communication technologies to enable truckers to communicate with other stakeholders along the supply chain, is now in full operation commercially. The system improves fleet management and enhances the operational efficiency of the trucking industry, not least by enabling truckers to submit cargo manifests en route for speedy customs clearance.



Gateway to the mainland of China

Today, about 20% of Mainland China's total international trade is handled by Hong Kong, making it a key player in the global supply chain. Indeed, Hong Kong's position makes it the logical first stop for foreign businesses planning to access the Mainland.

Multi-modal transportation links between Hong Kong and the Mainland and 24-hour customs clearance are complemented by an extensive cross-boundary infrastructure that is continually being upgraded to keep pace with business and traffic growth. Shenzhen Bay Port, which links Hong Kong with Shenzhen's Shekou, opened in 2007 and tripled cross-boundary vehicle handling capacity. The Hong Kong-Zhuhai-Macao Bridge is now under construction. Upon completion, it will cut the travel time between Zhuhai and the Kwai Tsing Container Terminals from three-and-a-half hours to 75 minutes and that between Zhuhai and HKIA from four hours to 45 minutes. It will also expand Hong Kong's direct cargo catchment area to the western section of the Pearl River Delta region.



China's window to the world

Mainland companies can take advantage of Hong Kong's first-class business infrastructure, free flow of goods and information, liquid capital markets, strong regulatory environment and international know-how and experience to access the international market.

The National Development and Reform Commission released in 2009 the "Outline of the Plan for the Reform and Development of the Pearl River Delta" to boost co-operation in modern services among the Pearl River Delta, Hong Kong and Macao. The Outline has elevated co-operation between Hong Kong and Guangdong to a national strategic level. Hong Kong-Guangdong Co-operation has also been incorporated in the National 12th Five-Year Plan.





A first-class maritime centre

Home to an international maritime community for over 150 years, Hong Kong plays a leading role in the global shipping industry. Its vibrant maritime cluster brings together shipowners, ship managers, shipbrokers, ship surveyors, classification societies and a variety of related service providers including financial institutions, insurance houses, law firms and arbitrators.

About 190,000 vessels, including ocean-going and river vessels, visit the Hong Kong Port every year, bringing millions of tonnes of cargo and hundreds of thousands of passengers. Serving the needs of this busy port and the international shipping community, over 700 shipping-related companies here provide a host of quality maritime services.

Strengthening Hong Kong's maritime industry has become part of China's national development programme. In its National 12th Five-Year Plan, Beijing also expresses support for Hong Kong in consolidating and enhancing its position as an international maritime centre.

In 2014, the government launched a \$100 million Maritime and Aviation Training Fund to support manpower development with a view to expanding the pool of professionals for the long-term sustainable development of Hong Kong's maritime cluster and aviation services.





Active participation in the international maritime arena

Under the principle of "One Country, Two Systems", Hong Kong is a common law jurisdiction and enacts its own shipping legislation. The high degree of autonomy in shipping affairs is also reflected in the city's own representation on major international maritime bodies and conferences. As an associate member of the International Maritime Organisation (IMO), Hong Kong has been playing an influential role in discussions on international shipping conventions. Apart from that, Hong Kong in 2014 held its fourth annual large-scale Asian Logistics and Maritime Conference. More than 1,600 industry professionals from 32 countries and regions participated in it for networking with potential partners, as well as for insights and strategies presented by nearly 60 internationally-renowned speakers.



A reputable shipping register

Hong Kong has a shipping register that is respected worldwide for its high quality and low detention rates. Hong Kong adopts all major international conventions promulgated by IMO and the International Labour Organisation and ensures that the quality standards of Hong Kong-flagged ships are maintained to these international conventions.

Ranked fourth among the world's top registers in 2014 in terms of gross tonnage, the Hong Kong Shipping Register (HKSR) offers a number of attractive benefits, including the absence of nationality restrictions on the owning and financing of ships. It also offers one of the world's most competitive packages, complemented by a simple and speedy registration process. Hong Kong-registered ships and crew can count on readily available technical support and advice from a team of internationally qualified and experienced surveyors and other professionals, and can seek consular assistance anywhere in the world from the nearest Consulate of the People's Republic of China.

Under the HKSR, shipowners enjoy the freedom to engage either the Marine Department or any recognised classification society to carry out statutory surveys and certification. The Register's innovative survey cycle is also designed to maintain the highest standards of quality while minimizing costs to shipowners. Significant cost-savings aside, this enables shipowners to differentiate themselves with the quality and excellence that is synonymous with the Hong Kong flag.



Home of ship owners, managers and brokers

Hong Kong has one of the world's largest communities of shipowners. Some of the world's largest and oldest ship management companies are based in Hong Kong. As of December 2014, Hong Kong shipowners control about 8% of the deadweight tonnage of the world's merchant fleet.

Hong Kong's cosmopolitan shipbroking community comprises both local and expatriate experts with hands-on knowledge of Asia's unique markets and fully accredited with international bodies. Many large shipbroking companies use Hong Kong as their regional base.



Excellent maritime legal services

With a long tradition of common law, Hong Kong is a highly respected centre for shipping law, commercial law and arbitration, and the Hong Kong Arbitration Ordinance is widely considered to be one of the world's leading arbitration statutes. Arbitral awards made in Hong Kong are enforceable in about 150 countries by the New York Convention and in China by the Arrangement Concerning Mutual Enforcement of Arbitral Awards. In March 2010, the City University of Hong Kong established a Centre for Maritime and Transportation Law, the first of its kind in Asia. The centre offers a master degree programme in maritime and transportation law to train maritime lawyers locally.

A number of arbitration institutions have established their presence in Hong Kong. The Hong Kong International Arbitration Centre, established in 1985, helps parties solve disputes by arbitration and other means of dispute resolution. In 2008, the International Court of Arbitration of the International Chamber of Commerce opened the Asia Office of its secretariat in Hong Kong, which is the secretariat's first office outside Paris. The China International Economic and Trade Arbitration Commission set up its Hong Kong Arbitration Centre in September 2012. Another prominent Mainland arbitration institution, the China Maritime Arbitration Commission, also set up its branch office in Hong Kong in November 2014, which is its first arbitration centre outside the Mainland. Hong Kong is thus in a better position to meet the needs for arbitration service from Mainland and overseas enterprises, including those of the maritime sector.



Ship surveying, ship finance and marine insurance

With all of the world's best-known classification societies represented in Hong Kong, there is a large pool of professional surveyors providing inspection services for visiting vessels, including hull, machinery and equipment inspections. Many other surveying firms are also available to provide independent assessments of vessels and cargoes.

Hong Kong is an international financial centre, where many of the world's top banks have established their regional headquarters. Ship finance operations have sprung up to serve the city's large community of shipowners and turned it into one of the leading ship finance centres in Asia. Eight of the world's top ten bookrunners have set up offices in Hong Kong.

The marine insurance market also thrives here, with a full range of insurance services available from internationally renowned providers. All major Protection & Indemnity Clubs have representative offices in Hong Kong, with a growing number obtaining licences from the Insurance Commission to underwrite insurance in Hong Kong. Additionally, a hull insurance market operates in Hong Kong specifically to serve shipowners in Asia. Lloyd's syndicates and many of the world's largest and most respected average adjusters also have regional headquarters or permanent offices in the city.



Other complementary services

Agent services

Many agents and freight forwarders operate in Hong Kong and provide services to tens of thousands of vessels that call at the port each year. From the supply of food, spare parts and fuel, to organising the onward distribution of freight and various other logistical services, Hong Kong's maritime community works 24 hours a day to serve the needs of the shipping industry.

Marine equipment and support

A broad selection of local and international companies provide supplies and support services ranging from ship maintenance, bunkering, waste disposal, IT and communications to auditing and tax advice, education and training.

Port facilities and auxiliary services

To meet the wide-ranging needs of local and international shipping communities, Hong Kong has a large number of container depots, typhoon shelters and a sizable ship repair industry. In particular, our two leading ship repair yards offer a wide range of facilities for various types of vessels, including three floating docks with lifting capacities of up to 46,000 tonnes, two of which are capable of accommodating vessels of post-Panamax size. In addition to general repairs, Hong Kong's repair yards also undertake refurbishment and conversion work on offshore oil-rigs and support vessels.



Government-industry partnerships

The government supports the development of the logistics, maritime and port industries with long-term strategic planning, the requisite infrastructure and a favourable business environment. The Hong Kong Logistics Development Council, Hong Kong Maritime Industry Council and Hong Kong Port Development Council are advisory bodies through which the government and the private sector work together to chart the development of the respective industries and enhance their competitiveness. All three bodies are chaired by the Secretary for Transport and Housing and comprise industry leaders, renowned academics and professionals as well as senior government officials. With most council members coming from the private sector, the government can draw on the expertise and wise counsel of business leaders and practitioners from the trades.



Success story - Haichang Group

Hong Kong – An ideal platform for Haichang Group's overseas expansion

Established in Dalian, Mainland China, in 1992, Haichang (Group) Co Ltd was initially involved in crude oil trading and transportation. With 20 years of continuous development, the Group has transformed into a multifaceted conglomerate, offering comprehensive services spanning crude oil trading, shipping, tourism, and other supporting businesses. The company was listed on the Main Board of Hong Kong Stock Exchange in 2014.

"Hong Kong's pro-business environment was a prerequisite and a key factor in our selection of the city for company formation and listing. Driven by Mainland China's 'One Belt, One Road' policy, Hong Kong, with its excellent geographical location, will continue to serve as a super-connector for neighbouring countries in Asia to enter the Mainland market, benefitting local industries such as commerce, shipping, insurance and other services," said Wu Yu, Managing Director, Ruihai Shipping Development (HK) Co Ltd, a subsidiary of Haichang Group.

Reinstating his confidence in the Group's businesses in Hong Kong, Wu plans to build a globally competitive fleet of tanker vessels and hopes to achieve a win-win situation for the company's development in Hong Kong.



Success story - MOL Liner

Hong Kong is a natural choice for MOL Liner to consolidate its global functions

The MOL (Mitsui O. S.K. Lines) Group is a multi-modal transport group operating more than 900 vessels in all regions of the world. MOL Liner, one of the MOL group businesses operating a fleet size of over 100 containerships, recently relocated its global headquarters to Hong Kong.

According to Junichiro Ikeda, Chairman/CEO, MOL Liner, one of the major reasons for choosing Hong Kong is the availability of trained people: the maritime, logistics and supply chain degree/diploma courses provided by the local universities ensure a steady supply of quality graduates. Other key advantages include the city's well-established history as a maritime transport hub, its proximity to growth markets, excellent infrastructure, efficient government and ease of compliance. "Hong Kong is our natural choice," Ikeda said.

About 30 staff members are relocated from Tokyo in recent years and Ikeda himself has spent half of his time in Hong Kong and Tokyo respectively since late 2012. He finds the city a very safe and free place to work and live.



Success story - Aug. Bolten

Hong Kong is a gate to Mainland China, a hub to reach Asia-Pacific market

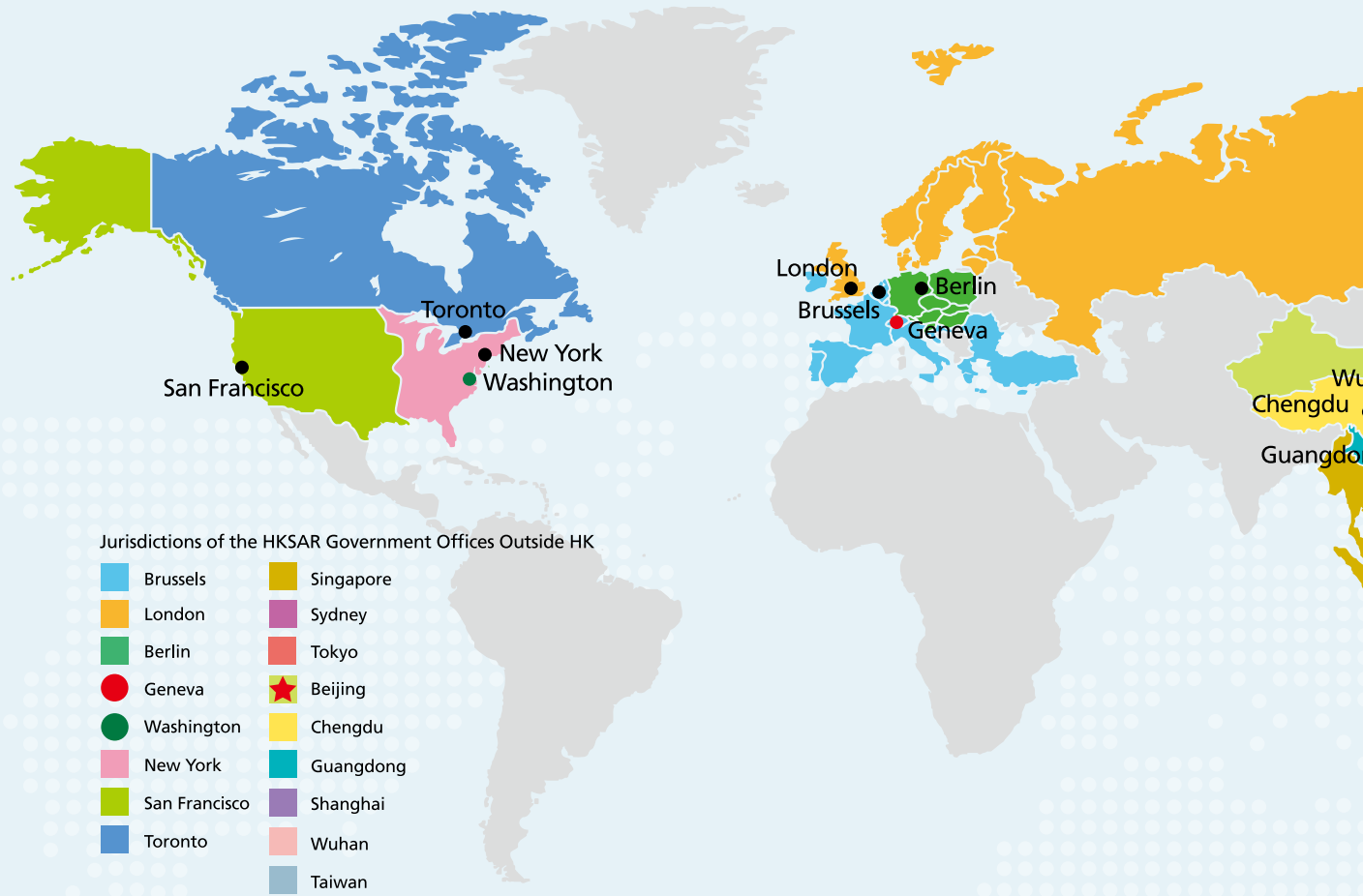
Germany's second eldest shipping company Aug. Bolten started business with the operation of steam powered vessels back in 1801. Nowadays, the Bolten group operates a modern fleet of handysize bulk carriers and multi-purpose vessels including container feeder vessels.

In 2015, the group chose Hong Kong to set up its first overseas office, Aug. Bolten Hong Kong Ltd, to provide chartering services for Aug. Bolten, Hamburg and the "Sea Stallion Pool" fleet, focusing chiefly on the needs of the Pacific as well as Indian Ocean client base.

The fleet consists of owned, managed and chartered tonnage which is being traded world-wide. The company offers a range of services to third-party customers: chartering; ship operation; crew management; technical management; and safety/security management.

Andrea Schoenfelder, Chartering Manager of Aug. Bolten HK Ltd said: "Hong Kong is the perfect location for our operations as it is not only a gate to Mainland China but a hub from where the whole Asian and Australian market is easily accessible."

We connect



★ The Office of the HKSAR Government in Beijing:

www.bjo.gov.hk

Hong Kong Economic and Trade Offices (HKETOs)

Mainland:

Chengdu: www.cdeto.gov.hk

Guangdong: www.gdeto.gov.hk

Shanghai: www.sheto.gov.hk

Wuhan: www.wheto.gov.hk

Asia-Pacific:

Tokyo: www.hketotyو.gov.hk

Singapore: www.hketosin.gov.hk

Sydney: www.hketosydney.gov.hk

Europe:

Brussels: www.hongkong-eu.org

London: www.hketolondon.gov.hk

Berlin: www.hketoberlin.gov.hk

Geneva email: hketo@hketogeneva.gov.hk

North America:

Washington, D.C.: www.hketowashington.gov.hk

New York: www.hketony.gov.hk

San Francisco: www.hketosf.gov.hk

Toronto: www.hketo.ca

■ Hong Kong Economic, Trade and Cultural Office (Taiwan):

www.hketco.hk



Useful links

The Hong Kong International Arbitration Centre
www.hkiac.org/en/

Hong Kong Shipowners Association
www.hksoa.org/

The Institute of Chartered Shipbrokers (Hong Kong Branch)
www.ics.org.hk/

Maritime Professional Promotion Federation
<http://seagoinghk.org>

The Government of the Hong Kong Special Administrative Region (HKSARG)
www.gov.hk

The Transport and Housing Bureau of the HKSARG
www.thb.gov.hk

The Marine Department of the HKSARG
www.mardep.gov.hk

The Hong Kong Shipping Register
www.mardep.gov.hk/en/pub_services/home.html

InvestHK of the HKSARG
www.investhk.gov.hk

Business Facilitation Initiatives of the HKSARG
www.gov.hk/en/theme/bf/highlights/

At your service

To learn more about Hong Kong's logistics, maritime or port services and how these services can help you gain an important edge in pan-Asian and international trade, please contact us at:

Hong Kong Logistics Development Council

E-mail : logsuser@thb.gov.hk

Website : www.logisticshk.gov.hk

Hong Kong Maritime Industry Council

E-mail : micuser@thb.gov.hk

Website : www.mic.gov.hk

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