



Practical Guidebook for jewellery industry in Hong Kong

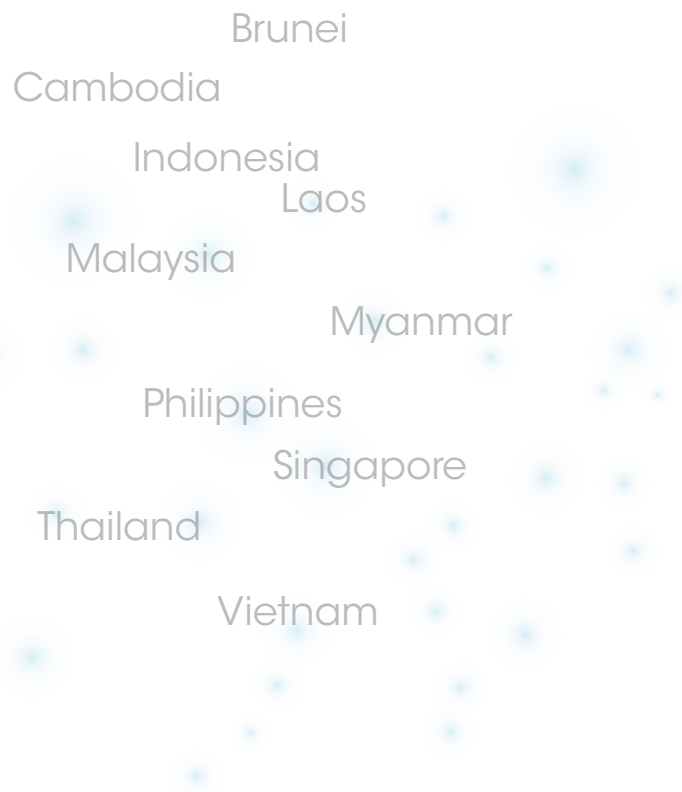


Hong Kong Jewellery & Jade Manufacturers Association

The guidebook was planned to be published before the 9th AEC Gems and Jewelry Presidents' Summit which was originally scheduled for 3rd March 2020. As one of the deliverables of the Summit funded by the Trade and Industrial Organisation Support Fund (TSF) under the Trade and Industry Department of Hong Kong SAR Government, this guidebook aims to equip Hong Kong jewellery companies, with knowledge of the development of the industry, market information and taxation in the ASEAN countries. We hope the readers will get a clearer idea on the opportunities and challenges of the new markets by reading this guidebook.

Postscript:

Due to the increasing number of countries and regions being affected by the novel coronavirus since its outbreak in January, the 9th AEC Gems and Jewelry Presidents' Summit had to be postponed to 19th May 2020. The information and content of the guidebook are provided and updated by PricewaterhouseCoopers Ltd by March. Any subsequent changes on the tariff/taxation announced by the ASEAN countries will be included in an addendum attached to the guidebook.



A circular arrangement of blue dots, each representing a Southeast Asian country. The dots are arranged in a ring, with some countries labeled with text. The labels are: Brunei (top), Cambodia (top-left), Indonesia (left), Laos (top-right), Malaysia (left), Myanmar (right), Philippines (bottom-left), Singapore (bottom), Thailand (bottom-left), and Vietnam (bottom).

Brunei
Cambodia
Indonesia
Laos
Malaysia
Myanmar
Philippines
Singapore
Thailand
Vietnam

Foreword

Hong Kong Jewellery & Jade Manufacturers Association ("HKJJA") has since its establishment in 1965 strived to explore business opportunities for the members by organising Hong Kong pavilions in world-class jewellery exhibitions and conducting study missions every year. Like many other industries, the Hong Kong jewellery companies have encountered both risks and opportunities brought about by economic uncertainties and coming up of emerging markets. Most may want to come up with new strategies to cope with the ever-changing political and economic environment. We believe we should proactively take measures to face these challenges.

Our major event this year is to organise the 9th AEC Gems and Jewelry Presidents' Summit aiming to boost the Hong Kong jewellery industry by "Tapping new opportunities arising from the development of the 'Belt and Road Initiative' and 'Greater Bay Area'". (This project is funded by the Trade and Industrial Organisation Support Fund of the Trade and Industry Department). Another objective is to stimulate the jewellery industry in this region to come up with business strategies through sharing of ideas, co-operation and interaction among leaders of jewellery business communities of the ASEAN states, China and HongKong.

This guidebook will give easy reference on information for the local and ASEAN jewellery markets.

Ken Lo

Chairman

Hong Kong Jewellery & Jade Manufacturers Association



Executive Summary

A smart investor always stays alert of the surroundings (both the micro and macro environments) to ensure the right investment and the right move at the right time are captured.

This guidebook will allow investors in jewellery to take a glance at the local and ASEAN jewellery markets for them to consider making new right moves at the right time.

At first, an overview and latest development of the jewellery industry will be highlighted to give investors a rough idea on where they are at. Investors will then be challenged to think about the risks and opportunities brought about by economic uncertainties and coming up of emerging markets for the jewellery markets. Lastly, this guidebook will take investors into a deeper look at the practical information such as major economic indicators, import and export statistics, import regulations and tax considerations for them to consider investing and doing business in ASEAN countries.

Disclaimer

The information contained in this guidebook is of a general nature only. It is not meant to be comprehensive and does not constitute the rendering of any advice or service by HKJJA and/or its advisor(s).



HKJJA and/or its advisor(s) does not accept any liability to any person who relies on this booklet. Before taking any action, please ensure that you obtain advice specific to your circumstances from your own advisors.

The materials contained in this guidebook were assembled as of December 2019 and were based on the information available at that time. Market information/data could be changed at any time, and such changes may be retroactive in effect. HKJJA and/or its advisor(s) accept no responsibility to monitor or advise you of any new developments in the application or interpretation of the materials contained in this guidebook.

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1 JEWELLERY INDUSTRY – OVERVIEW AND LATEST DEVELOPMENT

We will begin this guidebook with a quick overview of the environment and the latest development for the jewellery industry. Specifically, we will highlight some of the key numbers, players as well as expositions within the jewellery industry.

Following this overview, we will, in the next couple of sections, dive right into the nitty-gritty of what are the opportunities and challenges jewellery companies are facing from the macro environment and how they are going to react and seize these presented opportunities.



1.1 WORLDWIDE IMPORT & EXPORT STATISTICS



Top 15 Importers for Jewellery Products (in USD billion)

	2019	2018	%	2017	%	2016	%
World	N/A	633	100	655	100	655	100
Switzerland	87	86	13.6	89	13.6	100	15.3
Hong Kong	54	65	10.2	71	10.8	67	10.2
India	N/A	65	10.2	74	11.3	48	7.3
China	61	62	9.8	65	10.0	79	12.1
USA	58	61	9.6	60	9.2	67	10.2
UAE	N/A	54	8.5	55	8.4	53	8.1
UK	88	40	6.3	49	7.5	71	10.8
Singapore	19	20	3.2	20	3.1	20	3.1
Germany	20	20	3.2	17	2.6	15	2.3
Belgium	16	18	2.8	15	2.3	18	2.7
Thailand	12	16	2.5	15	2.3	9	1.4
Turkey	13	13	2.0	17	2.6	7	1.1
Japan	13	13	2.0	11	1.7	10	1.5
Italy	13	11	1.7	10	1.5	10	1.5
Canada	10	9	1.4	10	1.5	11	1.7

https://www.trademap.org/tradestat/Country_SelProduct_TS.aspx?nvpm=1%7c%7c%7c%7c%7c71%7c%7c%7c2%7c1%7c1%7c2%7c1%7c2%7c1%7c2%7c1%7c

Some of the jewellery associations in Hong Kong are listed below for your information.

- Asia Fancy Color Diamond Association
- Diamond Federation of Hong Kong, China Ltd.
- Hong Kong & Kowloon Jade Merchants & Workers Union Association
- Hong Kong Art Craft Merchants Association Ltd.
- Hong Kong Gemstone Manufacturers' Association
- Hong Kong Indian Diamond Association
- Hong Kong Jade Association
- Hong Kong Jade Wholesalers and Retailers Association
- Hong Kong Jewellery & Jade Manufacturers Association
- Hong Kong Jewellery Designers Association
- Hong Kong Jewelry Manufacturers' Association
- Hong Kong Jewellers' & Goldsmiths' Association
- Hong Kong Gold & Silver Ornament Workers & Merchants General Union
- International Jewellery Designer Association
- Tahitian Pearl Association Hong Kong
- The Gemmological Association of Hong Kong Ltd
- The Kowloon Pearls, Precious Stones, Jade, Gold and Silver Ornament Merchants Association

1.3 JEWELLERY EXPOSITIONS

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities.

Major Expositions around the World

- BaselWorld
- China International Gold, Jewellery & Gem Fair
- HKTDC Hong Kong International Jewellery Show
- IIJS Premiere
- International Jewellery London
- International Jewellery Tokyo
- Istanbul Jewelry Show
- JCK Las Vegas
- Jewellery & Gem Asia
- Jewellery & Gem World
- Vicenzaoro Fairs
- VOD Dubai International Jewellery Show

Expositions Hosted by HKJJA



Below is a list of major jewellery expositions co-organized by the Hong Kong Jewellery & Jade Manufacturers Association.

- | | | |
|---|-----------|-----------|
| • Bangkok Gems & Jewelry Fair | Bangkok | Thailand |
| • JA New York Show | New York | USA |
| • HKTDC Hong Kong International Jewellery Show - T-GOLD + METS Pavilion | Hong Kong | Hong Kong |
| • Jeweller Expo Ukraine | Kyiv | Ukraine |
| • Jewellery & Gem World Hong Kong – Fei Cui Gallery | Hong Kong | Hong Kong |
| • JWS Jewellery & Watch Show | Abu Dhabi | UAE |
| • Oroarezzo | Arezzo | Italy |
| • Vicenzaoro Fairs | Vicenza | Italy |
| • VOD Dubai International Jewellery Show | Dubai | UAE |

2 OPPORTUNITIES AND CHALLENGES FOR THE JEWELLERY INDUSTRY

In this section of the guidebook, both the (1) opportunities arising from digital revolution and emerging markets in the ASEAN countries, and (2) challenges from the US & China's trade war and the uncertain outcome of Brexit will be talked about. The pros and cons of this discussion will hopefully give Hong Kong companies some clues as to decide whether this is the right time to invest and expand into the ASEAN countries.



2.1 OPPORTUNITIES

As mentioned, our discussion on the opportunities for the jewellery industry will revolve around the digital revolution, emerging markets and government funding towards expanding into the ASEAN countries.

Digital Revolution & Emerging Markets

E-commerce, in a nutshell, is just the process of buying and selling information, products and services by electronic means such as by mobile applications and the Internet.

Needless to say, in the past decade, e-commerce has enabled companies to buy and sell products on a global scale, twenty-four hours a day without incurring the same overheads as companies would with physical stores. On this note, Hong Kong companies do not only have the option to physically enter into the ASEAN market but also to sell jewellery online.



For each of the ASEAN market, we have, in the next section of this guidebook, picked out some existing e-commerce platforms for your reference.

EMERGING MARKETS



E-commerce is an omnichannel strategy and is growing significantly in the ASEAN countries – mainly due to the recent growth of youth, middle class and mobile devices with internet access.

In terms of the number, the total population of all ASEAN countries is around 650 million, while 210 million of them were youth (i.e. aged between 15 and 34) – representing more than 30% of the whole population. Together with the increase of internet penetration in the ASEAN countries, youth population is driving consumption patterns and encouraging greater development of the digital economy.

Regarding the jewellery industry, more young and fashion-conscious consumers are now seeking multiple trendy and fashionable pieces for everyday styling. This has no doubt drawn them to purchase jewellery for its greater affordability.

At the same time, the growing number of working women, coupled with strong demand for fast fashion brands, has also pushed the performance of costume jewellery in the ASEAN countries.

Apart from the above, the growth of middle class in the ASEAN countries is also driving the consumption pattern and development of e-commerce.

Government Funding

The Hong Kong government has been wanting to encourage Hong Kong small and medium enterprises to enhance their competitiveness and facilitate their business development in the ASEAN countries.

Specifically, the Hong Kong government has launched a “Dedicated Fund on Branding, Upgrading and Domestic Sales” (also known as the BUD Fund) and a new round of enhancements to the funding will be implemented on 20 January 2020. Some of the enhancement measures include:-

Increase cumulative funding ceiling per enterprise to HK\$2 million for projects in ASEAN and other FTA markets

Increase ratio of initial payment to 75% of the total approved funding

All projects can commence upon submission of applications

Relax budget cap of individual expenditure items

Allow more fundable items

Case Study

A fellow Hong Kong jewellery company successfully obtained funding from the Hong Kong government.

Projects include branding, marketing & exhibition, opening retail stores as well as establishing online platform.



You can find out more about her successful application on this link:-
<https://www.youtube.com/watch?v=oYAbhMGdYn0&feature=youtu.be>

2.2 CHALLENGES

On the other side of the spectrum, companies should be aware of the trends in the macro environment. We will talk about the effects from the US and China's trade war and how the uncertain outcome of Brexit will affect the jewellery industry in the ASEAN countries.

Trade War

Before jumping to a conclusion of what the US and China's trade war will bring about, let us take a step back and briefly look into the concept of protectionism.



Simply put, protectionism is an economic policy of restricting imports from other countries through methods such as tariffs on imported goods, import quotas and other government regulations to protect domestic industries from unfair competition from foreign entities.

Most recently, we have seen the US implementing tariffs on Chinese imported goods and this has no doubt undermined international trade and the world economy as well as disrupting the global supply and multinational companies' productivity.

As a result of this, we have already observed companies changing their business strategy such as re-docking their global supply chains and transferred their manufacturing processes / factories from China to other Southeast Asia countries in order to avoid high tariffs.

On the one hand, we may be witnessing the slowest global growth pace since the 2008 financial crisis. On the other hand, challenges as opportunities, the US and China's trade war has opened up opportunities for certain ASEAN countries where we are seeing a shift in the global supply chain to more favourable demographic locations and lower minimum wage.

Brexit



While the tension between the US and China is somewhat easing, on the other side of the world, the UK has decided to leave the EU.

There are many uncertainties and even the experts cannot predict what will happen in the wake of Brexit.

One obvious cause is the fluctuation of the pound since the announcement of Brexit. A weak pound is bad for the UK jewellery trade in the sense that precious metal and gemstones are traded globally. There are already a number of jewellery trade deals made between the UK and EU being put into temporary suspension.

Further, many UK jewellery business operations have been affected in terms of supply chain and logistic arrangement of jewels across the EU border.

Given the uncertain relationship between the two nations, there are studies to indicate that the UK is keen on developing a deeper relation with the ASEAN countries as they can provide alternative options for UK jewellery businesses.

2.3 NEXT STEP



We are now seeing more young and fashion-conscious consumers driving the jewellery market in the ASEAN countries, coupled with the continued growth of middle class and mobile devices with internet access. These factors could no doubt be mouth-watering for some companies to tap into the ASEAN market.

However, the good and bad from the US and China's trade war as well as the Brexit could heat up the race to set foot in the ASEAN market as they too look for alternative options.

Before making that decision, why not take a look at the different numbers and economic indicators of each of the ASEAN countries in the next section.

3 OVERVIEW AND TAXATION INFORMATION OF EACH ASEAN COUNTRIES





















The respective profiles of each ASEAN countries in this guidebook are detailed below. For each of these ASEAN countries, a snapshot of the major economic indicators, import and export statistics, import regulations as well as tax considerations will be showcased to provide practical information for Hong Kong companies on investing and doing business in these ASEAN countries.













3.0 QUICK GLANCE

The tables in the following pages will give you a quick glance comparison between the different statistics of each of the ASEAN countries, to help you make an informed choice on where to invest.

Brunei
Cambodia
Indonesia
Laos
Malaysia
Myanmar
Philippines
Singapore
Thailand
Vietnam

ASEAN Country	Doing Business Ranking	Tax Treaty with Hong Kong	Flight Time from Hong Kong
Brunei 	66th (out of 190)		3 hours (HKG-BWN)
Cambodia 	144th (out of 190)		2 hours 30 minutes (HKG-PNH)
Indonesia 	73rd (out of 190)		4 hours 50 minutes (HKG-JKT)
Laos 	154th (out of 190)		8 hours (No Direct Flight)
Malaysia 	12th (out of 190)		3 hours 50 minutes (HKG-KUL)
Myanmar 	165th (out of 190)		2 hours 50 minutes (HKG-RGN)
Philippines 	95th (out of 190)		2 hours 15 minutes (HKG-MNL)
Singapore 	2nd (out of 190)		3 hours 50 minutes (HKG-SIN)
Thailand 	21st (out of 190)		2 hours 45 minutes (HKG-BKK)
Vietnam 	70th (out of 190)		1 hours 50 minutes (HKG-HAN)

ASEAN Country	Time to Start a Business	Paying Taxes Ranking	Income Category
Brunei 	5.5 Days	90th (out of 190)	High income
Cambodia 	99 Days	138th (out of 190)	Lower middle income
Indonesia 	13 Days	81st (out of 190)	Lower middle income
Laos 	173 Days	157th (out of 190)	Lower middle income
Malaysia 	17.5 Days	80th (out of 190)	Upper middle income
Myanmar 	No Data Available	129th (out of 190)	Lower middle income
Philippines 	33 Days	95th (out of 190)	Lower middle income
Singapore 	1.5 Days	7th (out of 190)	High income
Thailand 	6 Days	68th (out of 190)	Upper middle income
Vietnam 	16 Days	109th (out of 190)	Lower middle income



Brunei

3.1 Brunei

Capital: Bandar Seri Begawan
 Currency: Bruneian Dollar



Brunei is the smallest populated country in the ASEAN but it has the 2nd highest GDP per capita only after Singapore in Southeast Asia. The bulk of Brunei’s wealth originates from its natural resources such as crude oil and natural gas production.



Approx. Flight Time:
 3 hours
 (HKG-BWN)



Population:
 0.4 million
 (2018)



GDP Per Capita:
 US\$31,628
 (2018)



Internet Penetration:
 95%
 (2018)



Export to Hong Kong:
 HK\$51 million



Import from Hong Kong:
 HK\$144 million

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. However, we are currently not aware of any major jewellery expositions in Brunei.

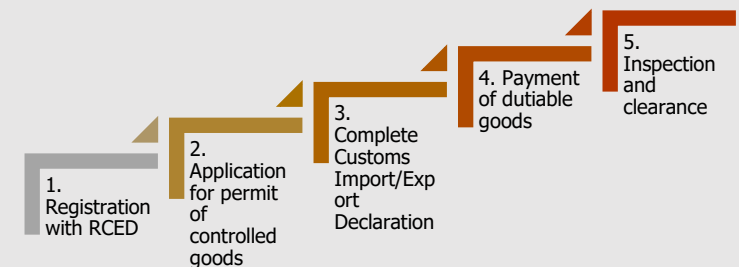
Hong Kong companies can also sell jewellery online to tap into the Bruneian jewellery market.

Existing E-commerce Platforms	• eBay	• Naindah.com
	• Zalora	• Babakimpo
	• Amazon	• Ali Express

Major Jewellery Companies	• OKKY Jewellery	• YGK Jewellery
	• Million Goldsmith & Jewellery	• Diamond & Platinum

3.1.1 Import Regulations

- Imports and exports are regulated under various Customs Orders.
- Hong Kong companies / importers must have clearance with the **Royal Customs and Excise Department** (“RCED”) of Brunei before importing any goods to Brunei.
- Procedures:-



3.1.2 Tax Considerations

- Excise duty is levied on goods manufactured in Brunei.
- Specifically, **15%** of excise duty is imposed on jewellery items manufactured in Brunei.



- Import duties are levied on an ad valorem basis, ranging from **0%** to **10%**.
- Specifically, no import duty is imposed on jewellery items including imitation jewellery.
- In addition, Brunei does not have VAT or sales tax.



Hong Kong - Brunei Double Taxation Agreement was signed on 20 March 2010 and it has been effective from the year of assessment **2011/12**.

3.1.3 ASEAN - Hong Kong FTA

Brunei	
FTA Effective Date	N/A ⁽ⁱ⁾
Preferential Tariff Rates	<ul style="list-style-type: none"> • Brunei will eliminate custom duties of about 85% of their tariff lines within 10 years and reduce custom duties of about another 10% of their tariff lines within 14 years. • Hong Kong commits to granting tariff free access to all products originating from Brunei when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> • For details of the applicable tariff rates, please refer to Annex 2-1, Part 2, Schedule of Brunei of the FTA.

⁽ⁱ⁾ It will be announced at a later date as Brunei is still ratifying the ASEAN-Hong Kong FTA.



Cambodia

3.2 Cambodia






Capital: Phnom Penh
 Currency: Cambodian Riel



Cambodia recently attained lower-middle-income status in the back of stable economic growth. Cambodia's economic growth in the past decade has been mainly driven by garment exports and tourism and it is expected to continue in the medium term.

Approx. Flight Time:
 2 hours
 30 minutes
 (HKG-PNH)



 <p>Population: 16.2 million (2018)</p>	 <p>GDP Per Capita: US\$1,512.1 (2018)</p>	 <p>Internet Penetration: 40% (2018)</p>
 <p>Export to Hong Kong: HK\$2,333 million</p>	 <p>Import from Hong Kong: HK\$7,552 million</p>	

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. **Cambodia International Gems & Jewelry Fair** is the major jewellery exposition in Cambodia.

Hong Kong companies can also sell jewellery online to tap into the Cambodian jewellery market.

Existing E-commerce Platforms	<ul style="list-style-type: none"> • AliExpress • eCamShopping • Glad Market 	<ul style="list-style-type: none"> • Mall855 • MYPHSAR • TaoBao
Major Jewellery Companies	<ul style="list-style-type: none"> • Artisans Angkor • Bophakun Jewelry & Watches • D. Hindley 	<ul style="list-style-type: none"> • Mokod Pich Jewelry • Ratanak Pich Jewelry

3.2.1 Import Regulations

- Customs Laws and Regulations (2013) sets out the rules and regulations governing imports and exports.
- Hong Kong companies / importers must have clearance with the **General Department of Customs and Excise of Cambodia** before importing any goods to Cambodia.
- Documentation:-
 - Invoice and Packing list
 - Transportation documents
 - Licence / Permit
 - Certificate of Origin
 - Certificate of Insurance

3.2.2 Tax Considerations

- VAT is applicable to self-declaration regime entities and is charged at **10%** on the value of the supply of most goods and services.



- Import duties are levied on a wide range of products.
- The duty rates are **0%, 7%, 15%** and **35%** and the rates applicable are dependent on the origin of the goods.
- Following Cambodia's entry into the Association of South-East Asia Nations (ASEAN) during 1999, the government is required to reduce import duties in accordance with the Common Effective Preferential Tariffs programme.



Hong Kong - Cambodia Double Taxation Agreement was signed on 26 June 2019 but has yet to be entered into force.

3.2.3 ASEAN - Hong Kong FTA

Cambodia	
FTA Effective Date	N/A ⁽ⁱ⁾
Preferential Tariff Rates	<ul style="list-style-type: none"> Cambodia will eliminate custom duties of about 65% of their tariff lines within 15 years and reduce custom duties of about another 20% of their tariff lines within 20 years. Hong Kong commits to granting tariff free access to all products originating from Cambodia when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> For details of the applicable tariff rates, please refer to Annex 2-1, Part 3, Schedule of Cambodia of the FTA.

⁽ⁱ⁾ It will be announced at a later date as Cambodia is still ratifying the ASEAN-Hong Kong FTA.



Indonesia

3.3 Indonesia

Capital: Jakarta
 Currency: Indonesian Rupiah



Indonesia is the 4th most populous country after China, India, and the United States. Robust GDP growth in recent years has translated into strong income growth and expanded the size of middle class of Indonesia in a rapidly developing consumer market.



Approx. Flight Time:
 4 hours
 50 minutes
 (HKG-JKT)



Population:
 267.7 million
 (2018)



GDP Per Capita:
 US\$3,894
 (2018)



Internet Penetration:
 40%
 (2018)



Export to Hong Kong:
 HK\$19,714 million



Import from Hong Kong:
 HK\$19,970 million

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. Below is a list of major jewellery **expositions** in Indonesia.

- Jakarta International Jewellery Fair
- Surabaya International Jewellery Fair

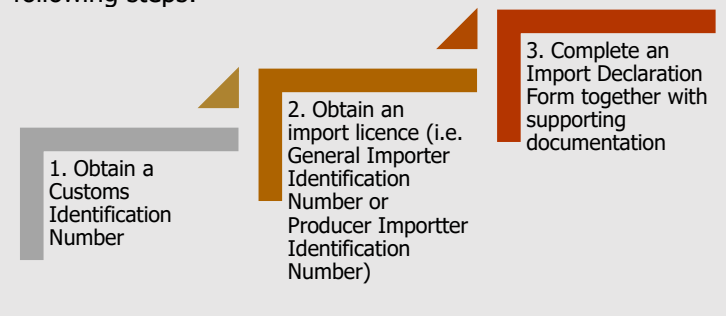
Hong Kong companies can also sell jewellery online to tap into the Indonesian jewellery market.

Existing E-commerce Platforms	• Shopee	• Bukalapak
	• Tokopedia	• Elevenia
	• Lazada	• Qoo10 ID
	• Zalora	• Blanja
	• JD.id	• Amazon
	• Blibli	

Major Jewellery Companies	• Artistica	• Sunaka Jewelry
	• Kapit Mas	• Joy Jewellery Bali
	• Bonofactum	• Mulia Jewellery
	• John Hardy	

3.3.1 Import Regulations

- Imports and exports are regulated under the Customs Law (2006).
- **Directorate General of Customs and Excise** (Customs Office), of the Ministry of Finance, is the lead agency for trade facilitation.
- Hong Kong companies / importers must complete the following steps:-



3.3.2 Tax Considerations

- With a few exceptions, VAT is applicable on deliveries (sales) of goods and services within Indonesia at a rate of **10%**.



- VAT is calculated by applying the VAT rate to a relevant tax base. For gold jewellery, 20% of selling price is used as the tax base.

- LST (ranging from 10% to 125%) is imposed on luxury goods.
- Jewellery products are no longer subject to LST from 2015 onwards.



- Levied on an ad valorem basis (i.e. ranging from 0% to 150%)
- Customs threshold: USD50
- Exempted for temporary import, goods imported for the purpose of exhibitions and seminars, contract of work, coal mining enterprise work agreements, etc.



Hong Kong - Indonesia Double Taxation Agreement was signed on 23 March 2010 and it has been effective from the year of assessment **2013/14**.

3.3.3 ASEAN - Hong Kong FTA

Indonesia	
FTA Effective Date	N/A ⁽¹⁾
Preferential Tariff Rates	<ul style="list-style-type: none"> • Indonesia will eliminate custom duties of about 75% of their tariff lines within 10 years and reduce custom duties of about another 10% of their tariff lines within 14 years. • Hong Kong commits to granting tariff free access to all products originating from Indonesia when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> • For details of the applicable tariff rates, please refer to Annex 2-1, Part 4, Schedule of Indonesia of the FTA.

⁽¹⁾ It will be announced at a later date as Indonesia is still ratifying the ASEAN-Hong Kong FTA.



Laos

3.4 Laos

Capital: Vientiane
 Currency: Lao Kip

Laos is the 2nd smallest ASEAN country only behind Brunei. It is one of the fastest-growing economies in East Asia and the Pacific but also, one of the more challenging countries to do business in – Laos is ranked 154th out of 190 economies in the World Bank’s Doing Business 2020 report.



Approx. Flight Time:
 8 hours
 (No Direct Flight)



 Population: 7.1 million (2018)	 GDP Per Capita: US\$2,567.5 (2018)	 Internet Penetration: 26% (2018)
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Export to Hong Kong:
 HK\$45 million



Import from Hong Kong:
 HK\$195 million

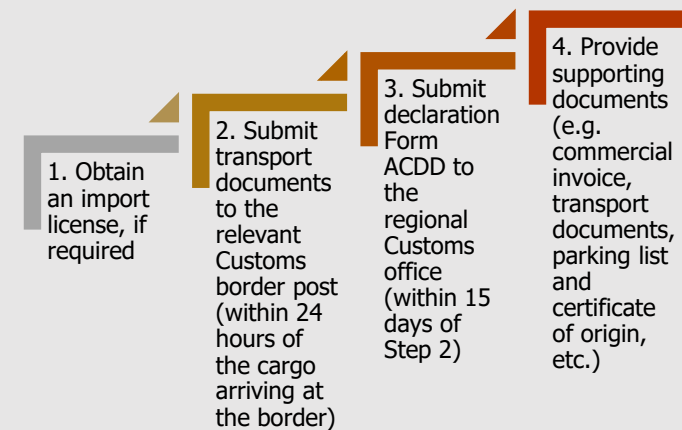
Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. However, we are currently not aware of any major jewellery exhibitions in Laos.

Hong Kong companies can, instead, sell jewellery online to tap into the Laos’ jewellery market. One of the bigger e-commerce platform to sell jewellery online is **Plaosme**.

Major Jewellery Companies	• Bountem Jewelry	• Phouvong Jewelry
	• Fa Watthana	• Sasyratn Jewelry
	• Nena Jewelry	

3.4.1 Import Regulations

- Imports and exports, regulated under the Customs Law (2011), are mostly enforced by the **Department of Customs** under the Ministry of Finance.
- Hong Kong companies / importers must complete the following steps:-



3.4.2 Tax Considerations

- VAT is imposed on the final consumer of goods and services.
- The standard VAT rate is **10%**.



- All goods imported into Laos are subject to import duty.
- Duty rates are based on the Association of Southeast Asian Nations (ASEAN) harmonised tariff nomenclature for imports from ASEAN member countries.
- Duty rates range between **0%** and **40%**, depending on whether the goods are ASEAN or other source.



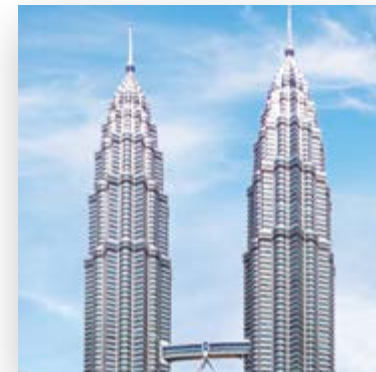
Examples of goods	Rate	Rate for ASEAN countries	Rate for Most Favourable Nations	Rate for China
Diamond	5%	0%	5%	0%
Jade	5%	0%	5%	0%
Gold, Silver	5%	0%	5%	0%
Imitation jewellery	5%	0%	5%	0%



Hong Kong - Laos does not have a Double Taxation Agreement in place.

3.4.3 ASEAN - Hong Kong FTA

Laos	
FTA Effective Date	11 June 2019
Preferential Tariff Rates	<ul style="list-style-type: none"> Laos will eliminate custom duties of about 65% of their tariff lines within 15 years and reduce custom duties of about another 20% of their tariff lines within 20 years. For precious metal and jewellery, Laos will eliminate all their customs duties within 8 years. Hong Kong commits to granting tariff free access to all products originating from Laos when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> For details of the applicable tariff rates, please refer to Annex 2-1, Part 5, Schedule of Laos of the FTA.



Malaysia

3.5 Malaysia

Capital: Kuala Lumpur
 Currency: Malaysian Ringgit

Malaysia is one of the most open markets in the world in the back of strong macroeconomic management and low and stable inflation. It is considered ASEAN's 2nd easiest country to do business in – Malaysia is ranked 12th out of 190 economies in the World Bank's Doing Business 2020 report.



Approx. Flight Time:
 3 hours
 50 minutes
 (HKG-KUL)



 Population: 31.5 million (2018)	 GDP Per Capita: US\$11,239 (2018)	 Internet Penetration: 81% (2018)
 Export to Hong Kong: HK\$189,090 million	 Import from Hong Kong: HK\$35,066 million	

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. Below is a list of major jewellery **expositions** in Malaysia.

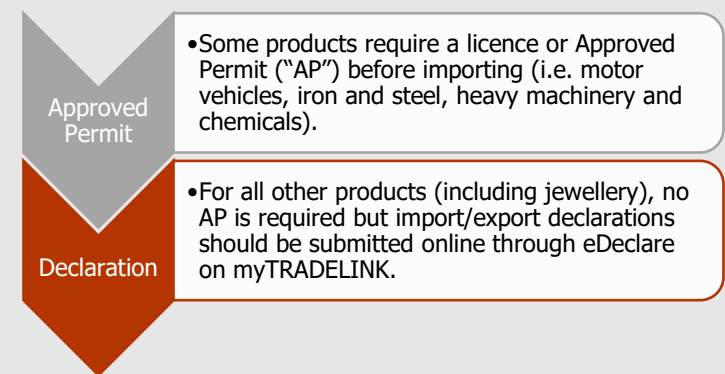
- Malaysia International Jewellery Fair
- Malaysia International Jewellery Festival

Hong Kong companies can also sell jewellery online to tap into the Malaysian jewellery market.

Existing E-commerce Platforms	<ul style="list-style-type: none"> • Lazada • Shopee • 11street.my • Zalora • Mudah.com.my • Lelong.com.my 	<ul style="list-style-type: none"> • Qoo10 • PG Mall • Taobao • eBay • Amazon
Major Local Jewellery Companies	<ul style="list-style-type: none"> • Poh Kong • Wah Chan • HABIB • TOMEI • DeGem 	<ul style="list-style-type: none"> • Diamond & Platinum • SK Jewellery • Love & Co.

3.5.1 Import Regulations

- Imports and exports are regulated under the Customs Act (1967).
- **Royal Malaysian Customs Department** is the agency responsible for clearance of import, export and transit related goods.



3.5.2 Tax Considerations

- Sales tax is implemented with effect from 1 September 2018 to replace the goods and services tax.
- Sales tax is a single-stage tax imposed on taxable goods manufactured locally by a registered manufacturer, and on taxable goods imported by any person.
- Sales tax is generally an ad valorem tax. The ad valorem rates are **5%** or **10%** depending on the class of goods.



Exemption

Articles of goldsmith such as gold or platinum jewellery are exempted from sales tax for importers.

- Import duties are levied on goods that are subject to import duties and imported into Malaysia.
- Import duties are generally levied on an ad valorem basis but may also be imposed on a specific basis. The ad valorem rates of import duties range from **2%** to **60%**.



Hong Kong - Malaysia Double Taxation Agreement was signed on 25 April 2012 and it has been effective from the year of assessment **2013/14**.

3.5.3 ASEAN - Hong Kong FTA

Malaysia	
FTA Effective Date	13 October 2019
Preferential Tariff Rates	<ul style="list-style-type: none"> • Malaysia will eliminate custom duties of about 85% of their tariff lines within 10 years and reduce custom duties of about another 10% of their tariff lines within 14 years. • For precious metal and jewellery, Malaysia will eliminate their customs duties for 93% of tariff lines within 3 years. • Hong Kong commits to granting tariff free access to all products originating from Malaysia when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> • For details of the applicable tariff rates, please refer to Annex 2-1, Part 6, Schedule of Malaysia of the FTA.



Myanmar

3.6 Myanmar

Capital: Nay Pyi Taw
 Currency: Burmese Kyat



Myanmar is a Least Developed Country - a low-middle income country mainly supported by natural resources and commodities. The opportunities for Hong Kong companies to invest in Myanmar are broad, as the country needs significant investment in various sectors.

Approx. Flight Time:
 2 hours
 50 minutes
 (HKG-RGN)



Population:
 53.7 million
 (2018)



GDP Per Capita:
 US\$1,326
 (2018)



Internet Penetration:
 31%
 (2018)



Export to Hong Kong:
 HK\$792 million



Import from Hong Kong:
 HK\$2,003 million

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. **Myanmar International Gems and Jewellery Expo** is the major jewellery exposition in Myanmar.

3.6.3 ASEAN - Hong Kong FTA

Myanmar	
FTA Effective Date	11 June 2019
Preferential Tariff Rates	<ul style="list-style-type: none"> Myanmar will eliminate custom duties of about 65% of their tariff lines within 15 years and reduce custom duties of about another 20% of their tariff lines within 20 years. Hong Kong commits to granting tariff free access to all products originating from Myanmar when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> For details of the applicable tariff rates, please refer to Annex 2-1, Part 7, Schedule of Myanmar of the FTA.

3.6.2 Tax Considerations

- Commercial tax is levied as a turnover tax on goods and services.
- Generally, commercial tax is imposed at the rate of **5%**.



- With effect from 1 October 2019, gemstones, whether it is rough or cut or jewellery or things made with gemstones, shall be subject to gems tax.
- The tax rates are ranging from **5%** to **11%**.



- Import duties are generally levied on an ad valorem basis but may also be imposed on a specific basis.



- The ad valorem rates of import duties range from **0%** to **40%**.



Hong Kong - Myanmar does not have a Double Taxation Agreement in place.

3.6.3 ASEAN - Hong Kong FTA

Myanmar	
FTA Effective Date	11 June 2019
Preferential Tariff Rates	<ul style="list-style-type: none"> • Myanmar will eliminate custom duties of about 65% of their tariff lines within 15 years and reduce custom duties of about another 20% of their tariff lines within 20 years. • Hong Kong commits to granting tariff free access to all products originating from Myanmar when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> • For details of the applicable tariff rates, please refer to Annex 2-1, Part 7, Schedule of Myanmar of the FTA.



Philippines

3.7 Philippines

Capital: Manila
 Currency: Philippine Peso

The Philippines is one of the most dynamic economies in East Asia with growing middle income class and a large and young population. The Philippines' dynamic economy is supported by strong consumer demand and improving real income.



Approx. Flight Time:
 2 hours
 15 minutes
 (HKG-MNL)



 Population: 106.7 million (2018)	 GDP Per Capita: US\$3,102.7 (2018)	 Internet Penetration: 60% (2018)
 Export to Hong Kong: HK\$77,129 million	 Import from Hong Kong: HK\$30,277 million	

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. Below is a list of major jewellery **expositions** in the Philippines.

- International Jewelry Manila
- Philippine Jewellery Show

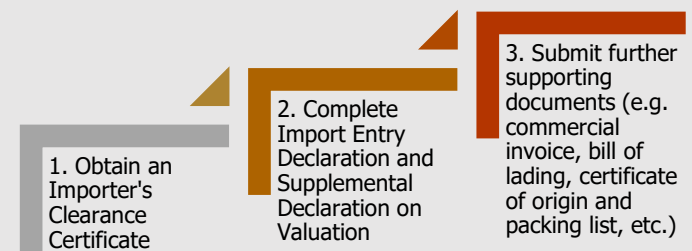
Hong Kong companies can also sell jewellery online to tap into the Philippines' jewellery market.

Existing E-commerce Platforms	• eBay	• Shopee
	• iprice	• Zalora
	• Lazada	

Major Local Jewellery Companies	• Aum by Paul Syjuco	• Jewelmer
	• De Capricho Jewellers	• Luce Rings
	• F&C Jewelry	• Miladay
		• Ocampos Fine Jewellery

3.7.1 Import Regulations

- Imports and exports are regulated by the **Tariff and Customs Code of the Philippines**.
- Hong Kong companies / importers must have clearance with the Bureau of Internal Revenue and Bureau of Customs before importing any goods to the Philippines.

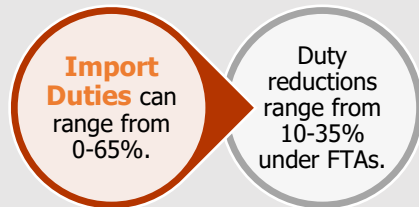


3.7.2 Tax Considerations

- VAT applies to practically all sales of services and imports, as well as to the sale, barter, exchange, or lease of goods or properties.
- The tax is equivalent to a uniform rate of **12%**.



- The Philippines follows the United Nation's Standard International Trade Classification.



Ordinary rates	Examples of goods
5% - 10%	Fertilizers, aircraft
10% - 30%	Pharmaceutical products, glass
30% - 60%	Essential oils, automobiles
>60%	Agricultural products (e.g. cane sugar)

No duties and taxes shall be collected on goods with freight on-board or free carrier value of P10,000 (around US\$200) or below.

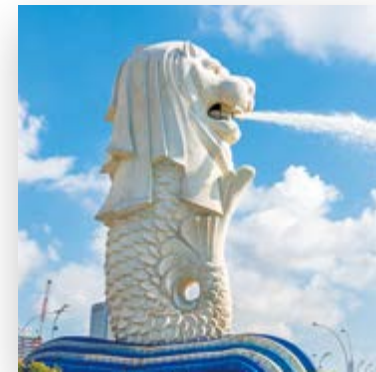


Hong Kong - Philippines does not have a Double Taxation Agreement in place.

3.7.3 ASEAN - Hong Kong FTA

Philippines	
FTA Effective Date	N/A ⁽ⁱ⁾
Preferential Tariff Rates	<ul style="list-style-type: none"> The Philippines will eliminate custom duties of about 85% of their tariff lines within 10 years and reduce custom duties of about another 10% of their tariff lines within 14 years. For precious metal and jewellery, the Philippines will eliminate all their customs duties within 10 years. Hong Kong commits to granting tariff free access to all products originating from the Philippines when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> For details of the applicable tariff rates, please refer to Annex 2-1, Part 8, Schedule of the Philippines of the FTA.

⁽ⁱ⁾ It will be announced at a later date as the Philippines is still ratifying the ASEAN-Hong Kong FTA.



Singapore

3.8 Singapore

Capital: Singapore
 Currency: Singapore Dollar

Singapore is the most advanced economy in the ASEAN. It is one of the easiest countries to do business in – Singapore is ranked 2nd out of 190 economies in the World Bank’s Doing Business 2020 report.



Approx. Flight Time:
 3 hours
 50 minutes
 (HKG-SIN)

Population: 5.64 million (2018)
GDP Per Capita: US\$64,581.9 (2018)
Internet Penetration: 88% (2018)

Export to Hong Kong:
 HK\$314,126 million

Import from Hong Kong:
 HK\$69,151 million

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. Below is a list of major jewellery **expositions** in Singapore.

- Jeweluxe
- Singapore International Jewelry Expo
- Singapore Jewellery & Gem Fair

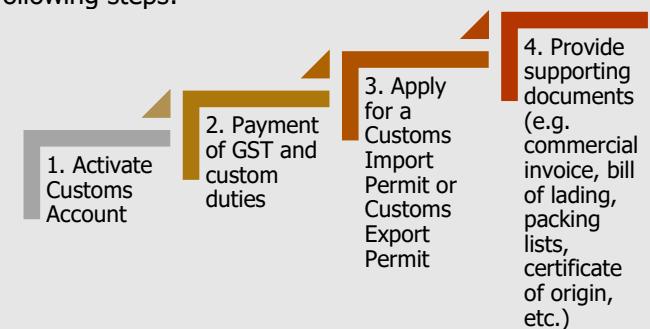
Hong Kong companies can also sell jewellery online to tap into the Singaporean jewellery market.

Existing E-commerce Platforms		
	• eBay	• Reebonz
	• ezbuy	• Shopee
	• Lazada	• Qoo10
	• Redmart	• Zalora

Major Local Jewellery Companies		
	• Caratell	• Lee Hwa Jewellery
	• Choo Yilin	• Li-Hong Jade
	• Flower Diamond	• Madly
	• Gioia Fine Jewellery	• Poh Heng Jewellery

3.8.1 Import Regulations

- Imports and exports are regulated under the Customs Act, Regulation of Imports and Exports Act and other legislation by the relevant authorities.
- Hong Kong companies / importers must complete the following steps:-



3.8.2 Tax Considerations

GOODS AND SERVICES TAX

● GST is charged at **7%** on the supply of goods and services made in Singapore by a taxable person in the course or furtherance of one's business.

○ It was announced in the 2018 Budget that this rate would be increased to **9%** sometime between 2021 and 2025.

- Singapore is essentially a free port with minimal import restrictions.
- Customs and excise duties are imposed on intoxicating liquors, tobacco products, motor vehicles, and petroleum products.
- No customs and excise duties are imposed on jewellery products.

Hong Kong - Singapore does not have a Double Taxation Agreement in place.

3.8.3 ASEAN - Hong Kong FTA

Singapore	
FTA Effective Date	11 June 2019
Preferential Tariff Rates	<ul style="list-style-type: none"> • Singapore commits to binding all its customs duties at zero, with effect from the date on which the FTA enters into force for Singapore. • Hong Kong commits to granting tariff free access to all products originating from Singapore when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> • For details of the applicable tariff rates, please refer to Annex 2-1, Part 9, Schedule of Singapore of the FTA.



Thailand

3.9 Thailand

Capital: Bangkok
 Currency: Thai Baht



Thailand has moved from a low-income country to an upper-income country in less than a generation. Remarkably, Thailand is now considered ASEAN's 3rd easiest country to do business in – Thailand is ranked 21st out of 190 economies in the World Bank's Doing Business 2020 report.



Approx. Flight Time:
 2 hours
 45 minutes
 (HKG-BKK)



Population:
 69.4 million
 (2018)



GDP Per Capita:
 US\$7,273.6
 (2018)



Internet Penetration:
 57%
 (2018)



Export to Hong Kong:
 HK\$92,108 million



Import from Hong Kong:
 HK\$60,582 million

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. Below is a list of major jewellery **expositions** in Thailand.

- Bangkok Gems And Jewelry Fair
- International Chanthaburi Gems and Jewelry Festival

Hong Kong companies can also sell jewellery online to tap into the Thai jewellery market.

Existing E-commerce Platforms	<ul style="list-style-type: none"> • Central • JD Central 	<ul style="list-style-type: none"> • Lazada • Shopee
Major Local Jewellery Companies	<ul style="list-style-type: none"> • Ananta • Artinian • Gems Pavilion • Nina the Jewel 	<ul style="list-style-type: none"> • SJjewelry • Thai Native Gems (1960) Co., Limited • Venus Jewelry

3.9.1 Import Regulations

- Imports and exports are regulated under the Customs Act which is the responsibility of **Thai Customs** to enforce.
- Hong Kong companies / importers must complete the following steps:-



3.9.2 Tax Considerations

- VAT is levied on the sale of goods and the provision of services. The standard rate of VAT is **10%**.



- Import duties are levied on a specific or an ad valorem basis, whichever is higher, and the applied ad valorem duties range between **0%** and **80%**.



Rates	Examples of goods
0% - 10%	Goods temporarily imported for exhibitions, exhibitions, seminar, etc.
10% - 30%	Pharmaceutical & audio-visual products
30% - 60%	Processed food
60% - 80%	Motor vehicles

Government Incentives

- In order to promote the gems and jewellery industry in Thailand, the Thai government has put in place the below measures:-

Tax and Duty Exemption

- Payment of VAT and import duty on a range of raw materials (including unprocessed pearls, diamonds, gold and certain semi-finished products) are exempted.

VAT Deferral

- Exhibitors participating in the Bangkok Gems and Jewelry Fair will receive VAT exemption until the gems and jewelry goods are sold at the fair.

Super-deduction

- Jewellery businesses will be entitled to claim 200% in corporate tax deductions for expenses related to the wages of skilled workers.



Hong Kong - Thailand Double Taxation Agreement was signed on 7 September 2005 and it has been effective from the year of assessment **2006/07**.

3.9.3 ASEAN - Hong Kong FTA

Thailand	
FTA Effective Date	11 June 2019
Preferential Tariff Rates	<ul style="list-style-type: none"> Thailand will eliminate custom duties of about 85% of their tariff lines within 10 years and reduce custom duties of about another 10% of their tariff lines within 14 years. For precious metal and jewellery, Thailand will eliminate their customs duties for 93% of tariff lines within 3 years. Hong Kong commits to granting tariff free access to all products originating from Thailand when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> For details of the applicable tariff rates, please refer to Annex 2-1, Part 10, Schedule of Thailand of the FTA.



Vietnam

3.10 Vietnam

Capital: Hanoi
 Currency: Vietnamese Dong



Vietnam is one of the most fastest-growing emerging markets globally and it has been transformed into a lower-middle-income country over the years. Vietnam's strong economy has been supported by robust domestic demand and export-oriented manufacturing.

Approx. Flight Time:
 1 hours
 50 minutes
 (HKG-HAN)



Population:
 95.5 million
 (2018)



GDP Per Capita:
 US\$2,563.8
 (2018)



Internet Penetration:
 70%
 (2018)



Export to Hong Kong:
 HK\$66,129 million



Import from Hong Kong:
 HK\$83,225 million

Promotion via participation in trade fairs is an effective way for Hong Kong companies to explore export opportunities. Below is a list of major jewellery **expositions** in Vietnam.

- International Jewelry + Watch Vietnam
- Vietnam International Jewelry Fair

Hong Kong companies can also sell jewellery online to tap into the Vietnamese jewellery market.

Existing E-commerce Platforms	• Lazada	• Tiki
	• Sendo	• Vatgia
	• Shopee	

Major Local Jewellery Companies	• CAO Fine Jewellery	• Kim Phuoc Jewelry
	• Duc Tien Jewellery	• Lotus Jewellery
	• Harmony Designer Jewelry	• Therese Jewelry

3.10.1 Import Regulations

- Imports and exports to Vietnam are regulated by Law on Customs (2015) as well as other circulars and decrees.
- Hong Kong companies / importers must work with the **General Department of Vietnam Customs** to get license for importation of jewellery items.
- A customs import declaration must be submitted in advance or within 30 days of arrival of the goods.
- Further supporting documents may also be required and include commercial invoice, inspection reports, value declarations and certificate of origin.
- The applicable import duty rate for jewellery items is generally from **0% to 10%**.

3.10.2 Tax Considerations

- VAT applies to goods and services used for production, trading, and consumption in Vietnam.
- The applicable VAT rate is generally from **0%** to **10%**.
- Imported gold in the form of bar or ingot not yet fashioned into fine-art articles, jewellery or other products is not liable to VAT at the stage of importation. It is however liable to VAT at the stages of production, processing and trading with tax rate of 10%.



- Rates are classified into three categories:-

Ordinary
Generally from 0-10%

Preferential
Applicable to imported goods from countries that have most-favoured-nation status with Vietnam

Special
Applicable to imported goods from countries that have a special preferential trade agreement with Vietnam (e.g. ASEAN countries)



More details of the preferential tariff rates can be found in the next section.



Hong Kong - Vietnam Double Taxation Agreement was signed on 16 December 2008 and it has been effective from the year of assessment **2010/11**.

3.10.3 ASEAN - Hong Kong FTA

Vietnam	
FTA Effective Date	11 June 2019
Preferential Tariff Rates	<ul style="list-style-type: none"> • Vietnam will eliminate custom duties of about 75% of their tariff lines within 10 years and reduce custom duties of about another 10% of their tariff lines within 14 years. • For precious metal and jewellery, Vietnam commits to cutting customs duties for over 96% of its tariff lines within 10 years. • Hong Kong commits to granting tariff free access to all products originating from Vietnam when the FTA takes into effect.
Detailed Tariff Rates	<ul style="list-style-type: none"> • For details of the applicable tariff rates, please refer to Annex 2-1, Part 11, Schedule of Vietnam of the FTA.

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5 Acknowledgement

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