



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia



# Hong Kong vs Singapore

*Comparison of Current Business Environments, Key Industries, and Regional Hub Potential*

April 2024







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# Today's Speaker



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- *Dezan Shira Asian Alliance Members*

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Dalian	Ningbo	Suzhou
Dongguan	Qingdao	Tianjin
Guangzhou	Shanghai	Zhongshan

### VIETNAM

Hanoi	Ho Chi Minh City	Danang
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### INDIA

Delhi  
Mumbai

### INDONESIA

Jakarta  
Batam

### SINGAPORE

UNITED ARAB EMIRATES

Dubai

### HONG KONG

### MONGOLIA

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Bangladesh	Cambodia	Japan
South Korea	Nepal	

## DEZAN SHIRA LIAISON OFFICES

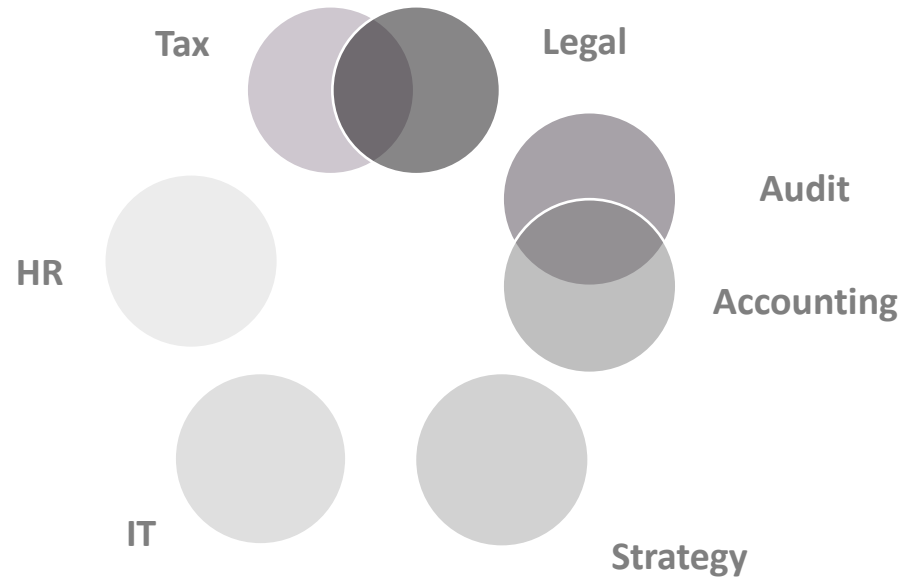
Germany	Italy	United States
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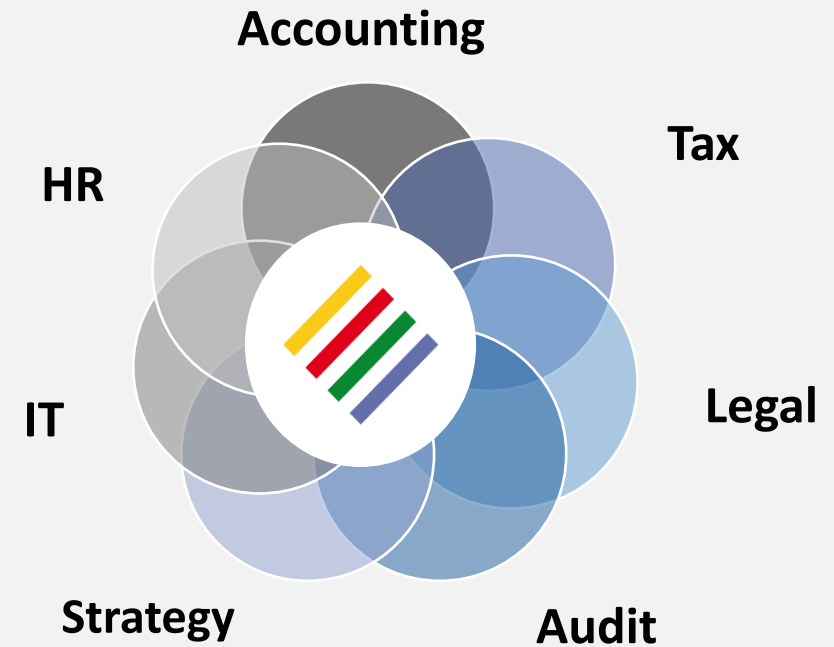


# Our Services *integrated solutions*

## Traditional Model



## Dezan Shira & Associates' Integrated Pan-Asia Model





# Investor Resources



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Asiapedia is a collection of these resources based on the experiences we made on the ground.



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- 1. Comparison**
- 2. Business Environment**
- 3. Recent Trends**



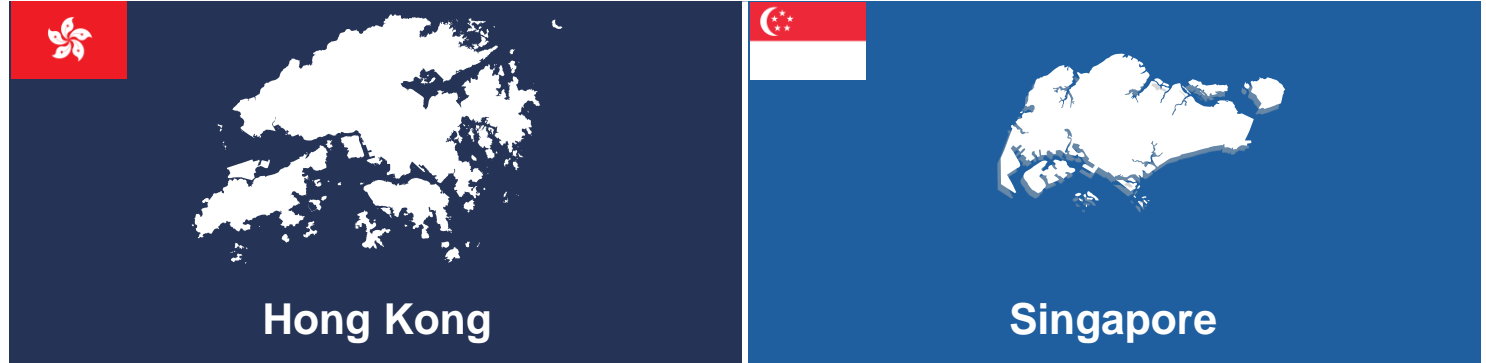
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# Comparison



# Overview *compared*

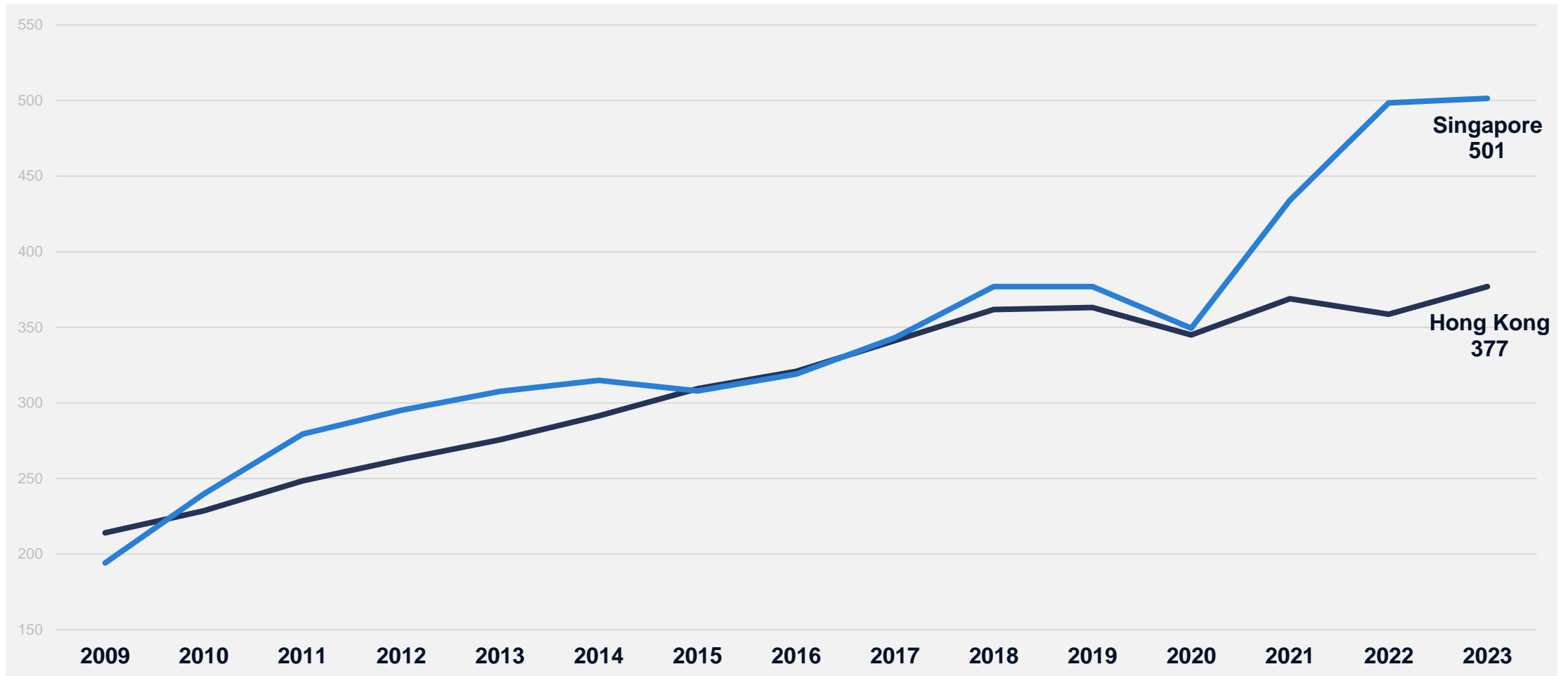


	Hong Kong	Singapore
<b>Size</b> (sq mi)	430.3	283.9
<b>Population</b>	7,590,000	5,920,000
<b>Population Density</b> (inhabitants/sq mi)	17,638.9	20,852.4
<b>GDP</b> (USD billion, current prices)	376.97	501.43
<b>GDP Per Capita</b> (USD)	50,030	84,730

Source: IMF



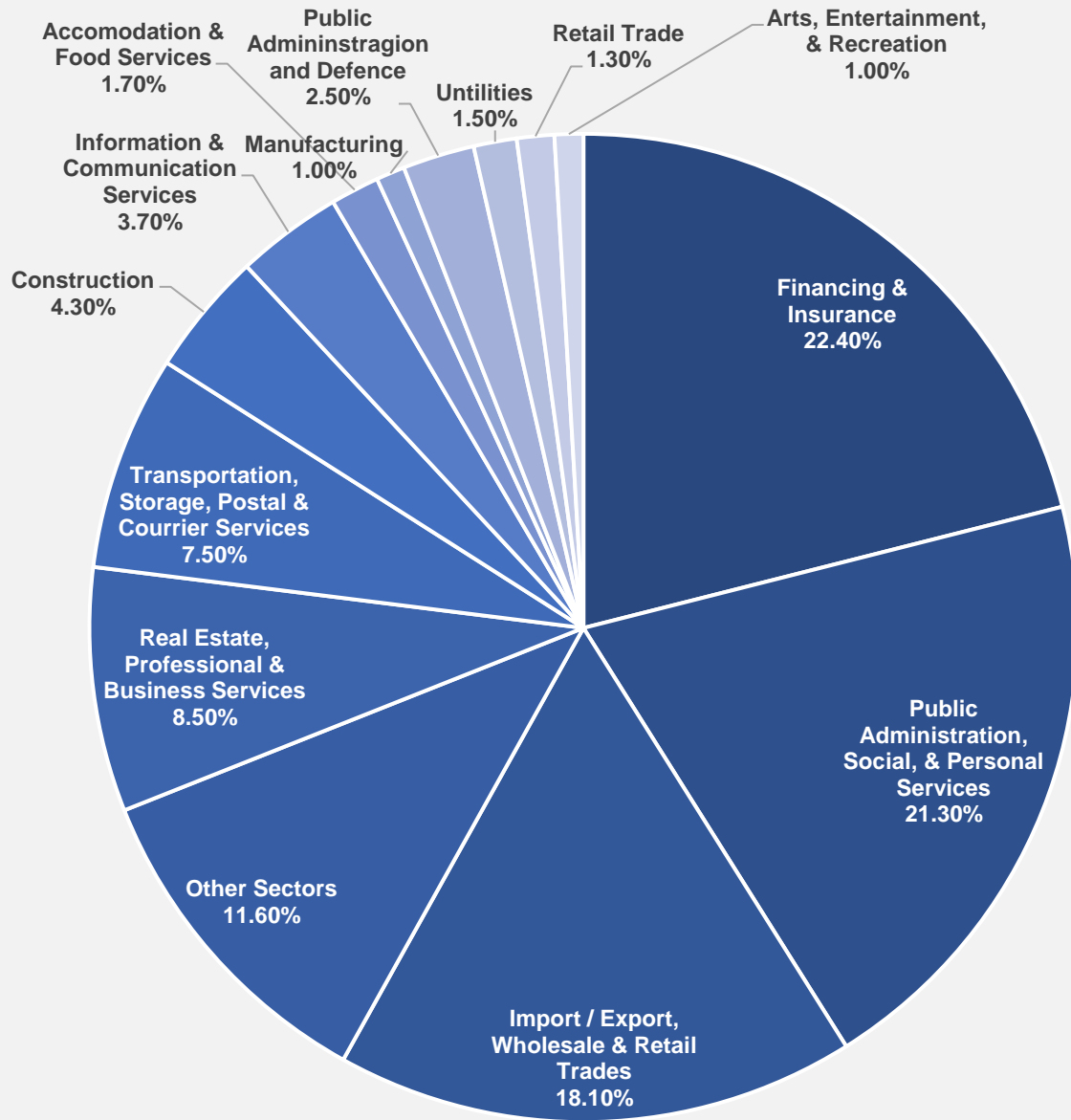
# Gross Domestic Product (GDP) *annual, current prices, USD billion*



Source: IMF



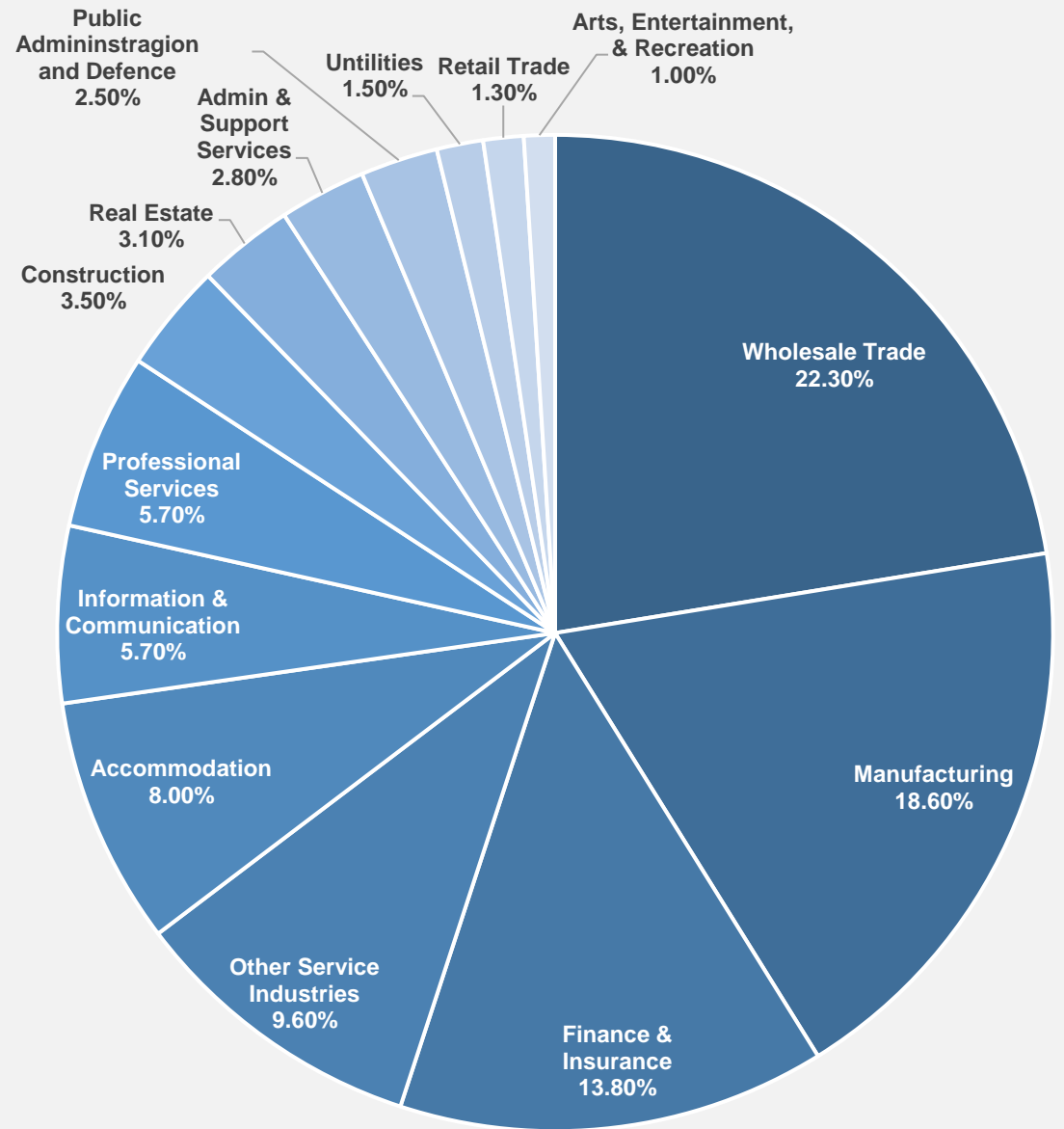
# Hong Kong



Source: Hong Kong Census and Statistics Department



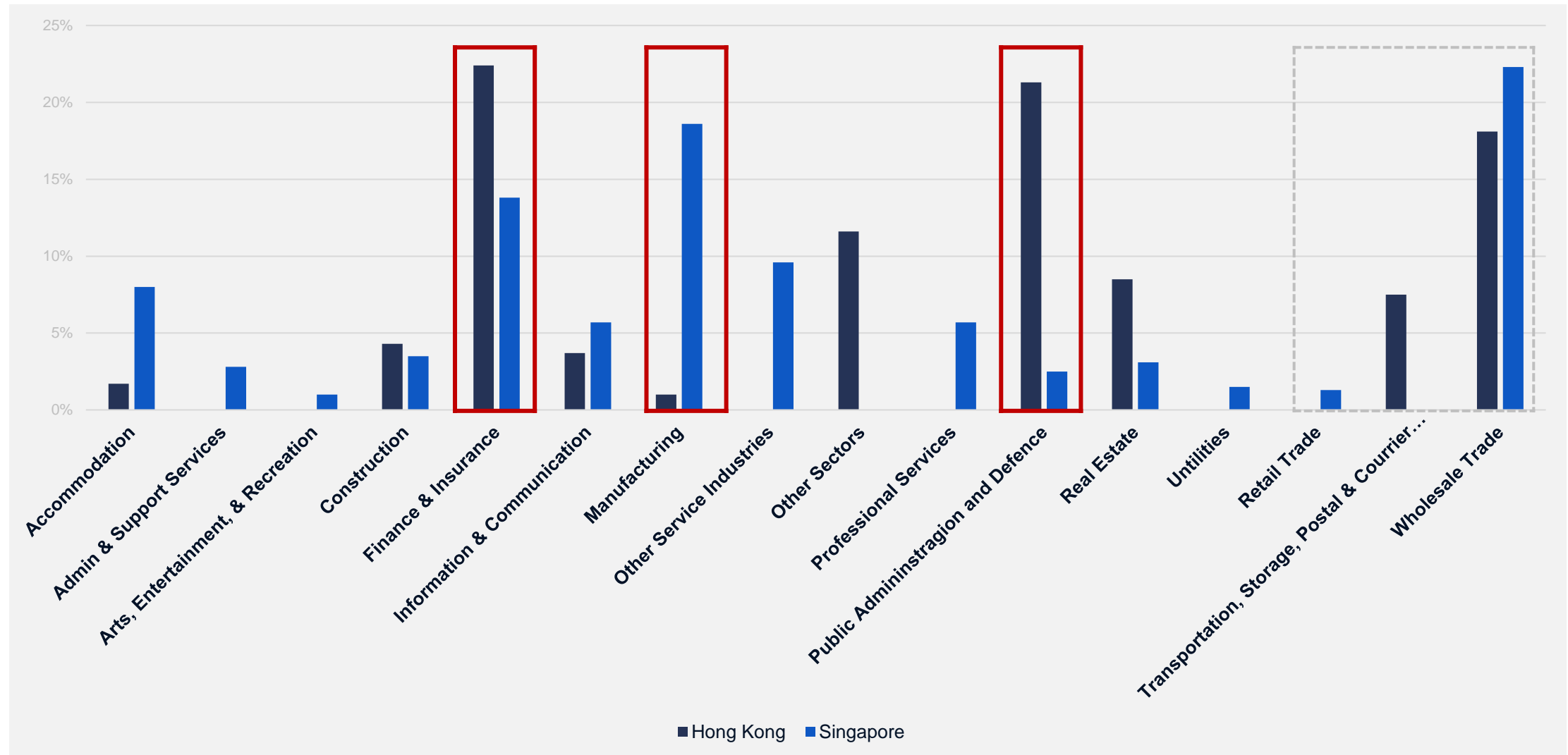
# Singapore



Source: Department of Statistics Singapore







# GDP by Sector *sector as a % of GDP*



# Trade *compared*

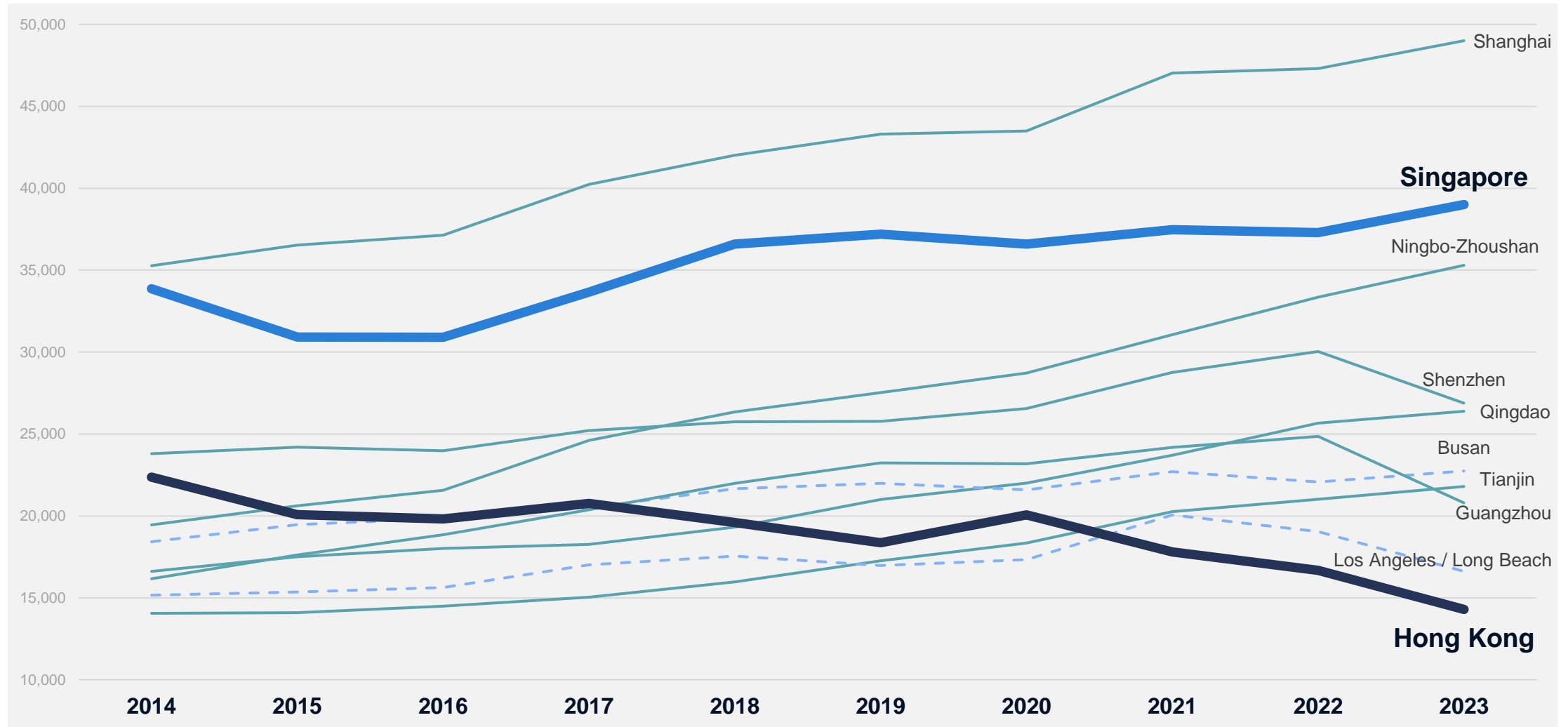


	  <b>Hong Kong</b>	  <b>Singapore</b>
<b>Port Ranking</b> <i>(globally, by million TEU)</i>	10	2
<b>Total Trade</b> <i>(USD million)</i>	708,708.6	725,994.6
<b>Imports</b> <i>(USD million)</i>	86,384.8	325,883.1
<b>Exports</b> <i>(USD million)</i>	622,323.8	400,111.4
<b>Free Trade Agreements</b>	8	27

Source: IMF ; World Shipping Council





# Top 10 Busiest Ports *globally by container traffic, thousand TEUs*



Source: World Shipping Council

# Free Trade Agreements (FTAs) *compared*

	 <b>Hong Kong</b>	 <b>Singapore</b>
Bilateral	<ul style="list-style-type: none"> <li>➤ China</li> <li>➤ New Zealand</li> <li>➤ Member States of the European Free Trade Association (EFTA)</li> <li>➤ Chile</li> <li>➤ Macau</li> <li>➤ <b>The Association of Southeast Asian Nations (ASEAN)</b></li> <li>➤ Australia</li> </ul>	<ul style="list-style-type: none"> <li>➤ China</li> <li>➤ Peru</li> <li>➤ Member States of the European Free Trade Association (EFTA)</li> <li>➤ Australia</li> <li>➤ India</li> <li>➤ Costa Rica</li> <li>➤ Japan</li> <li>➤ Jordan</li> <li>➤ Korea-Singapore Free Trade Agreement (KSFTA)</li> <li>➤ Sri Lanka</li> <li>➤ New Zealand</li> <li>➤ Turkey</li> <li>➤ Panama</li> <li>➤ United Kingdom</li> <li>➤ United States</li> </ul>
Multilateral	<ul style="list-style-type: none"> <li>➤ Regional Comprehensive Economic Partnership (RCEP)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Comprehensive &amp; Progressive Agreement for Trans-Pacific Partnership (CPTPP)</li> <li>➤ EFTA-Singapore Free Trade Agreement (ESFTA)</li> <li>➤ GCC-Singapore Free Trade Agreement (GSFTA)</li> <li>➤ Regional Comprehensive Economic Partnership (RCEP)</li> <li>➤ Trans-Pacific Strategic Economic Partnership (TPSEP)</li> </ul>
ASEAN	N/A	<ul style="list-style-type: none"> <li>➤ Australia-New Zealand</li> <li>➤ China Free Trade Area (ACFTA)</li> <li>➤ <b>Hong Kong, China</b></li> <li>➤ India</li> <li>➤ Japan</li> <li>➤ Korea</li> <li>➤ ASEAN</li> </ul>





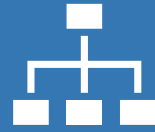
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# Business Environment

# Regional Hub *indicative use cases*

## Legal



Corporate Structuring



Legal Protection



IP / Asset Protection

## Finance



Tax Planning

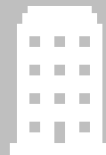


Capital Planning



Cash Pooling

## Administrative

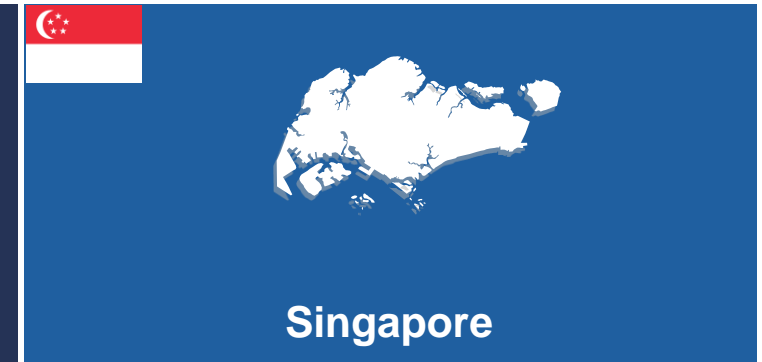


Regional HQ



Outsourced Functions

# Workforce *compared*



<b>Workforce</b>	3,731,149	3,469,861
<b>Workforce Participation Rate</b>	58.2%	70.0%
<b>Median Age</b>	46.8	38.9
<b>Tertiary Education</b>	22.1%	46.2%
<b>GDP Per Work Hour</b> <i>(current prices, USD)</i>	57	70
<b>GDP Per Capita</b> <i>(USD)</i>	50,030	84,730

Source: IMF ; World Bank ; International Labor Organization

# Business Environment *compared*



**Hong Kong**



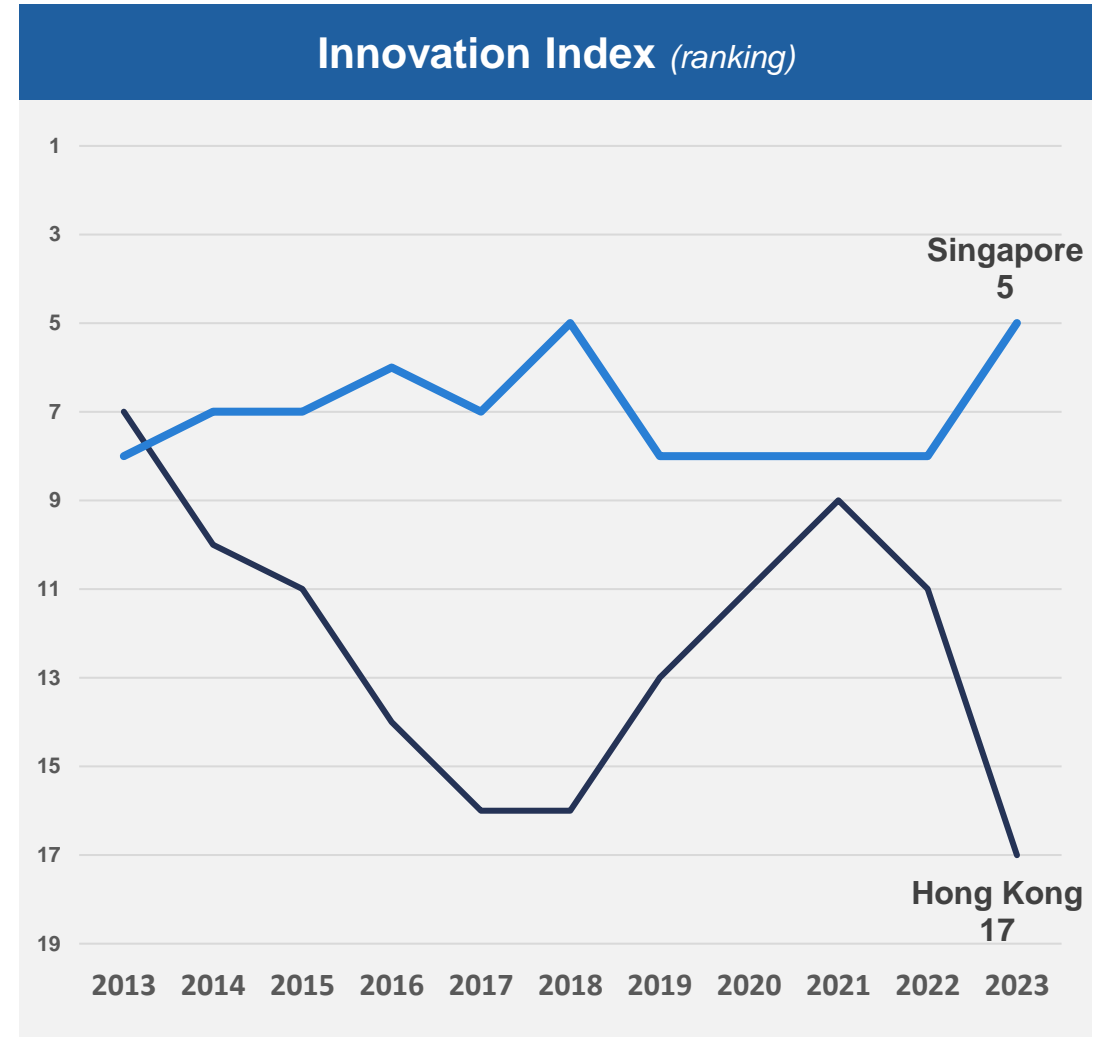
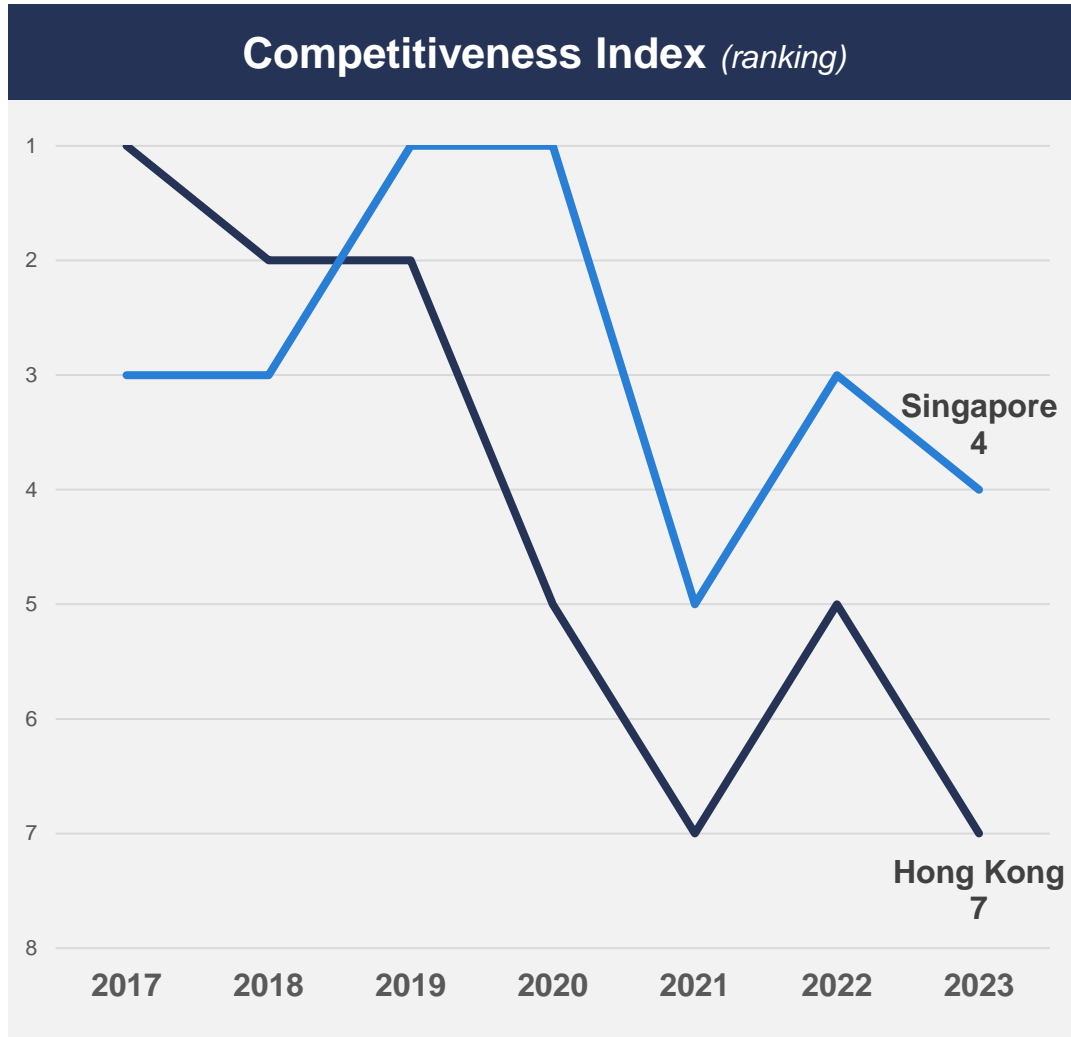
**Singapore**

<b>Legal System</b> <i>(basis)</i>	English Common Law	English Common Law
<b>Corruption Index</b> <i>(ranking)</i>	14	5
<b>Economic Freedom Index</b> <i>(ranking)</i>	N/A	1
<b>Competitiveness Index</b> <i>(ranking)</i>	7	4
<b>Innovation index</b> <i>(ranking)</i>	17	5

Source: Transparency International ; Heritage Foundation ; IMD ; WIPO



# Competitiveness & Innovation *select index rankings compared*












Source: IMD ; WIPO

# Competitiveness Index *detailed comparison*

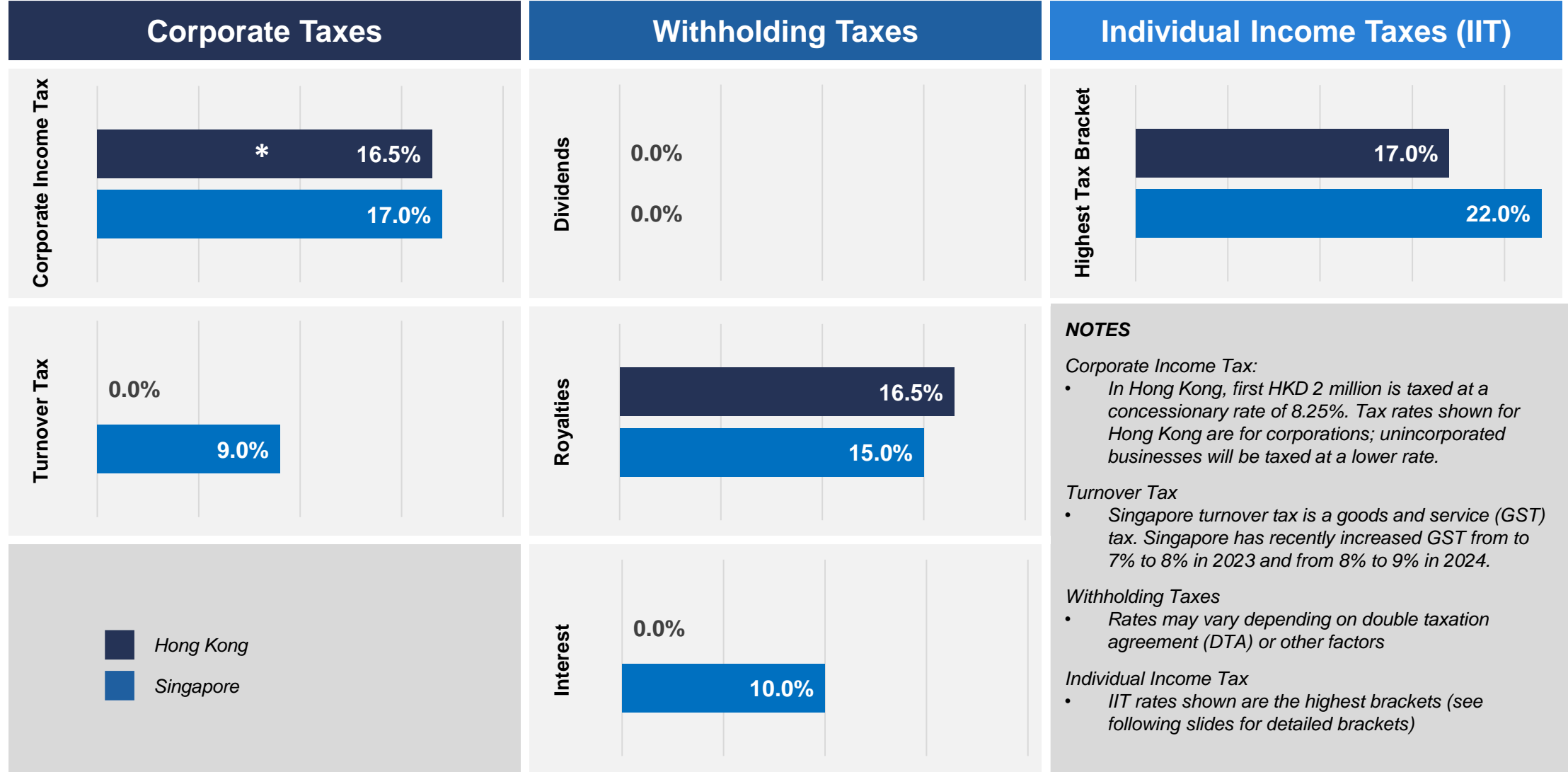
		 Hong Kong	 Singapore
 <b>Economic Performance</b>	Domestic Economy	<b>56</b>	10
	International Trade	<b>5</b>	<b>2</b>
	International Investment	<b>3</b>	<b>4</b>
	Employment	<b>45</b>	<b>2</b>
	Prices	<b>64</b>	<b>51</b>
 <b>Government Efficiency</b>	Public Finance	8	9
	Tax Policy	<b>3</b>	12
	Institutional Framework	11	7
	Business Legislation	<b>1</b>	6
	Social Framework	<b>28</b>	<b>20</b>
 <b>Business Efficiency</b>	Productivity & Efficiency	12	6
	Labor Market	<b>24</b>	<b>4</b>
	Finance	13	10
	Management Practices	6	<b>23</b>
	Attitudes & Values	11	13
 <b>Infrastructure</b>	Basic Infrastructure	11	13
	Technology Infrastructure	<b>5</b>	<b>3</b>
	Science Infrastructure	<b>24</b>	17
	Health & Environment	16	<b>26</b>
	Education	9	11

# Innovation Index *detailed comparison*

	 Hong Kong	 Singapore
 <b>Institutions</b>	8	<b>1</b>
 <b>Human Capital &amp; Research</b>	15	<b>2</b>
 <b>Infrastructure</b>	9	8
 <b>Market Sophistication</b>	<b>2</b>	6
 <b>Business Sophistication</b>	<b>28</b>	3
 <b>Knowledge &amp; Technology Outputs</b>	<b>51</b>	10
 <b>Creative Outputs</b>	<b>3</b>	18

Source: WIPO

# Headline Tax Rates *compared*





# Tax Residency *compared*



## Corporate Tax Residency



**Hong Kong**

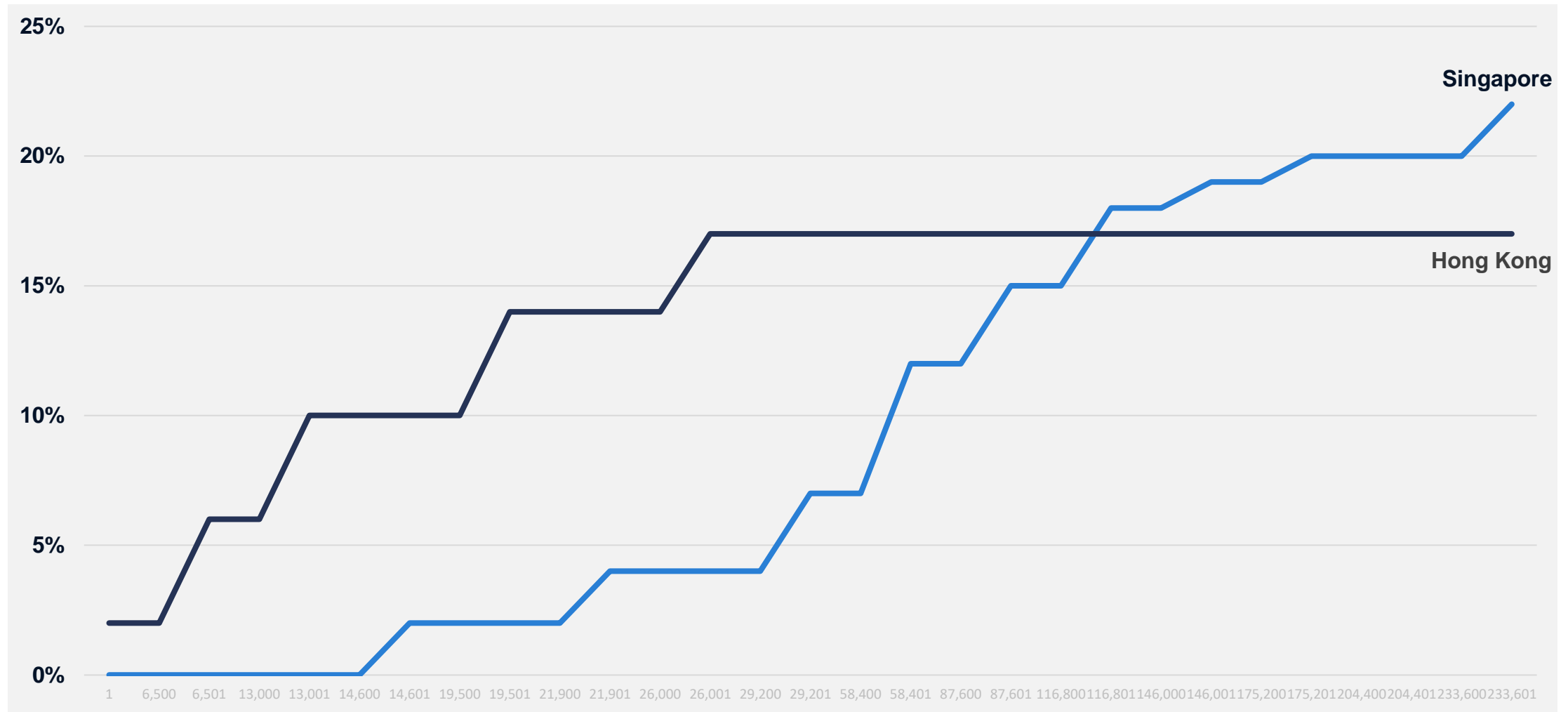
Tax is not levied on the basis of company's residence, although this concept does have some importance for transfer pricing, off-shore fund exemptions, and tax treaties.



**Singapore**

Tax residency applies if primary control and management of company is in Singapore

# Individual Income Tax (IIT) *tax brackets, USD current prices*



# Tax Incentives in Singapore *select examples*



Industry Specific



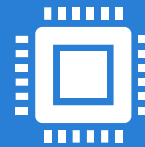
Start Ups



SMEs



Capital / Investment Allowance



Pioneer Tax  
*(i.e. high-value products)*



Enterprise Innovation



Development & Expansion



Enterprise Financing \*

*\* Financing scheme, not a tax incentive*



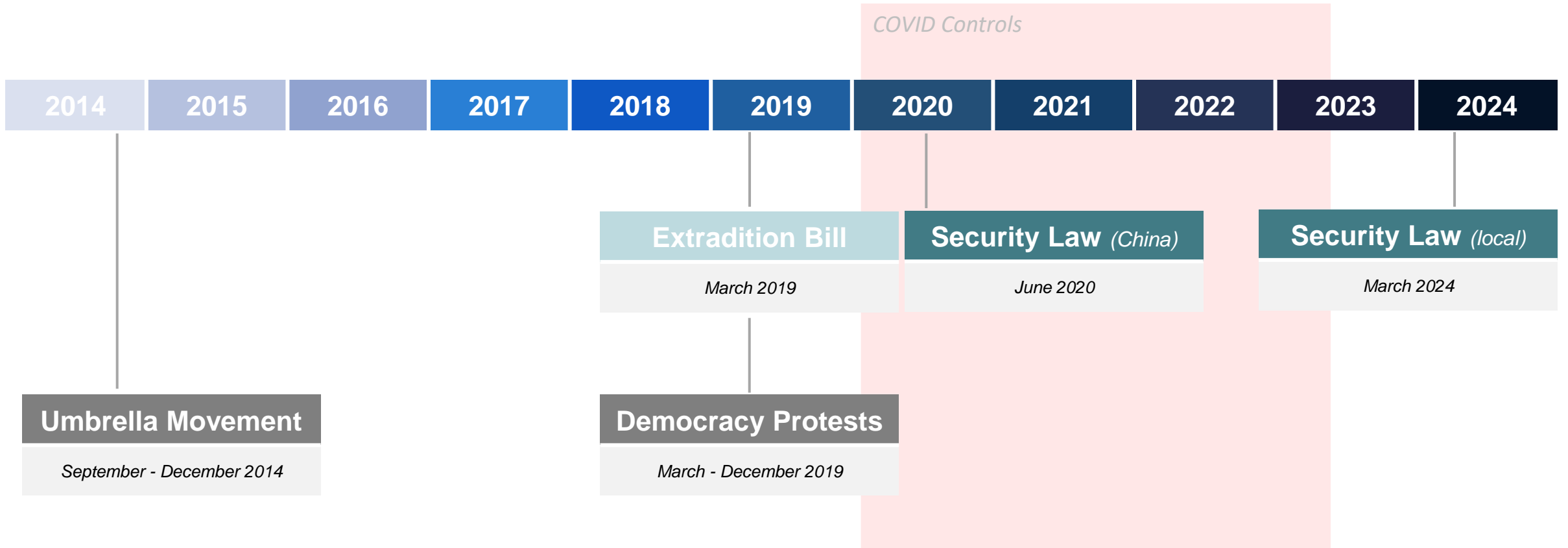
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# Recent Trends



# Recent Hong Kong Events *protests & select legislation*



# National Security Law *Hong Kong, 2020*



## Scope

- Secession
- Subversion of State Power
- Terrorist Activities
- Collusion with Foreign or External Forces



## Jurisdiction

- Territorial
- Nationality (*extraterritorial of Hong Kong citizens*)
- Protective (*extraterritorial regardless of nationality or criminality of act in jurisdiction of occurrence*)



## Central Government Authority

- Establishes new central government agency in Hong Kong – Office for Safeguarding National Security

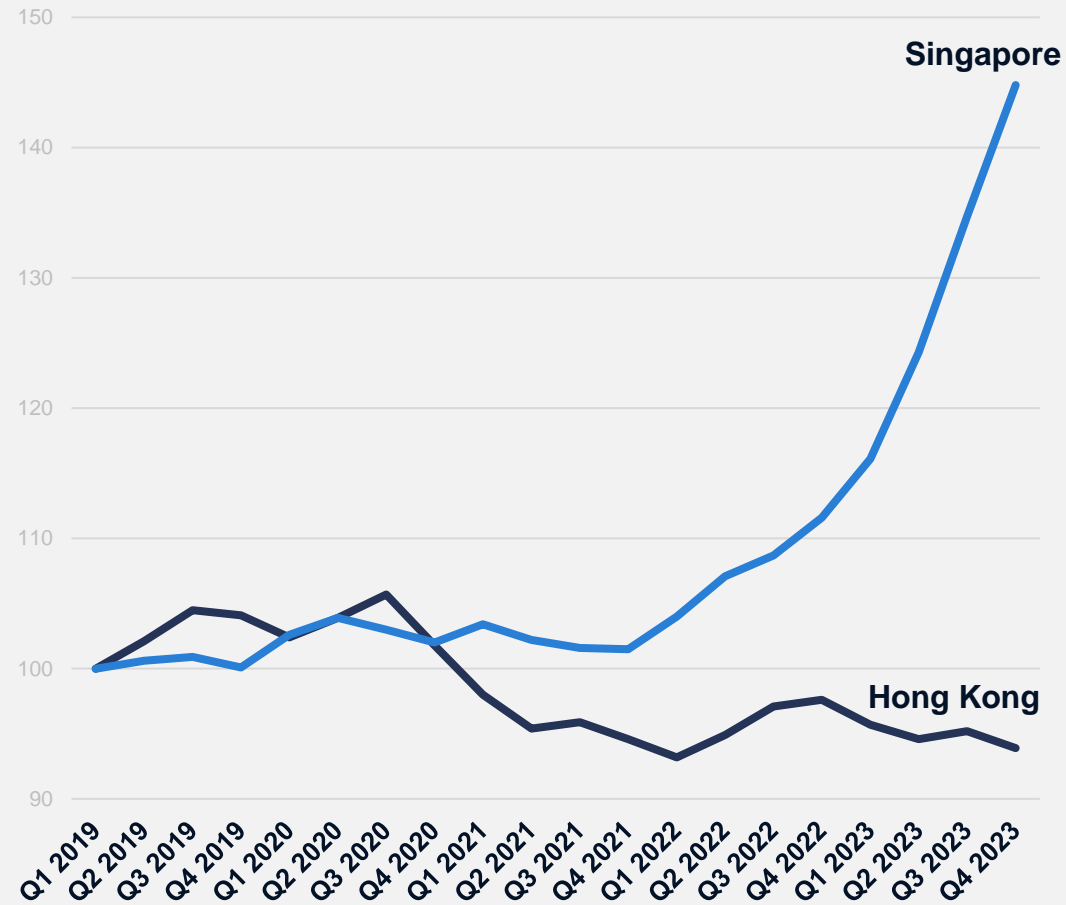


## Concerns

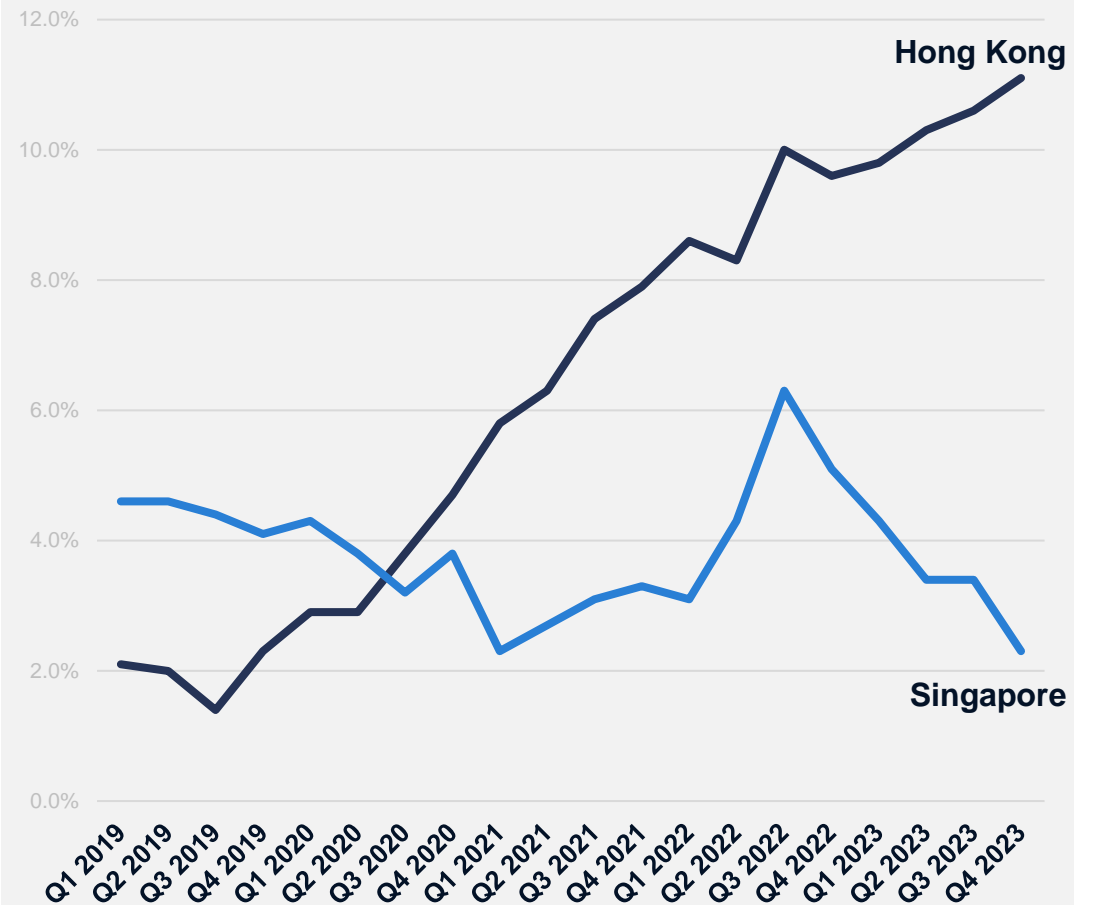
- *Criminal provisions worded broad manner to encompass what has so far been considered protected speech*
- *Provides for direct application of mainland Chinese law – the notoriously restrictive Criminal Procedure Law- in Hong Kong in certain circumstances*
- *Displaces certain core protections for accused under Hong Kong law and grants police sweeping investigative powers without judicial oversight*

# Property Trends *residential & office*

## Residential Rent *(indexed)*

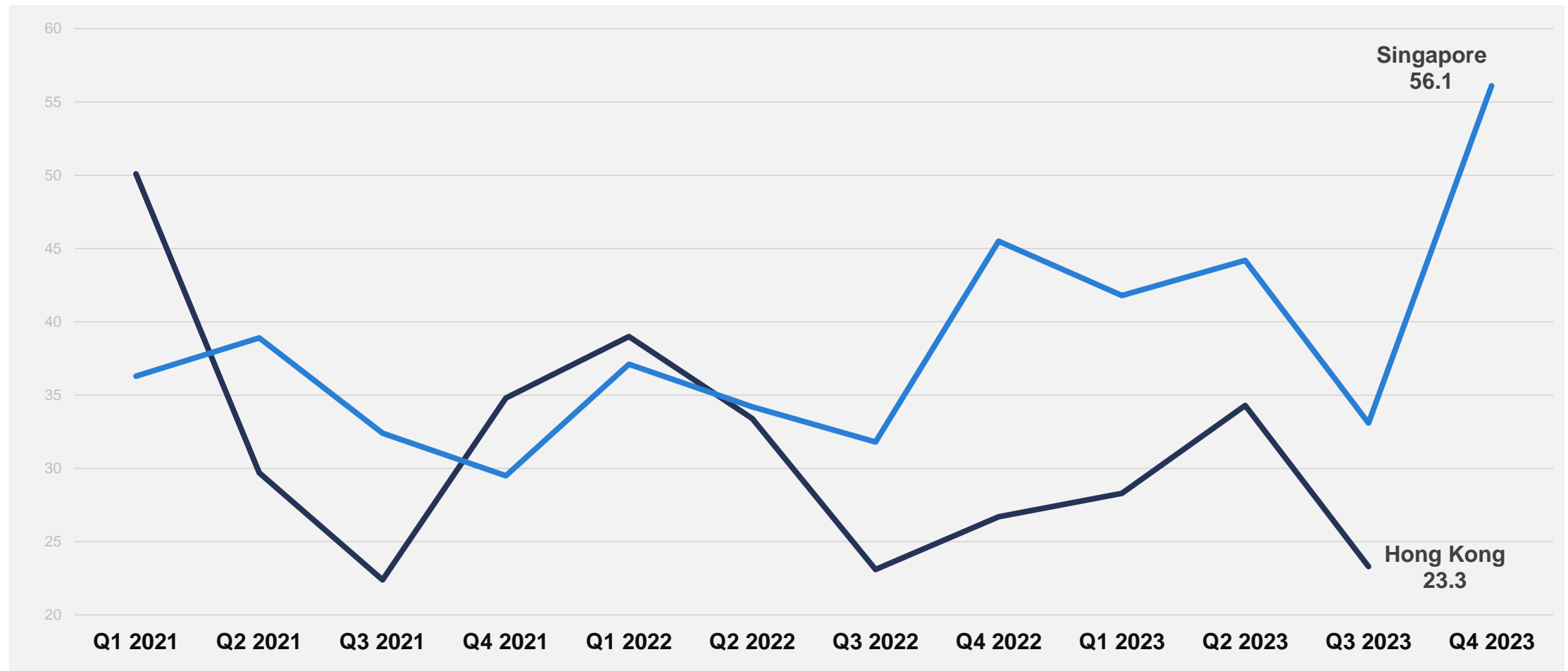


## Office Vacancy Rate *(grade A, central business district)*



Source: Rating and Valuation Department of Hong Kong ; Urban Development Authority

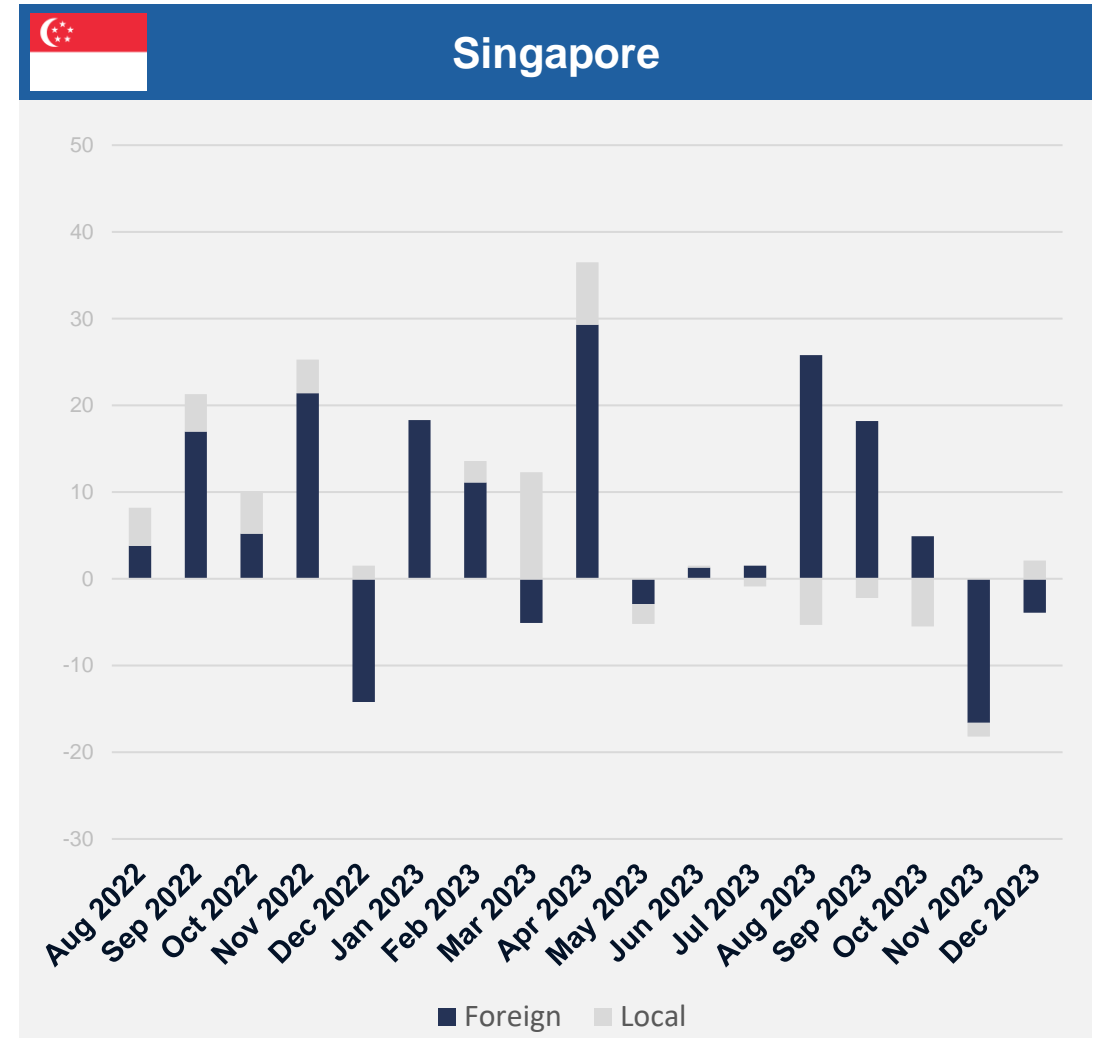
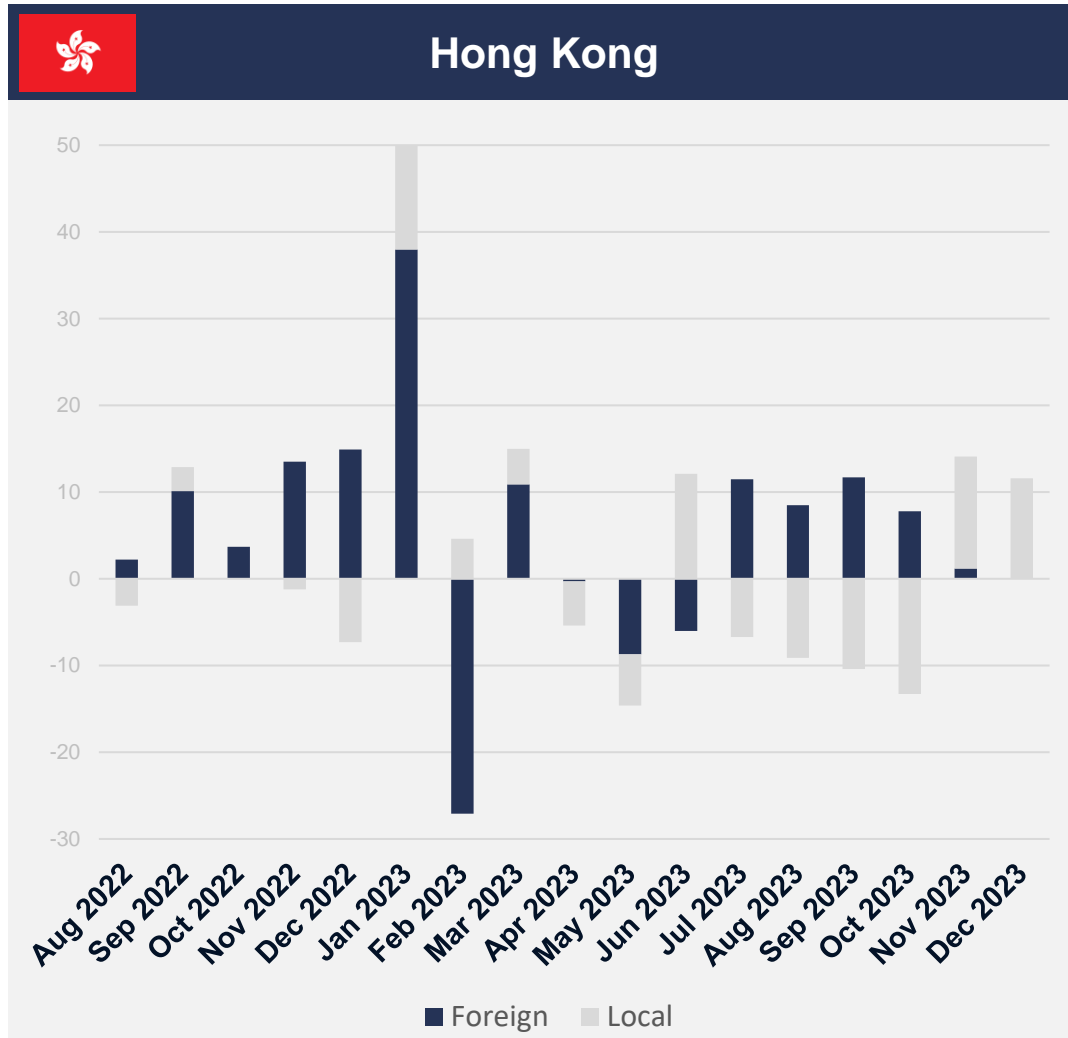
# Foreign Direct Investment (FDI) *flow, current prices, USD billion*



Source: CEIC

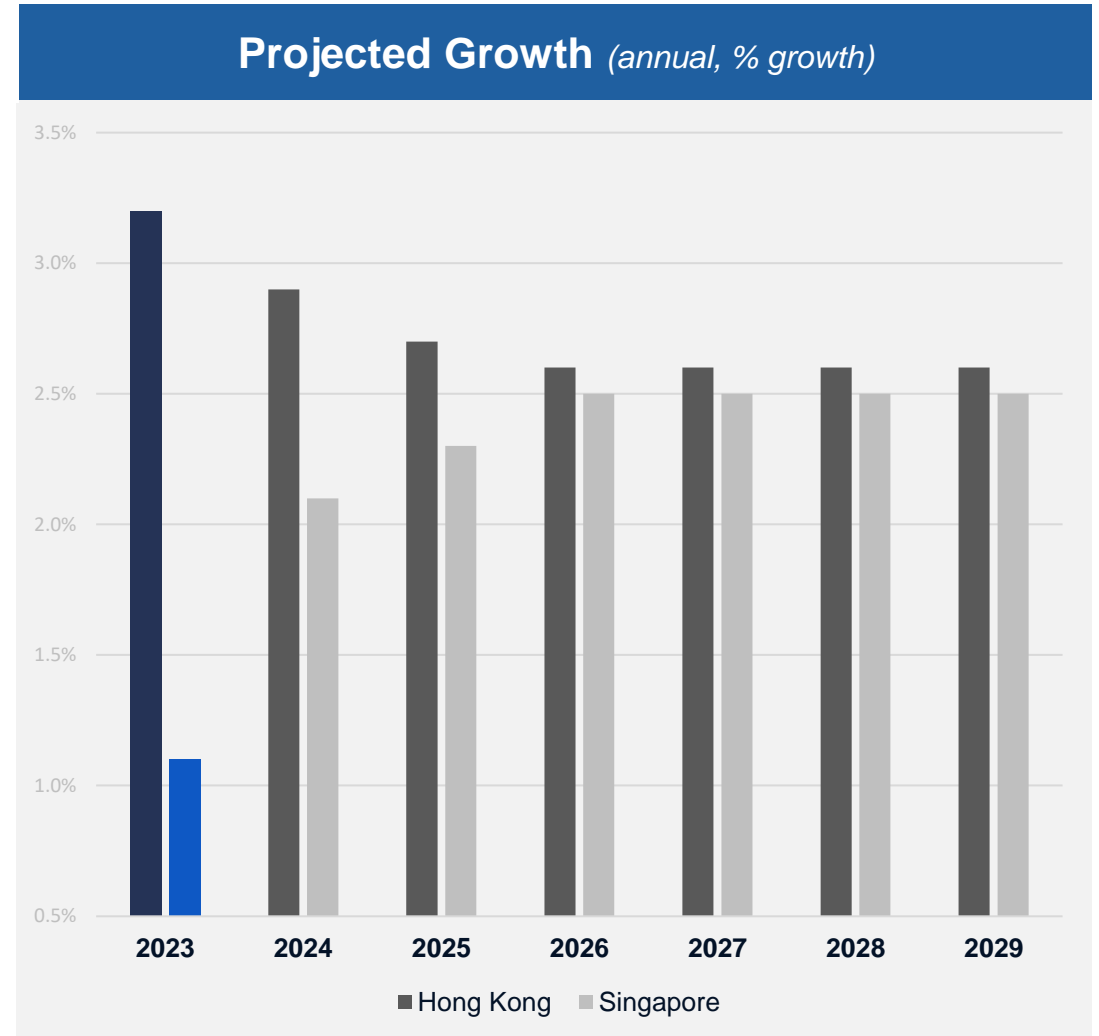


# Foreign Currency Movement *commercial bank customer deposits, USD billion*






Source: Hong Kong Monetary Authority ; Monetary Authority of Singapore

# Gross Domestic Product (GDP) *recent vs projected*





Source: IMF

# Business Outlook *compared*

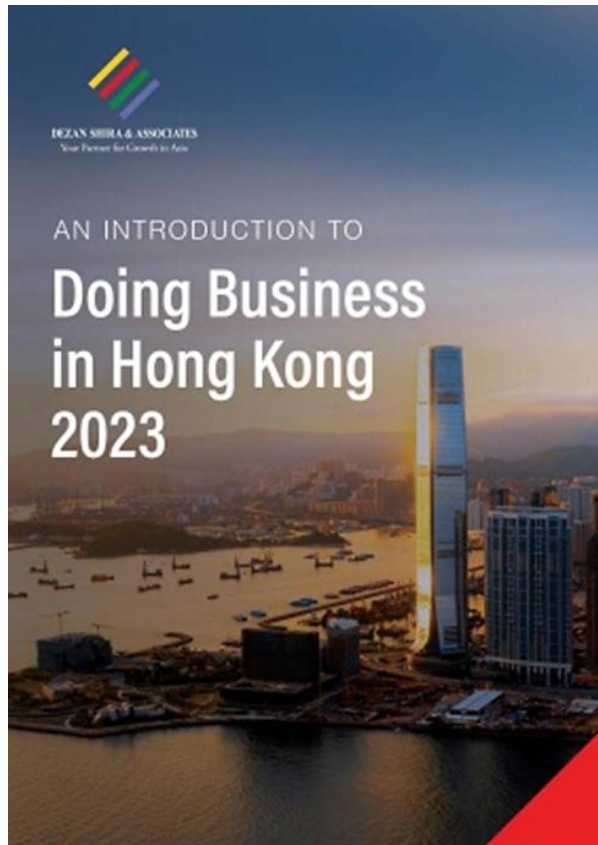
	Pros	Cons
  <b>Hong Kong</b>	<ul style="list-style-type: none"><li>➤ Strong access to China market</li><li>➤ Moderating costs</li></ul>	<ul style="list-style-type: none"><li>➤ Geopolitical concerns (e.g. influence by or foreign country treatment similar to China)</li><li>➤ Judicial impartiality concerns (e.g. national security law)</li></ul>
  <b>Singapore</b>	<ul style="list-style-type: none"><li>➤ Strong access to ASEAN market</li><li>➤ Geopolitical impartiality</li><li>➤ Growing status as a financial center</li></ul>	<ul style="list-style-type: none"><li>➤ Increasing costs (i.e. housing, office employment costs, etc.)</li><li>➤ High expatriate employment costs (e.g. minimum salary requirements, housing, etc.)</li></ul>

# Business Environment & Outlook *compared*

	 Hong Kong	 Singapore
Skilled Workforce	+	+
Capital Markets	+	+
Costs	●	-
Favorable Taxes	+	+
Ease of Doing Business	+	+
China Access	+	●
ASEAN Access	●	+
Judicial Impartiality	●	+
Innovation	+	+

Positive development
  Moderating development
  Negative development

# Investor Resources *Hong Kong*



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# Investor Resources *Singapore*



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*Digital Business Card*

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