BELT AND ROAD GLOBAL FORUM
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Hong Kong | Commercial Hub for the Belt and Road

Why Hong Kong can play a pivotal role in green and sustainable investment

Hong Kong is well-positioned to become a leading hub for green finance in the region and economies along the Belt and Road, as Mainland China's commitment to sustainability gathers pace.

There is little doubt that investor interest in green finance, and particularly green bonds, is growing. Last year, green bond issuance in Hong Kong hit US$11 billion – a 237% increase on the US$3 billion issuance in 2017. Mainland China is now the second-largest issuer of green bonds in the world, topping out at US$39 billion in 2018.

As Chairman and President of Hong Kong Green Finance Association (HKGFA) and Chairman of China Green Finance Committee (GFC), Dr Ma Jun has a unique understanding of the dynamic growth of green finance in Mainland China, Hong Kong and economies along the Belt and Road.

Launched in September 2018, the HKGFA's mission is to position Hong Kong as the "go-to" location for green investment. "We need to promote Hong Kong as a green finance centre, for raising green money locally, but also for projects in Mainland China and Belt and Road projects," Ma said.

According to Ma, Hong Kong has strategic advantages over Mainland China and other emerging market economies.

Ma said: "Hong Kong has a developed financial system with very good regulators, high-quality professionals and an open capital account. Rules and standards are in place, so it already has a base for developing as a hub for the green finance segment of the market."

Mainland companies are also encouraged to issue green bonds in Hong Kong as its liquid foreign exchange market sometimes gives Chinese issuers more favourable foreign currency terms, Ma said.

STRATEGIC ADVANTAGES

Ma sees proximity to Mainland China's huge green economy as another strategic advantage. "The mainland needs to raise about Rmb4 trillion a year for green investments, and a lot of these projects will come to Hong Kong for fund raising. More than half of the green bonds issued in Hong Kong were in fact issued for mainland projects."

One of those who successfully sought green funding last year was property developer New World Development, the first Hong Kong-listed corporate to join the green loan trend. The company will use its US$495 million loan for a major redevelopment in the North Point area of Hong Kong Island, as well as green developments in the mainland.

Belt and Road economies are another source of opportunity for Hong Kong's green finance sector. "In the coming 20 years, my estimation is that Belt and Road countries will need to raise green finance three times more than China's, so if Hong Kong can position itself as a centre for green financing, this will create a lot of business opportunities," Ma said.

It is an opinion mirrored by the Organisation for Economic Co-operation and Development. It estimates demand for green infrastructure projects along the Belt and Road is likely to reach US$1.5 trillion per year between 2016 and 2030.

GOING MAINSTREAM

Globally, environmental sustainability as a concept is now widely accepted by financial institutions and banks. At least 36 central banks and financial regulators have incorporated green finance roadmaps covering environment and climate risk into their practices, while sustainable financing (e.g. loans, bonds, insurance, ETFs) is now considered mainstream.

"Relatively speaking, Hong Kong is a bit late when compared to Europe and UK, but it is still leading many parts of the market," Ma said.

POLICY SUPPORT

Although Ma would like to see more regulators encouraging financial institutions to adopt sustainable management practices, he said Hong Kong's government and financial sector is active on a number of fronts.

As part of this drive, the HKGFA is currently drafting a set of green banking principles to promote environmental, social and governance (ESG) integration within 130 banks in Hong Kong. It is also undertaking an ESG disclosure study to raise awareness and highlight the importance of green investments in a portfolio's future performance among institutional investors.

Ma Jun, Hong Kong Green Finance Association

"Here in Hong Kong, ESG adoption rates by institutional investors is low, but in the future, a greater percentage of fund managers will incorporate green products into their portfolios," Ma said.

Government efforts to attract more corporate green bond issuance in Hong Kong, including subsidies via the Green Bond Grant Scheme, were launched in June 2018. Additionally, a government green bond programme with a borrowing ceiling of HK$100 billion was announced in the 2018-19 Budget.

Hong Kong's Green Finance Certification Scheme is designed to promote local certification of green finance products and encourage lower funding costs. Last year, the Hong Kong Exchanges and Clearing Limited (HKEX) joined the United Nations Sustainable Stock Exchanges Initiative, strengthening its commitment to greener and more sustainable business.

With government support, Belt and Road opportunities, and its well-established financial services, Hong Kong is well on the way to becoming Asia's green finance hub.

BEC: Hong Kong's business community drives sustainable economic development

Hong Kong's Business Environment Council is an independent non-profit organisation with a 27-year history of encouraging greener business. Today, the council is engaging with businesses regarding climate risks and their impact on investment decisions.

Promoting sustainability in Hong Kong for more than a quarter of a century, Business Environment Council (BEC) is an independent non-profit organisation driving Hong Kong business towards a more sustainable economy through green collaboration with diverse stakeholders. It also provides solutions and professional services focused on environmental sustainability.

In the past, local business has taken a cautious approach to sustainable innovation, adopting a wait-and-see strategy. But the pace of change in green finance, particularly in the green bond market, shows investors' attitudes have changed. For example, in 2016, the real estate investment trust Link REIT issued the first green bond from Hong Kong for US$500 million. By 2018, the local green bond market had hit US$11 billion.

ADVANTAGE HONG KONG

According to Nadira Lamrad, Assistant Director, Sustainability and ESG Advisory at BEC, green finance will be advantageous to Hong Kong. Its financial services, expertise, infrastructure and increasing government and investor support have the potential to develop the city into a regional leader for green investment.

"Hong Kong has long been a bridge facilitating capital flows into and out of Mainland China and emerging markets in the Asia-Pacific region. The city can easily extend this role as a trusted market to green investment vehicles,"

Nadira Lamrad, Business Environment Council

Lamrad said.

"The institutions and laws that are in place here protect investors to a certain extent and Hong Kong as a hub for Belt and Road investment provides the credibility and security that's needed to encourage investment," she said.

SUPPORTING BUSINESSES

BEC promotes policies that drive environmental sustainability as well as topic-driven education for both its members and the community. "I like to think we are the voice of Hong Kong business when it comes to environmental sustainability because our membership really does represent a cross section of the business community." Currently, its members are engaged in advisory groups focused on climate change, environmental, social and governance (ESG), waste, energy, and transport and logistics.

BEC is now working with the property and construction value chain to promote the importance of setting carbon reduction targets since it is the largest contributor to carbon emissions locally. BEC aims to encourage more businesses to develop long-term strategies and carbon reduction targets by offering different solutions from helping individual companies set environmental targets to education and discussion programs.

CHALLENGING CHOICES

Lamrad's team focuses on sustainability and ESG strategy and disclosure for a variety of companies from different sectors. "We work with companies to understand their objective and get them where they want to be in, say, five years' time, in incremental steps." The team also helps companies meet investor questionnaire requirements and improve internal structures and overall performance for those seeking inclusion in specific indices.

Lamrad points out that companies make challenging choices when choosing a strategy to meet ESG requirements. "There are so many sustainability frameworks. Companies don't have the resources to do everything, so you have to be as careful when it comes to resource allocation for sustainability and ESG, as you are with any other part of your business."

Green finance: Hong Kong stakes its claim with transparency and trust

As demand for sustainable investment grows, Hong Kong is rising to the challenge of becoming Asia's leading hub for green finance. Supportive policies and access to Mainland China and Belt and Road economies all add to its potential to become a global green investment centre.

Hong Kong has centuries of history as an investment gateway to China for both inbound and outbound investors. Now, with the growing importance of green finance, Hong Kong has become a global connector and trusted advisor for green finance and international investment, not only in the region, but also among Belt and Road economies.

As yet there is no global standard for green finance, so it is not surprising that China-specific standards and international standards differ. China places more emphasis on environmental aspects and is currently working towards mandatory requirements for listed companies to disclose environmental information by 2020. In general, international standards place a greater emphasis on governance and corporate social responsibility.

Global discrepancies in green investment frameworks are clearly on Hong Kong's and the international financial agendas. In May this year, the Hong Kong Monetary Authority (HKMA) introduced key measures on sustainable banking and green finance to raise banking industry awareness. In September 2018, the Securities and Futures Commission (SFC) announced its strategic framework that provides consistent and comparable disclosures for listed companies in order to promote Hong Kong's green investment opportunities to international investors.

Hannah Routh, Deloitte China

Meanwhile, the European Commission is also working towards a common taxonomy that defines rules to promote sustainable investment, transparency and disclosure with the aim of having these in place between 2019 and 2022. Additionally, the EU is also in discussions with China to explore ways of aligning their frameworks.

TRUSTED PARTNERSHIPS

Hannah Routh, Risk Advisory Partner at Deloitte China sees this difference in standards as advantageous for Hong Kong's development as a green investment hub.

"The great value that I see for Hong Kong is that we understand and cover both standards. If a project developer wants to subscribe to either or both, here in Hong Kong we have the advisors and professional services to help them," Routh said.

Being able to guide investors and encourage new investment is central to this role. "Sometimes there's cynicism around what is it really green. In Hong Kong we have good relations with international investors. We can help investors understand the nature of a green project, and how it's been certified. So this builds trust," Routh added.

Deloitte views green finance and sustainability as ways that financial institutions and corporates can improve their businesses and enhance long-term profitability. When working with a client, the consultancy focuses on creating sustainable value. Areas it targets include green finance and responsible investment, climate change and carbon, sustainable supply chains and sustainability strategy.

Green finance encompasses projects like renewable energy, waste treatment plants and wind turbines. Environmental, social and governance (ESG) investment can cover any sector. Investors incorporating all three aspects of ESG can reduce or limit exposure to risks.

Deloitte's green finance and ESG investment advisory services include:

- Green bond advice, evaluation, regulatory requirements and issuance
- Green credit advisory (for banks) including evaluation of internal controls
- Climate change physical and transition risk assessment and management
- Environmental and social risk assessment and due diligence

Clients are also able to seek expert advice from specialists in climate change and carbon management. Services include:

- Carbon inventory creation for carbon emissions disclosure, regulatory and sustainability management
- Energy and carbon management including risk analysis of carbon emissions to help clients develop energy savings and emission reduction targets
- Climate policy and low carbon economy advisory

NOW AND THEN

Currently, Routh believes there is more money seeking green investment than available products and projects. Opportunities for investment include those onshore in China between local banks and local projects, and also in the Asia-Pacific region from highly liquid European funds.

Green finance and ESG investment were once "nice-to-haves", rather than a necessity for investors. "10 years ago, these investors were public sector pension funds, those with ethical beliefs or those with very long-term investment horizons. Now it's gone mainstream," Routh said. But she cautions there is still some degree of disconnect between the corporate message and the expectations of investment managers.

One example she cites of the change in global investment attitude relates to BlackRock's Chairman Larry Fink who wrote to all CEOs in companies in which BlackRock invests to underline the importance of ESG. Unfortunately, Routh points out that rigidity, regulations and internal systems mean that ESG policies often don't trickle down within an organisation, and sometimes investment managers can't invest in a sustainable project because it may not fit into the constraints of their rigid framework.

"In some cases, internal systems are so rigid that they haven't caught up with the high-level internal policies that [the corporates] have signed up to," Routh said.

Changing this bottleneck would require boards and executives who sign up to green initiatives to ensure their boardroom-level decisions trickle downwards, and are understood by those making decisions about investments, via education and training.

LIFTING STANDARDS

At Deloitte, Routh runs the sustainability and climate change advisory service line, which helps financial institutions and businesses become greener. "We don't do greenwashing – there's no point – you don't need a specialist to help do that."

"We look on behalf of other people, and our assessment criteria will depend on the client who has engaged us. If, for example, we are doing an ESG due diligence, our client might ask us to use the International Finance Corporation's performance standards, or we might be engaged by a corporate who wants to meet the Global Reporting Initiative's standards." Many clients who are confused about green frameworks simply seek Deloitte's advice.

With no globally agreed green finance taxonomy, Routh describes the current attitude to green finance as one that takes a scatter-graph approach. Even data from different ratings agencies may have no correlation, although the data is slowly improving. Mainland Chinese frameworks allow some forms of fossil fuel investment while many international systems don't allow any fossil fuel-related investment. This discrepancy also underlines an economic difference between the developed economies in Europe and those that are still developing, such as those in the Asia-Pacific region.

This certainly leaves room for Hong Kong to work as an intermediary between both frameworks. "Not everyone has to be 100% aligned. What we're trying to do is get some cohesion – to improve taxonomy and get more consistency in reporting," Routh said.

Why measurable data is key to green loan financing

Green finance is a hot topic in Asia. While others are still getting started, one Hong Kong private company's long-established commitment to ESG principles has seen it become the first of its kind to complete a green loan, in record-breaking time.

Obtaining green financing is not necessarily the reserve of large corporates or multinationals. One local company that started life as a paper bag manufacturer in the early 1980s has now become a global manufacturer, printer and packaging solutions provider with a decades-long commitment to environmental governance and corporate social responsibility. Recently, this company has successfully raised capital to invest in energy saving initiatives as well as reduce waste and carbon emissions in its facilities.

The Leo Paper Group made history in September 2018, when it became the first private company in Hong Kong to arrange a HK$350 million (US$44.6 million) green loan. What makes this deal exceptional is the speed at which the loan was completed relative to its size; it was closed in a record-breaking 39 days. It was also a landmark day for the Hong Kong Quality Assurance Agency (HKQAA) which celebrated the occasion by issuing its first internationally-recognised Green Finance Certificate to a private company.

Leo Paper Group's Chief Finance Officer, King Lai, said the speed at which the loan gained approval from all parties was due to the group's meticulous environmental data collection and transparency of financial records. "I highly recommend green loans. It makes sense to commit to green loans and sustainable practices, but you must invest in energy management and data collection, and take the process step-by-step."

King Lai, Leo Paper Group

DEAL MECHANISM

The group's four-year term loan and revolving credit facility is supported by seven of the company's long-standing financial partners. They include the Bank of East Asia, BNP Paribas, Citibank, Hang Seng Bank, HSBC, Mizuho Bank and MUFG Bank. The loan is required to be used solely for green projects and investment.

Being certified has dual benefits. Issuers can have greater certainty – with the assurance that a company's green credentials have been assessed by an independent third party, using an internationally-recognised framework. In theory, banks can be assured that a company with HKQAA certification is more sustainable and has lower operating and environmental risk. For companies like Leo Paper Group, certification meant savings on loan interest payments.

Over the next four years, proceeds from the green loan are earmarked to reduce the company's carbon footprint and energy usage, and to alleviate air, water and materials pollution at its Heshan-based factories in China's Guangdong Province.

Projects include:
- Waste gas prevention, control, recycling and treatment
- Solid waste reduction, pollution control and restoration
- Sewage treatment to limit the discharge of pollutants using new processing technology; renewables including the utilisation of waste heat
- Green building energy and materials savings

These projects must also comply with the Green Loan Principles jointly issued by the Asia Pacific Loan Market Association and the Loan Market Association in 2018.

POSITIVE ATTITUDE

The Leo Paper Group holds a plethora of environmental awards and, over the past decade, the group has been voluntarily publishing a sustainability report which covers the group's environmental, social and governance (ESG) performance. This backed up its green credentials and validated the savings it had made from its sustainability initiatives. So, the transition from in-house programmes to external green loan funding was relatively smooth.

Lai said: "We were ready. And knowing that the Hong Kong Government and HKQAA didn't just want only big players, they also wanted smaller-scale companies to be involved, I said – why not?"

As a 25-year veteran with the group, Lai has seen the company evolve from a small factory in Hong Kong to become the city's largest privately-owned printing and manufacturing company with offices in Hong Kong, Mainland China, US, UK, Belgium and Italy.

CHANGE FOR THE BETTER

"The whole green issue has changed," added Lai. "In the past, going green meant more expenses and more money. Now, green can mean sustainable development and lower long-term costs."

Lai shares an example of when the company reviewed its electricity power management in one of its factories. It installed an air-cooling system that used off-peak electricity to make ice. This process generated heat, which was used to warm water. The ice was used in the air-conditioning system during the day. This captured around 97% of the energy the company paid for, and the system paid for itself in 1.5 years.

Last year, the group launched another smart project to reduce the water content of waste produced in the manufacturing process. By essentially introducing a high-speed centrifugal process when treating waste containing 80% solids and 20% water, the company effectively reduced water loss by 5%, cut the company's carbon footprint by 5%, and saved millions of Hong Kong dollars in transporting waste material.

A GREENER HONG KONG

Hong Kong's position as a gateway to Mainland China and Belt and Road economies means it also has the potential to become a major hub for green finance and sustainable investment, for the region and globally, since companies like Leo Paper Group trade worldwide.

Government support is crucial for such developments. Since June 2018, the Hong Kong Government's Green Bond Grant Scheme has provided subsidies for green bond issuers.

What makes the HKQAA certification so crucial is that it provides independent green certification. One of the headwinds faced by those wanting to invest in green finance is the lack of uniform global guidelines. For example, Mainland China's classification of what constitutes green credentials differs from European criteria. So, Hong Kong's Green Finance Certification Scheme provides both issuers and investors with greater certainty due to a third-party assessment and makes green finance more attractive to investors.

The Hong Kong Government announced in its 2018-19 Budget a green bond programme with a borrowing ceiling of HK$100 billion. It is hoped this will build a local green bond investor base and encourage more issuers to arrange green project financing in Hong Kong.

In May 2019, the Hong Kong Monetary Authority held a Green Finance Forum to discuss ESG investment and sustainable banking, where it released its survey of 47 banks – all of which had green assets totalling HK$20 billion in green loans and HK$40 billion in green bonds.

Lai said government subsidies for green bonds are encouraging. "Hong Kong is a world-famous free port. Sometimes we take this for granted. It's a good financial market where you can raise green finance at a relatively lower cost. I don't think you could find a better place."

How Hong Kong is fast tracking green finance

The 2015 Paris Agreement set the scene for rising global demand for green and sustainable finance. Although the Asia-Pacific region was slow off the mark, much has changed in recent years as investors add a new focus to their portfolios – climate change investment.

As global temperatures rise, the risks associated with weather-related incidents are increasing. Global attempts to mitigate the effects of climate change have led to a growing demand for investments linked to environmental sustainability.

In parallel, there has been a notable shift by investors and regulators in pushing corporates, not only to adhere to environmental, social and governance (ESG) principles, but also to the next stage - green finance. As demand for green investment outstrips supply, investors are now beginning to turn their attention to a new market - climate change products.

Spooked by the fact global insurers were hit with a record US$160 billion bill for climate-related losses in 2018, there are at least 34 central banks, including the People's Bank of China, demanding greater international measures to contain fossil fuel emissions, according to *Bloomberg* analysis.

But while carbon emissions control is needed, any significant divestment of fossil fuel assets by asset managers is predicted to cause considerable disruption to global markets.

WHY INVESTORS WANT GREEN BONDS

Source: FinanceAsia

THE UPSIDE

- IMPROVES CORPORATE REPUTATION – (MORE DISCLOSURE & ESG)
- TAX ADVANTAGES (CREDITS OR EXEMPTIONS)
- ATTRACTIVE TO NEW INVESTORS
- SOME ISSUERS ENJOY LOWER YIELDS AT ISSUANCE DUE TO DEMAND
- ATTRACTIVE TO INTERNATIONAL INVESTORS
- GLOBAL STOCK EXCHANGES WANT TO PROMOTE SUSTAINABILITY

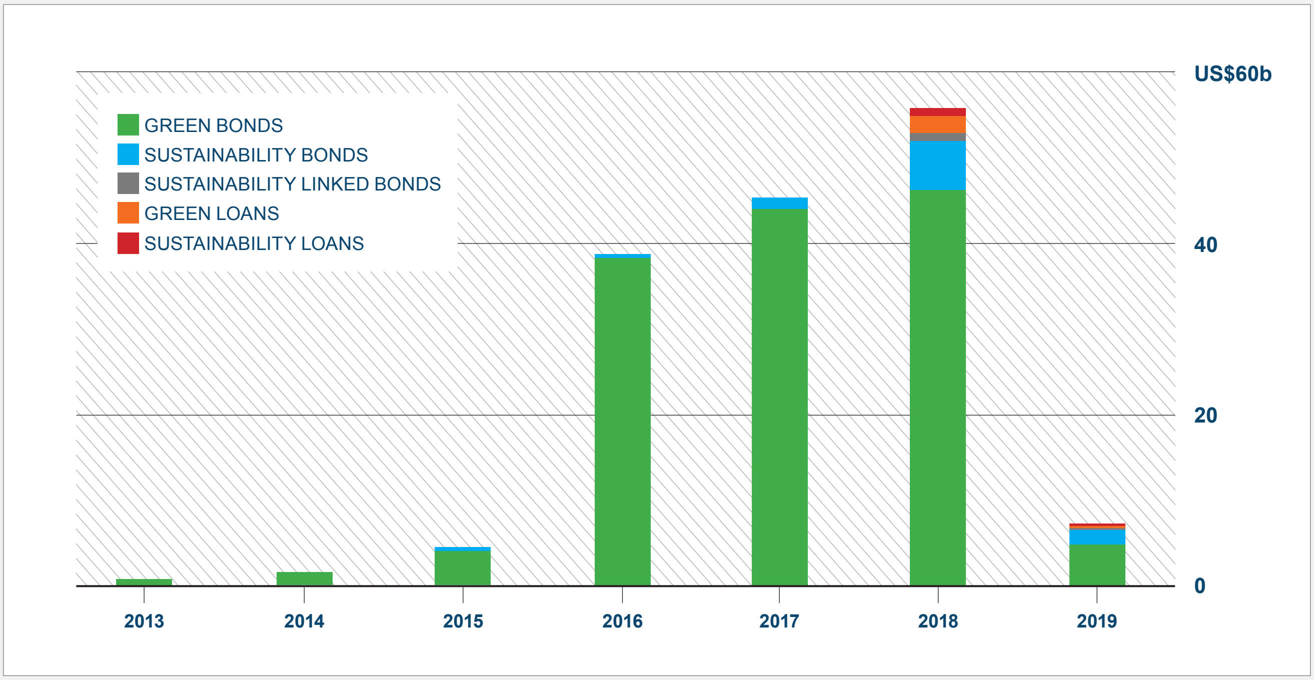
THE DOWNSIDE

- EXTRA COSTS AND TIME FOR CERTIFICATION
- INSUFFICIENT GLOBAL STANDARDS
- GREEN WASHING
- BUYER BE-AWARE
- INCONSISTENCY IN RATINGS
- COSTLY (US$10,000-$100,000)

ASIA-PACIFIC DEBT BECOMES GREENER

Loans are following green, sustainability boom in bonds

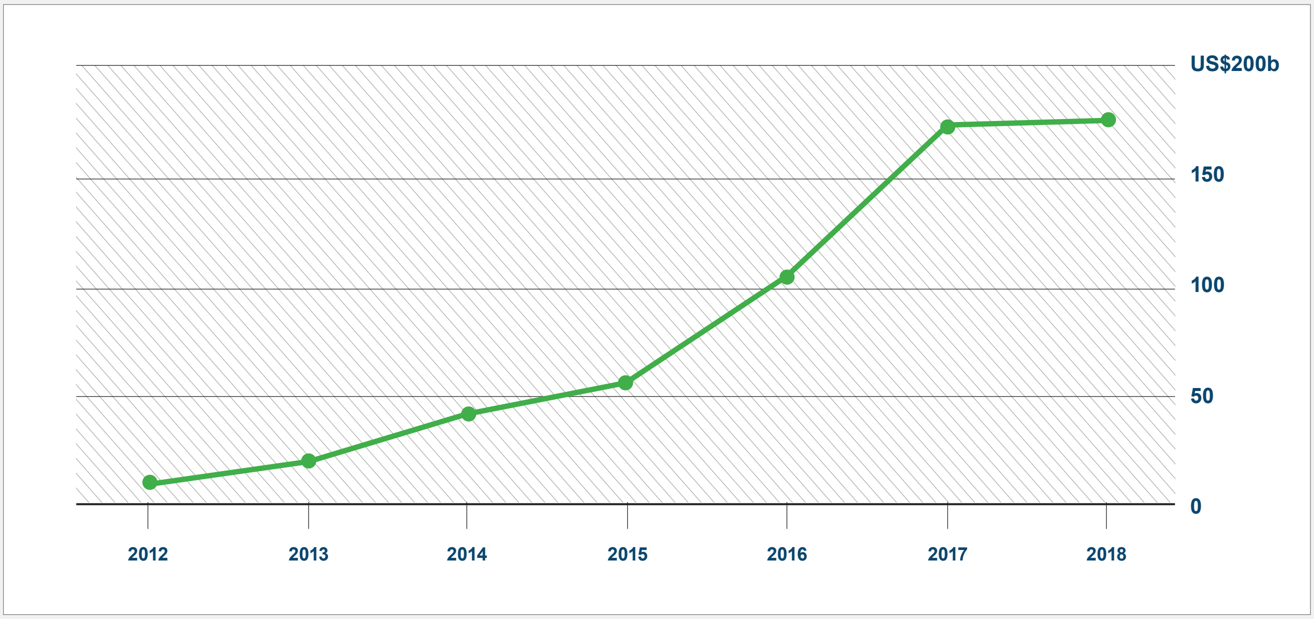
Source: BloombergNEF



GREEN GALORE

Global green bond sales across all currencies

Source: BloombergNEF



The implications of a shift toward international climate change policy is likely to affect the current coal power dependence of many nations in the Asia-Pacific region, in addition to Belt and Road economies. But it will also open up opportunities for renewable energy development since China is a leader in renewable energy.

RISING GREEN

With climate change now firmly on the global agenda, investor interest in green finance and sustainability continues to gather momentum.

Essentially green investment aims to benefit the environment or reduce carbon emissions in a socially responsible way. Green investments span securities, mutual funds, ETFs, green loans and green bonds.

Green bonds, for example, aim to encourage sustainable practices or climate-related projects such as emission and pollution reduction, sustainable farming practices, and water and waste management.

Sometimes called climate bonds, the growth of green bonds in China has been phenomenal. Since the first green bond issuance in 2015 by renewable energy firm Xinjiang Goldwind Science and Technology, the concept of green finance has been widely embraced by issuers and investors. Around US$36 billion worth of green bond were issued in China in 2016, rising to US$37.1 billion in 2017 and US$42.8 billion in 2018, according to Hong Kong Exchanges and Clearing Limited (HKEX).

GREEN BONDS IN HONG KONG

Green bond issuance in Hong Kong has also grown exponentially since 2015 when China issuer Goldwind New Energy (HK) Investment successfully debuted with a US$300 million green bond with a reported order book of US$1.4 billion.

According to Hong Kong Monetary Authority (HKMA), US$11 billion of green bonds were issued in 2018. Nearly 50% of these issuers were real estate companies, energy firms and large corporates. A further 36% of issuers were financial institutions.

The largest green bond issued locally last year was a US$1.5 billion issuance for a seven-year Climate Awareness Bond by the European Investment Bank in collaboration with the HKMA's Infrastructure Financing Facilitation Office. It was also one of the largest US-dollar denominated green bonds issued in the supranational market globally.

Hong Kong's efforts to become Asia's green finance hub is obviously paying dividends. The Bond Connect Scheme, which was established between Mainland China and Hong Kong, is one way foreign investors can access the onshore bond market. Green panda bonds issued in Hong Kong allow international investors further access and also help to diversify the green bond investor base.

As investors become more confident that they are not giving up returns by investing in green-labelled bonds, and that these returns can be equal to, or even slightly out-perform plain-vanilla bonds, the market and Hong Kong's position as a green hub can only strengthen in the future.

HKTDC Belt and Road outreach: Promoting Hong Kong as the commercial hub for the Belt and Road

Helping Hong Kong and mainland companies identify new markets with clear growth potential and huge investment opportunities has been a priority of the Hong Kong Trade Development Council (HKTDC). Two outreach activities were recently organised to explore business opportunities along the Belt and Road and reinforce Hong Kong's role as a two-way investment and business hub of Asia.

The Mainland-Hong Kong Joint Investment and Partnership Mission to Spain, Serbia and UAE visited China Machinery Engineering Corporation's power plant project in Kostolac on 13 June

MAINLAND-HONG KONG JOINT INVESTMENT AND PARTNERSHIP MISSION TO SPAIN, SERBIA AND UAE, 9-18 JUNE 2019

Last month, the Commerce and Economic Development Bureau of the Hong Kong Special Administrative Region (HKSAR) and the Ministry of Commerce of the People's Republic of China organised an investment and partnership mission to Spain, Serbia and UAE to help Hong Kong and mainland businesses explore market opportunities and promote Hong Kong as a commercial hub for Belt and Road opportunities.

The mission, also co-organised by the HKTDC and China International Contractors Association (CHINCA), comprised some 70 investors and services professionals from Mainland China and Hong Kong. Delegates included those with an interest and expertise in the areas of finance, consultancy, architecture, energy, civil engineering and construction, legal and accounting, transportation and logistics, and various other sectors.

Besides a series of business matching events and project presentation organised with local companies and government representatives, the delegation visited corporates, infrastructure and latest development projects in the three countries, including Madrid-based global environmental management and services provider Urbaser S.A.U, project of Surcin-Obrenovac section of E763 highway by China Road and Bridge Corporation in Serbia, Dubai's business hub at the Jebel Ali Free Zone, as well as the site of Expo 2020 Dubai.

During the mission, HKSAR and the United Arab Emirates signed an Investment Promotion and Protection Agreement (IPPA), marking a milestone of economic cooperation between the two places.

HKTDC Assistant Executive Director Stephen Liang highlighted Hong Kong's role as the bridge connecting Mainland China with Belt and Road economies and said: "Hong Kong is a provider of quality services to underpin Belt and Road-related developments. These include the financing of infrastructure and construction projects, and the provision of a range of professional services – including due diligence, accounting and insurance, project management, risk management and dispute resolution."

HONG KONG BUSINESS AND PROFESSIONAL DELEGATION TO GEORGIA AND HUNGARY, 18-23 MARCH 2019

In March 2019, the HKTDC and the Commerce and Economic

Development Bureau of the HKSAR Government jointly organised a business mission to Georgia and Hungary to explore and capitalise on the opportunities in these two countries arising from the Belt and Road Initiative.

The delegation was led by Edward Yau Tang-wah, the Secretary for Commerce and Economic Development of the HKSAR Government, and comprising more than 30 professionals from various sectors including accounting, insurance, infrastructure and real estate development, legal services, transport and logistics, technology, and start-ups. The mission was also joined by a Guangdong trade delegation led by Li Yongyi, Deputy Director General of the Department of Commerce of Guangdong Province. This was also the second HKTDC mission to visit Georgia, since Hong Kong and Georgia signed a Free Trade Agreement (FTA) at the Belt and Road Summit held in Hong Kong last year.

Alongside networking with local government agencies and project owners, site visits to local development projects were also arranged to help Hong Kong businesses keep abreast of the latest development and investment environments in the two countries. These included the Poti Free Industrial Zone Headquarters located at the largest sea port in Georgia, where the area is notable for its tax-free environment and easy business setup process, as well as the plant of Hong Kong-based Johnson Electric Hungary Kft in Budapest – one of the world's largest automotive component suppliers and one of the largest Hong Kong investors in Hungary.

Mission leader Edward Yau Tang-wah said he believes with the city's global outlook and international connectivity, Hong Kong enterprises and professionals play an indispensable role in making Hong Kong the prime platform for enterprises in both countries to participate in the Belt and Road Initiative.

The HKTDC will continue to strengthen its efforts in fostering collaboration with members around the world to maximise the opportunities arising from the Belt and Road Initiative.