

# Guide to Hong Kong's Reindustrialisation

*Opportunities and Limitations in  
Manufacturing*



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## **Disclaimer**

This material is prepared and intended for general information and reference purposes only. It does not cover exhaustively the subject it treats, but is intended to answer some of the important broad questions that may arise. When specific issues arise in practice, it will often be necessary to consider the relevant laws and regulations, and to obtain appropriate professional advice. The information contained here is current at the date of publishing and may change over time, and no representation, expressed or implied, is made as to its accuracy, completeness or correctness.

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# 1. Overview of Hong Kong's Reindustrialisation

## *Executive Summary*

*In recent years the Government of the Hong Kong Special Administrative Region has been promoting reindustrialisation in order to boost the territories' economic growth and reduce the reliance on the service industry. This policy especially focuses on developing a strong high-end manufacturing industry by leveraging for example smart production lines.*

*The government aims to support research and development activities (R&D) and knowledge transfer. R&D results should therefore lead to new technology commercialisation by manufacturers. Some main focus areas of the policy include advanced materials, nanotechnology, microelectronics, etc.*

*In order to enhance Hong Kong's R&D capacities and promote reindustrialisation, the government will focus on enhancing every aspect of the framework, from building new infrastructure and providing financial support to nurturing digital talents.*



# 1. Overview of Hong Kong's Reindustrialisation

## I. Hong Kong Profile<sup>1,2,3,4,5,6,7</sup>

Hong Kong possesses multiple advantages for companies wishing to establish their manufacturing operation in the territory, including: easy company registration processes, a simple tax system, low corporate tax rate, world-class infrastructure, monetary stability, well-developed banking system, in addition to an independent judiciary system. In addition, the territory is considered one of the easiest places to do business in (ranked third in the World Bank's 2020 Doing Business Report).

Due to the various uncertainties in Hong Kong over the past year, including the effects of the trade war between Mainland China and the US, Hong Kong's gross domestic product (GDP) is forecasted to drop by 1.3% between 2018 and 2019.



### GDP (in USD)

360.7 bn (2019f)  
363.4 bn (2018)



### GDP Per Capita (in USD)

49,726 (2019f)  
49,294 (2018)

### Economic Structure

(in terms of GDP composition, 2017)



Agriculture: 0.1%  
Industry: 7.6%  
Services: 92.3%



### External Trade (% of GDP)

Import: 188.0% (2018)  
Export: 188.0% (2018)



### Population

7.52 million (2019)  
World ranking: 104/233



### Median Age

44.8 (2018)  
World ranking: 8/201 (from oldest to youngest)



### Official Languages

Chinese  
English



### English Literacy

Moderate Proficiency (2018)  
World ranking: 30/88



### Government Structure

Special Administrative Region  
of the People's Republic of  
China



### Land Area

1,106 sq. km.

## II. Hong Kong Profile on Trade

### A. International Trade Agreements and Restrictions<sup>8,9</sup>

Numerous countries signed bilateral Free Trade Agreements (FTAs) with Hong Kong which facilitate Hong Kong's companies to enter, do business or obtain comprehensive investment protection in the relevant countries and territories. These FTAs also reduce or eliminate tariffs barriers, facilitate procurement, ease tourism or protect intellectual property rights. In addition, the FTAs reduce trade restrictions imposed by non-tariff barriers, which is expected to benefit Hong Kong exporters.

Hong Kong has eight signed and effective FTAs. In addition, there is also one FTA with the Maldives that has concluded negotiations but not yet signed.

#### Signed and Effective Bilateral Trade Agreements

Affected Industry	Agreement (effective date)
	<ul style="list-style-type: none"> <li>All</li> </ul> <p><b>Mainland and Hong Kong Closer Economic Partnership Arrangement (2003)</b></p> <ul style="list-style-type: none"> <li>Covers trade of goods and services, investment, economic and technical cooperation</li> <li>Updated agreement on trade of goods implemented on 1 January 2019</li> </ul>
	<ul style="list-style-type: none"> <li>All</li> </ul> <p><b>Hong Kong – New Zealand Closer Economic Partnership (2011)</b></p> <ul style="list-style-type: none"> <li>Covers trade of goods and services, investment, measures to improve business and commerce</li> </ul>
	<ul style="list-style-type: none"> <li>All</li> </ul> <p><b>Hong Kong – European Free Trade Association Free Trade Agreement (2012)</b></p> <ul style="list-style-type: none"> <li>Covers trade of goods and services, investment, and other trade related issues such as protection of intellectual property</li> </ul>
	<ul style="list-style-type: none"> <li>All</li> </ul> <p><b>Hong Kong – Chile Free Trade Agreement (2014)</b></p> <ul style="list-style-type: none"> <li>Covers trade of goods and services, investments, government procurement, competition and other trade related issues</li> </ul>
	<ul style="list-style-type: none"> <li>All</li> </ul> <p><b>Hong Kong – Macao Closer Economic Partnership Arrangement (2017)</b></p> <ul style="list-style-type: none"> <li>Covers trade of goods and services, investment, intellectual property, economic and technical cooperation, institutional arrangements</li> </ul>
	<ul style="list-style-type: none"> <li>All</li> </ul> <p><b>Hong Kong – Georgia Free Trade Agreement (2019)</b></p> <ul style="list-style-type: none"> <li>Covers trade of goods and services, investment, intellectual property and other trade related issues</li> </ul>
	<ul style="list-style-type: none"> <li>See next page</li> </ul> <p><b>Hong Kong – ASEAN Free Trade Agreement (2019)</b></p> <ul style="list-style-type: none"> <li>Covers trade of goods and services, investments, economic and technical cooperation, dispute settlement, and other relevant areas (see next page).</li> </ul>
	<ul style="list-style-type: none"> <li>All</li> </ul> <p><b>Hong Kong – Australia Free Trade Agreement (2020)</b></p> <ul style="list-style-type: none"> <li>Covers trade of goods and services, investments, intellectual property and other trade related issues.</li> </ul>

## 1. Overview of Hong Kong's Reindustrialisation

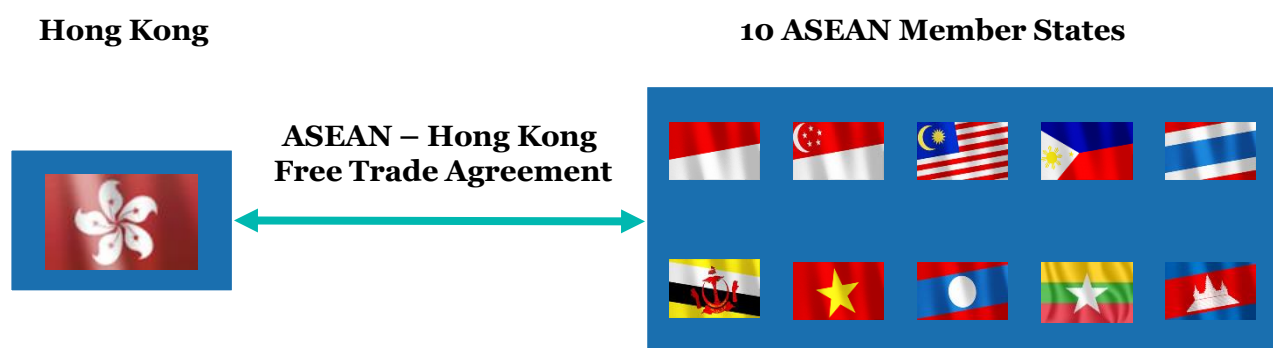
### International Trade Agreement between Hong Kong and the ASEAN<sup>10</sup>

#### Overview

Trade within the region has been booming since the removal of tariffs between the ASEAN member states in 2015.

Hong Kong and the ASEAN announced the conclusion of negotiations on their Free Trade Agreement in September 2017 and forged agreements on 12 November 2017. Member states agreed to progressively cut down or eliminate custom duties on goods originating from Hong Kong. The agreements are comprehensive in scope and cover trade of goods, trade of services, investments, economic and technical cooperation, dispute settlement, and other relevant areas.

The ASEAN was Hong Kong's second largest merchandise trade partner in 2018 with a total value of HKD 1.1 trillion (around 12% of the total trade value).



#### Entry

Free Trade Agreement Effective Date:

- 11 June 2019 - Laos, Myanmar, Singapore, Thailand and Vietnam
- 13 October 2019 – Malaysia

Investment Agreement Effective Date:

- 17 June 2019 – Laos, Myanmar, Singapore, Thailand and Vietnam
- 13 October 2019 – Malaysia

The dates of entry for the remaining four countries have not been announced yet.

#### Affected Major Industries

The tariff reduction commitments cover different kinds of major Hong Kong export commodities, such as (non-exhaustive):



Jewellery

Watches and Clocks



Apparel and Clothing Accessories

Toys



#### Other Affected Industries

- Food and Beverages
- Chemicals
- Pharmaceutical
- Metals
- Plastics & Rubber
- Footwear
- Machinery and Mechanical Appliances

### **B. Government Structure<sup>11</sup>**

Since 1997, when Mainland China assumed sovereignty of Hong Kong, the region structured around the principle of “one country, two systems”. The Basic Law of the Hong Kong Special Administrative Region (HKSAR) ensures that the current political system will remain in effect until 2047.

- The executive power of the HKSAR government is held by the Chief Executive (CE), who is elected by the Election Committee, and appointed by the Central People's Government. Together with the Executive Council (16 principal officials appointed by the CE, along with 16 non-official members), the CE implements the Basic Law, signs bills and budgets, promulgates laws, issues government policies and Executive Orders.
- The legislative power is held by the Legislative Council which is formed by 70 members. In addition to its legislative functions, the Legislative Council is also responsible for debating, vetting and approving the budget, listening to, and debating the Chief Executive's policy address on matters relating to the public interest. The Legislative Council is also responsible for agreeing to the appointment and removal of judges from the Court of Final Appeal and the Chief Justice of the High Court.
- The judiciary system is independent from the legislative power. The Court of Final Appeal is the highest court on the territory and is headed by the Chief Justice. For more details on the judiciary system in Hong Kong, please refer to section 2.

## 1. Overview of Hong Kong's Reindustrialisation

Source:

<sup>1</sup> *2020 Ease of Doing Business Report, World Bank*

<sup>2</sup> *Hong Kong Economic Situation – Latest Developments, Government of the Hong Kong Special Administrative Region*

<sup>3</sup> *The World Factbook, Central Intelligence Agency*

<sup>4</sup> *Imports of Goods and Services (% of GDP), Exports of Goods and Services (% of GDP), World Bank*

<sup>5</sup> *Mid-year population for 2019 [13 Aug 2019], Census and Statistics Department*

<sup>6</sup> *EF English Proficiency Index, EF Education First*

<sup>7</sup> *Geography Statistics Of Hong Kong, World Atlas*

<sup>8</sup> *Free Trade Agreements, Asia Regional Integration Centre*

<sup>9</sup> *Hong Kong – ASEAN Trade Relations, Trade and Industry Department*

<sup>10</sup> *ASEAN official website*

<sup>11</sup> *Government Structure, Government of the Hong Kong Special Administrative Region*

<sup>12</sup> *World Bank Political Stability And Absence Of Violence/Terrorism*

## 2. Legal Environment and Competition Law

### *Executive Summary*

*Companies that wish to register in Hong Kong can choose to set up different business entities, among which the most common are the limited company, branch office, or representative office.*

*Manufacturers wishing to carry out manufacturing activities on the territory will need to register with the Trade and Industry Department (TID) in order to obtain a Factory Registration (FR). Once the FR is obtained, manufacturers can require a certificate of origin to prove that their goods are of Hong Kong origin.*

*The Hong Kong Special Administrative Region's (HKSAR) legal environment is based on the Basic Law which states that HKSAR will continue to enforce the rule of law. Under the principle of "One Country, Two Systems", the HKSAR legal system differs from Mainland China's.*

*Additionally, Hong Kong is also well known for its international position as an arbitration centre in Asia.*



## 2. Legal Environment and Competition Law

### I. Types of Legal Business Entities Available for Foreign Investments

#### A. Company Registration<sup>1,2</sup>

According to business requirements, companies can set up different entity types in Hong Kong. The main forms include: a limited company, a branch office and representative office.

##### Limited Company

- This is the most common company type;
- This is a company which is incorporated in Hong Kong;
- Owners can take advantage of all the tax benefits and concessions available to any fully incorporated business; and
- They can enjoy benefits such as the Closer Economic Partnership Arrangement, which is a free trade agreement with Mainland China.

##### Branch Office

- This is for companies that are incorporated outside of Hong Kong and establish a place of business in Hong Kong;
- They must register with the Companies Registry as a 'Registered Non-Hong Kong Company' within one month of establishment; and
- Unlike a subsidiary limited company, a branch office is not a separate legal entity from the parent and can leverage funds off the credit rating of its owner.

##### Representative Office

- They cannot engage in profit-making activities and can only fulfil limited functions;
- They are useful for companies looking to explore the Hong Kong market before making a larger investment;
- If a decision is made to enter into a transaction which creates a legal obligation, it must change the business to a limited company or branch office.

Foreign companies must register with the Companies Registry in order to carry business in Hong Kong. It generally involves three steps:



Note: Additional detail on company registration ([www.cr.gov.hk/en/services/register-company.htm](http://www.cr.gov.hk/en/services/register-company.htm))

### **B. Factory Registration (FR)<sup>3</sup>**

Before applying for a Certificate of Origin (CO) to cover their exports, manufacturers and their subcontractors are required to register under FR with the Trade and Industry Department (TID), to demonstrate that they possess sufficient capacity to produce the concerned products. Manufacturers participating in the Local Subcontracting Arrangement (LSA) or Outward Processing Arrangement (OPA) must also have a valid FR.

To obtain the FR, businesses must:

- Be registered with the Business Registration Office of the Inland Revenue Department;
- Have fixed, self-contained premises (which may be self-owned or rented);
- Have suitable machinery for manufacturing operations;
- Employ a labour force to produce the goods; and
- Maintain up-to-date and accurate books and records related to the factory's operations.

An FR is valid for one year. Factories are required to pay an annual fee to renew the FR. To obtain the FR, an applicant has to complete an Application Form for FR (TID 91), provide supporting documents, and pay the registration fee. For details on the application procedures and requirements, please refer to TID's website ([www.tid.gov.hk/portal/english/fra.html](http://www.tid.gov.hk/portal/english/fra.html)).

### **C. Certificate of Origin (CO)<sup>4</sup>**

In Hong Kong, there are two major types of COs: non-preferential COs and preferential COs.

#### **Non-preferential COs**

Non-preferential COs include the Certificate of Hong Kong Origin (CHKO) and Certificate of Origin – Processing (COP). They are issued to facilitate customs clearance for imports and to satisfy the requirements of overseas importers. It is not mandatory for manufacturers to apply for CHKO and COP.

The CHKO certifies that the goods concerned are of Hong Kong origin, while the COP certifies that the goods concerned have undergone certain manufacturing processes in Hong Kong, but not to the extent where Hong Kong origin status can be conferred.

#### **Preferential COs**

Preferential Cos include the Certificate of Hong Kong Origin - CEPA (CO(CEPA)), Certificate of Hong Kong Origin – New Zealand (CO(NZ)), Certificate of Hong Kong Origin – Georgia (CO(Georgia)) and Certificate of Hong Kong Origin – Form AHK (CO(Form AHK)). They are issued to certify that the goods concerned claiming tariff preferences meet the preferential origin rules under the respective trade agreements between Hong Kong and its trading partners.

#### **Application Procedures**

Both non-preferential COs and preferential COs can be issued by the TID or any one of five Government Approved Certification Organizations (GACOs), including the Hong Kong General Chamber of Commerce, the Federation of Hong Kong Industries, the Chinese Manufacturers' Association of Hong Kong, the Indian Chamber of Commerce Hong Kong, and the Chinese General Chamber of Commerce.

Manufacturers need to submit goods details at least two working days before departure of the consignment (can be done via online services). Usually, manufacturers must obtain an FR before applying for a CO. For additional details on the CO's electronic services and CO's application procedure, please refer to the TID website ([www.tid.gov.hk/english/import\\_export/cert/cert\\_maincontent.html](http://www.tid.gov.hk/english/import_export/cert/cert_maincontent.html)).

For more information on this section please refer to Appendix 1 and 2.

### ***II. Overview on Other Business Laws and Regulations***

The constitutional framework for the legal system in Hong Kong is provided by the Basic Law. Under the principle of “One Country, Two Systems”, Hong Kong uses the common law system instead of Mainland China’s civil law system. The robust legal system in Hong Kong protects local and foreign companies’ operations, commercialisation, and branding.

#### **A. Legal and Administrative Framework on Competition Law<sup>5,6,7</sup>**

##### Competition Ordinance

The Competition Ordinance was enforced by the Competition Commission and the Communications Authority in December 2015. It was designed to create a relatively fair business environment by avoiding market’s monopolies and increasing small and medium-sized enterprises (SMEs) development opportunities.

Under the Ordinance, all entities (including companies, partnerships, sole traders and trade associations), which carry out business activities that may prevent, restrict or distort competition in Hong Kong are restricted. For additional details on the Competition Ordinance please refer to the following website ([www.elegislation.gov.hk/hk/cap619!en@2018-04-20T00:00:00](http://www.elegislation.gov.hk/hk/cap619!en@2018-04-20T00:00:00)).

##### International Arbitration

International arbitration is a preferred method for many businesses to resolve cross-border disputes. According to the 2018 International Arbitration Survey issued by White & Case LLP and Queen Mary University of London, Hong Kong was among the five most preferred seats of arbitration in the world (along with London, Paris, Singapore, and Geneva). Indeed, some world-class arbitration institutions which offer independent resolution services (e.g. mediation, arbitration, and adjudication) free from any government interference have set up branches in the city. Some examples include the Hong Kong International Arbitration Centre, China International Economic and Trade Arbitration Commission, China Maritime Arbitration Commission, and the International Court of Arbitration of the International Chamber of Commerce.

#### **B. Intellectual Property Protection Law on Trademarks<sup>8</sup>**

##### Madrid Agreement

To strengthen and facilitate intellectual property protection in Hong Kong, the Intellectual Property Department has proposed to enforce the Madrid System for the International Registration of Marks. The Madrid System is an international arrangement which seeks to facilitate the registration and management of trademarks in different jurisdictions by offering an efficient and cost-effective one-stop service for trademark owners. For details on the proposed application, please visit the Intellectual Department website ([www.ipd.gov.hk/eng/intellectual\\_property/trademarks/Madrid\\_Protocol.htm](http://www.ipd.gov.hk/eng/intellectual_property/trademarks/Madrid_Protocol.htm)).

### **C. Import/Export Regulations and Licences<sup>9</sup>**

Certain goods are subject to import/export control in Hong Kong. Details of the controls, corresponding documents required and responsible department(s) are available on the TID website ([www.tid.gov.hk/english/import\\_export/ie\\_policy.html](http://www.tid.gov.hk/english/import_export/ie_policy.html)).

If the goods to be imported or exported are "prohibited articles" or "reserved commodities" (under the Import and Export Ordinance or the Reserved Commodities Regulations), shipping companies, airlines and transportation companies are required to deliver to the TID the relevant manifests together with the import/export licences for checking within 14 days.

Subject to certain conditions, shipping companies, airlines and freight companies which are registered with the TID are exempted from the import/export licensing requirements for their transshipment cargoes. Details of the Transshipment Cargo Exemption Scheme can be found on the following website ([www.tid.gov.hk/english/import\\_export/tces/tces\\_maincontent.html](http://www.tid.gov.hk/english/import_export/tces/tces_maincontent.html)).

### **D. Jurisdiction System on Business Related Matters<sup>10,11</sup>**

The Hong Kong legal system is built upon the Basic Law. The judicial system is divided into two for enforcement: the criminal law and the civil law. Usually commercial disputes will be judged by the Commercial Unit of the Civil Division.

The Hong Kong court system comprises different levels: the Court of Final Appeal, the High Court, the District Court and the Magistrates' Courts. In addition, there are a number of tribunals which have jurisdiction to settle disputes related to specific areas (Competition Tribunal, Lands Tribunal, Labour Tribunal, etc.).

*Source:*

<sup>1</sup> *Business and Company Registration Government of Hong Kong SAR*

<sup>2</sup> *Companies Registry Governemnt of Hong Kong SAR,*

<sup>3</sup> *Factory Registartion, Trade and Industry Department*

<sup>4</sup> *Certificate of Origin, Trade and Industry department*

<sup>5</sup> *Competition Ordinance, eLegislation*

<sup>6</sup> *2018 International Arbitration Survey: The Evolution of International Arbitration, White & Case LLP*

<sup>7</sup> *Arbitration – The International Arbitration Centre for the Asia Pacific, Department of Justice, 2019*

<sup>8</sup> *Madrid Protocol, Intellectual Property Department*

<sup>9</sup> *Import and Exports of Goods, Trade and Industry Department*

<sup>10</sup> *Structure of the Courts, Judiciary Hong Kong*

<sup>11</sup> *Organization Chart, Department of Justice*

# 3. Taxation, Transfer Pricing, Banking and Currency Control

## *Executive Summary*

*There are only three main taxes in Hong Kong: profits tax, salaries tax, and property tax. There is no value added tax (VAT) or any other sales tax in Hong Kong. The simple tax system and competitive tax rates help foster a favourable business environment in Hong Kong.*

*The HKSAR government has recently proposed many new incentives, which are targeted at strengthening Hong Kong's position as a major trading hub in Asia. Major support measures have also been proposed specifically to support small and medium-sized enterprises (SMEs) and promote reindustrialisation in Hong Kong.*

*Hong Kong has no foreign exchange controls, allowing free movement of capital in and out of the city. The Hong Kong dollar has been pegged to the United States dollar since 1983.*



## 3. Taxation, Transfer Pricing, Banking and Currency Control

### I. Taxation Practice

Hong Kong has one of the most tax-friendly systems in the world. There are only three direct taxes: profits tax, salaries tax, and property tax. There is no value added tax (VAT) or related sales tax in Hong Kong. Hong Kong also does not tax capital gains. The low and competitive tax rates significantly reduce the tax burden of small and medium-sized enterprises (SMEs), allowing them to flourish and encouraging more entrepreneurs to establish companies in Hong Kong.

The main tax law in Hong Kong is the Inland Revenue Ordinance, and the main government body responsible for tax-related matters is the Hong Kong Inland Revenue Department (IRD). Hong Kong adopts the territorial basis of taxation, meaning only income or profit generated in Hong Kong is taxable. Income or profits generated outside Hong Kong will not be taxed in Hong Kong.

#### A. Profits Tax<sup>1,2,3</sup>

##### Tax Calculation

In Hong Kong, any person or business carrying out trade or businesses in Hong Kong will have their profits liable to tax. Expenses are generally deductible as long as they are incurred in the production of profits, except for expenses that are of a capital nature, which are generally not deductible.

The year of assessment in Hong Kong runs from 1 April of one year to 31 March of the following year.

##### Applicable Tax Rates

Hong Kong uses a two-tiered profits tax system, reducing the tax rate for the first HKD 2 million of profits. Unincorporated businesses such as partnerships and sole proprietorships will also have lower tax rates compared to corporations. For the specific tax rates, please see the table below:

Entity Type	Taxable Amount	Tax Rate (%)
Corporations	First HKD 2 million	8.25
	Any profits above HKD 2 million	16.5
Unincorporated Businesses	First HKD 2 million	7.5
	Any profits above HKD 2 million	15.0

For more information on profits tax, please refer to the IRD's official website ([www.ird.gov.hk/eng/faq/2tr.htm](http://www.ird.gov.hk/eng/faq/2tr.htm)).

### 3. Taxation, Transfer Pricing, Banking and Currency Control

#### Taxable Losses

Losses may be carried forward indefinitely to set off against future profits, but may not be carried back. Companies are not permitted to purchase a loss-making company to obtain a tax benefit.

#### Consolidated Filing

Hong Kong does not allow consolidated filing, and does not provide provisions for group relief. Related companies in the same group are required to file and pay tax separately.

#### Tax Return and Payment

The IRD will issue the tax returns to businesses usually around April. Tax filings are due one month from the date of issue of the tax return. Applications for an extension on the submission of tax returns can be made to the IRD in exceptional circumstances.

Companies and individuals are expected to pay a provisional profits tax for the upcoming year based on the current year's profits. The following year's payment will be offset using this provisional tax payment.

#### Double Taxation Agreements (DTAs)<sup>4</sup>

DTAs aim to eliminate income or profit being taxed in two or more jurisdictions at the same time. Eliminating double taxation allows both foreign investors investing in Hong Kong and Hong Kong investors looking to invest abroad to benefit. DTAs usually affect withholding tax rates on dividends, royalties, interest, and technical fees.

Hong Kong has entered into DTAs with 43 countries and regions as of December 2019, with the DTAs with Cambodia, Estonia, and Macao still pending ratification and entry into force.

For more information regarding DTAs signed between Hong Kong and other countries, please refer to the IRD's website ([www.ird.gov.hk/eng/tax/dta\\_cdta.htm](http://www.ird.gov.hk/eng/tax/dta_cdta.htm)).

## **B. Value Added Tax and Other Business Related Taxes**

#### Value Added Tax (VAT)

There is no VAT or any other related sales tax in Hong Kong.

#### Other Business Related Taxes

##### Property Tax

Any business or individual that owns land or buildings in Hong Kong, and earns rental income from letting these land or buildings, will be subject to property tax. The standard tax rate for property tax is 15%.

For more information regarding property tax, please refer to the IRD's official website ([www.gov.hk/en/residents/taxes/property/index.htm](http://www.gov.hk/en/residents/taxes/property/index.htm)).

#### **C. Transfer Pricing Provisions<sup>2</sup>**

Transfer pricing provisions in Hong Kong are mainly implemented under the Inland Revenue (Amendment) (No. 6) Ordinance 2018, which was enacted on 13 July 2018. This Amendment implemented the minimum standards of the Base Erosion and Profit Shifting (BEPS) framework developed by the Organisation for Economic Co-operation and Development (OECD) into the Inland Revenue Ordinance.

The main points of the transfer pricing provisions in Hong Kong include:

- Three tiered transfer pricing documentation requirements: the master file, local file, and country-by-country report (CbCR);
- Require Hong Kong businesses to prepare the master file and local file for years of assessment starting on or after 1 April 2018;
- Require transfer pricing adjustments for transactions not conducted at arm's length price that could lead to a tax benefit in Hong Kong (Rule 1), effective for years of assessment starting on or after 1 April 2018;
- Allow for a grandfathering provision, where transactions effective before 13 July 2018 are not subject to Rule 1 above;
- Permanent establishments of a non-Hong Kong resident company with income or loss arising from a transaction that has Hong Kong taxation implications are required to make transfer pricing adjustments under the separate enterprises principle, effective for years of assessment starting on or after 1 April 2019;
- The ultimate parent company of a multinational enterprise group is required to submit a CbCR to the IRD, if its group has an annual consolidated group revenue of HKD 6.8 billion or more; and
- Introduce a formal advance pricing arrangement (APA) scheme to Hong Kong, effective for years of assessment starting on or after 1 April 2018.

Businesses are not required to file the master file and local file if it meets any two of the following conditions:

- Total annual revenue under HKD 400 million;
- Total assets of under HKD 300 million; or
- Average number of employees of less than 100.

Local files are also not required to be prepared for related party transactions if the transaction does not exceed the following limits:

- HKD 220 million for transfer of properties other than financial assets and intangibles; or
- HKD 110 million for transactions of financial assets or intangibles; or
- HKD 44 million for any other type of transaction.

#### **D. Statutory Auditing Requirements and Accounting Standards<sup>2</sup>**

##### Audit Requirements

Under the Hong Kong Companies Ordinance, all incorporated companies in Hong Kong are required to have an annual audit of their financial statements performed meeting the applicable accounting standards set by the Hong Kong Institute of Certified Public Accountants (HKICPA). Financial statements can be prepared in any currency unless the business is a regulated entity.

Most companies will use the calendar year as the fiscal year. Records must be kept for seven years after the end of the financial year.

### 3. Taxation, Transfer Pricing, Banking and Currency Control

#### Accounting Standards

The HKICPA is responsible for setting accounting and auditing standards in Hong Kong. Financial statements must comply with the Hong Kong Financial Reporting Standards (HKFRS), which are essentially the same in most cases as the International Financial Reporting Standards (IFRS).

#### **E. Support Measures in the 2019-2020 Budget<sup>5</sup>**

##### Promoting Reindustrialisation

The HKSAR government has proposed allocating HKD 2 billion to build advanced manufacturing facilities in industrial estates to encourage more manufacturers to establish operations in Hong Kong. HKD 2 billion will also be injected into the Innovation and Technology Fund to provide matching grants for manufacturers setting up smart production lines in Hong Kong. The reindustrialisation of Hong Kong will be done through advanced and smart manufacturing techniques, and is crucial to reducing the Hong Kong economy's reliance on service industries.

##### Support for Enterprises

The HKSAR government has provided incentives to support local enterprises in light of the changing global economic and trade environment. These incentives include:

- Waiving business registration fees for 2019-2020;
- Raising the funding ceiling of the Technology Voucher Programme from HKD 200,000 to HKD 400,000;
- Injecting an additional HKD 2 billion to the Dedicated Fund on Branding, Upgrading, and Domestic Sales (BUD Fund), extending the scope of the BUD Fund to cover not only Mainland China and ASEAN countries but also all economies that have signed free trade agreements (FTAs) with Hong Kong, and increasing the total funding ceiling to HKD 4 million; and
- Enhancing the special concessionary measures under the SME Financing Guarantee Scheme.

For more information on incentives, please refer to section 9.

##### International Transportation Centre

Hong Kong has unique advantages given the geostrategic location, world-class infrastructure, and various transportation services. The HKSAR government aims to continue promoting the development of the maritime industry, as well as underpinning Hong Kong's status as an international aviation hub.

In the 2019-2020 Budget, the HKSAR government plans to provide higher incentives to marine insurers, and the ship leasing sector. These incentives aim to encourage ship financing in Hong Kong, strengthening the supply chain management industry, and reinforcing Hong Kong as a major Asian trading centre.

The main planned incentives include:

- 50% profits tax concessions for marine insurance and underwriting of specialty risks;
- Facilitating issuance of insurance-linked securities; and
- Profits tax concessions for aircraft leasing and related business.

## II. Banking & Currency Control

### A. Bank Account Setup Requirements and Restrictions for Foreign Direct Investment (FDI)

#### Bank Account Setup Requirements<sup>6</sup>

Opening a bank account in Hong Kong is generally easy. At present, around 10,000 enterprise accounts are opened each month on average, of which about 60% to 70% are opened by SMEs and startups (including around 2,000 accounts for non-local SMEs and startup companies).

One major requirement is that all banks opening account activities must be done complying with the Anti-Money Laundering and Counter-Terrorist Financing Ordinance. The bank must conduct a customer due diligence review before opening an account with the customer.

Requirements and procedures for opening an account vary from bank to bank. General requirements for Hong Kong companies looking to open a bank account are shown in the table below.

#	General Requirements of Bank Account Setup for a Hong Kong Company
1	Date of incorporation
2	Business address, registered address, and correspondence address
3	Background and nature of business of the group(s) to which the company belongs (i.e. the parent company), if applicable
4	Nature of business, mode of operation, sales targets, and supplier information
5	Size of the company (e.g. number of employees, expected revenue)
6	Purpose of account opening, and types of transactions
7	Source of wealth and funds

#### Restrictions for FDI

The majority of FDI into Hong Kong is related to the banking and finance industries. There are no FDI restrictions, and the HKSAR government actively encourages FDI into the city, with many incentives to support businesses.

### B. Restrictions on Inbound and Outbound Funding in Foreign Currency and Local Currency

Being an international and major Asian financial centre, there are no foreign exchange controls in Hong Kong. Capital of any currency is allowed to flow in and out of Hong Kong without restriction.

### C. Policy on Foreign Exchange Rate

Hong Kong has implemented a linked exchange rate system since 17 October 1983, where the Hong Kong dollar is pegged to the United States dollar. The Hong Kong Monetary Authority is responsible for maintaining the stability of the Hong Kong dollar exchange rate.

### 3. Taxation, Transfer Pricing, Banking and Currency Control

Source:

<sup>1</sup> *Two-tiered Profits Tax Rates Regime, Inland Revenue Department*

<sup>2</sup> *2019/2020 Hong Kong Tax Facts and Figures, PricewaterhouseCoopers*

<sup>3</sup> *Hong Kong Highlights 2019, Deloitte Touche Tohmatsu*

<sup>4</sup> *Comprehensive Double Taxation Agreements, Inland Revenue Department*

<sup>5</sup> *The 2019-20 Budget – Budget Speech, Government of the Hong Kong Special Administrative Region*

<sup>6</sup> *LCQ11: Opening of bank accounts by enterprises, Government of the Hong Kong Special Administrative Region*

## 4. Labour, Compensation Rule and Labour Supply Situation

### *Executive Summary*

*The main law governing employment and other labour matters in Hong Kong is the Employment Ordinance, with other supporting laws governing employee benefits.*

*Hong Kong's labour market has also slowly expanded during this decade, with the workforce reaching around four million in 2018. The percentage of educated working population has almost doubled over the past 20 years.*

*For foreign talents wishing to work in Hong Kong, there are many schemes that facilitate their entry into the city. Meanwhile, the HKSAR government and other local institutions have also launched programmes and initiatives aiming to encourage and promote the innovation and technology education in the city.*



## 4. Labour, Compensation Rule and Labour Supply Situation

### I. *Overview on Laws and Regulations over Local Labour Employment*

There are multiple different ordinances to protect employees in Hong Kong. The major labour legislations in Hong Kong include:

- Employment Ordinance, Chapter 57;
- Factories and Industrial Undertakings Ordinance, Chapter 59;
- Employees' Compensation Ordinance, Chapter 282;
- Occupational Safety and Health Ordinance, Chapter 509; and
- Minimum Wage Ordinance, Chapter 608.

#### A. **Contracts and Protection Towards Employees**

##### Minimum Legal Working Age<sup>1</sup>

In Hong Kong, the minimum legal working age is 13, but only for non-industrial work. They are also subject to the condition that they must have completed Form III of secondary education, or attend full-time schooling if they have not. For industrial work, the minimum working age is 15.

The Employment of Children Regulations govern the employment of children under the age of 15 in all economic sectors, whereas the Employment of Young Persons (Industry) Regulations regulate the hours of work and the general conditions of employment of young persons over the age of 15 but under the age of 18 in industrial undertakings in Hong Kong. Children who are registered as apprentices are instead governed under the Apprenticeship Ordinance (Cap. 47).

For the purposes of art and training (such as in entertainment), the Commissioner for Labour may grant special permission for children under the age of 13 to be employed, subject to any conditions the Commissioner specifies.

##### Labour Contracts<sup>2</sup>

All labour contracts in Hong Kong are governed under the Employment Ordinance. Before beginning employment, employers must inform employees of the following employment conditions:

- Wage;
- Wage period;
- Length of notice required for termination; and
- Whether or not the employee will be entitled to an end of year payment, and the amount and period if applicable.

If the employment contract is in writing, the employer must provide a copy of the written contract to the employee. If the contract is not in writing, the employer will be required to provide the above information in writing if the employee requests it.

For more information on labour contracts in Hong Kong, please refer to the “A Concise Guide to the Employment Ordinance” publication by the Labour Department ([www.labour.gov.hk/eng/public/ConciseGuide.htm](http://www.labour.gov.hk/eng/public/ConciseGuide.htm)).

## 4. Labour, Compensation Rule and Labour Supply Situation

### Termination of Contract<sup>2</sup>

Employers or employees can terminate a contract of employment through either giving the other party sufficient notice, or by payment in lieu of a notice. The required length of notice in certain circumstances are listed below.

Time	Circumstances	Length of Notice
During Probation Period	1 <sup>st</sup> month of probation	Not Required
	After 1 <sup>st</sup> month of probation	As per contract agreement (if applicable), but at least 7 days
After Probation Period/Contracts Without Probation Period	Contract with length of notice provision	As per contract agreement, but at least 7 days
	Contract without length of notice provision	At least 1 month

During the first month of a probation period, payment in lieu of a notice is also not required. In all other situations, the terminating party may provide a payment in lieu of a notice according to the following formula:

$$\text{Required Payment} = \text{Length of Notice Required} \times \text{Average Daily/Monthly Wage (Note)}$$

*Note: Average daily wage is used if the length of notice is in days or weeks. Average monthly wage is used if the length of notice is in months.*

### **B. Minimum Wage Level<sup>3</sup>**

The Minimum Wage Ordinance, enacted in July 2010, allows for the establishment of a Statutory Minimum Wage (SMW). The SMW came into effect on 1 May 2011.

As of 1 May 2019, the SMW rate has been raised to HKD 37.50 per hour. Since the SMW rate is expressed as an hourly rate, for wages that are not paid on an hourly basis, the average hourly wage cannot be lower than the SMW rate.

### **C. Maximum Working Hours and Days<sup>4</sup>**

Hong Kong does not have standard maximum working hours. However, for young persons between the ages of 15 and 18 working in industrial undertakings, the Employment of Young Persons (Industry) Regulations provides maximum working hours and days. Under this regulation, young persons can only work eight hours per day (limited to between 7am and 7pm), for a maximum of 48 hours a week, or six days a week.

## 4. Labour, Compensation Rule and Labour Supply Situation

### D. Mandatory Welfare<sup>5</sup>

#### Mandatory Provident Fund (MPF) Scheme

The main social security scheme in Hong Kong is the MPF Scheme. The scheme is intended to help support retirees and other old-aged members of the population. Under the MPF Scheme, the mandatory minimum contributions are as follows:

Monthly Income (HKD)	Employer's Contribution	Employee's Contribution
<7,100	5%	Not Required
7,100 – 30,000	5%	5%
>30,000	HKD 1,500	HKD 1,500

#### Employees' Compensation Ordinance

The Employees' Compensation Ordinance establishes a no-fault, non-contributory employee compensation system for work injuries. Major provisions of the Ordinance are:

- An employer is liable to pay compensation in respect of injuries sustained by its employees as a result of an accident arising out of and in the course of employment, or in respect of occupational diseases specified in the Ordinance suffered by the employees; and
- The Ordinance in general applies to employees who are employed under a contract of service or apprenticeship. Employees who are injured while working outside Hong Kong are also covered if they are employed in Hong Kong by local employers.

The major compensation items include:

- Compensation for death;
- Funeral and medical attendance expenses in fatal cases; and
- Compensation in cases of permanent total incapacity.

For more details of the Employees' Compensation, please refer to the Labour Department's website ([www.labour.gov.hk/eng/legislat/content1.htm](http://www.labour.gov.hk/eng/legislat/content1.htm)).

#### Occupational Safety and Health Ordinance

The Occupational Safety and Health Ordinance provides health and safety protection to employees in workplaces, both industrial and non-industrial. In addition to factories, construction sites and catering establishments, other places, such as offices, laboratories, shopping arcades, educational institutions are also covered under this law.

For more information regarding the Occupational Safety and Health Ordinance, please refer to the Labour Department's website ([www.labour.gov.hk/eng/legislat/content4.htm](http://www.labour.gov.hk/eng/legislat/content4.htm)).

#### Factories and Industrial Undertakings Ordinance

The Factories and Industrial Undertakings Ordinance provides safety and health protection to workers in the industrial sector. The ordinance applies to all industrial undertakings, including factories, construction sites, catering establishments, cargo and container handling facilities, repair workshops, and other industrial workplaces.

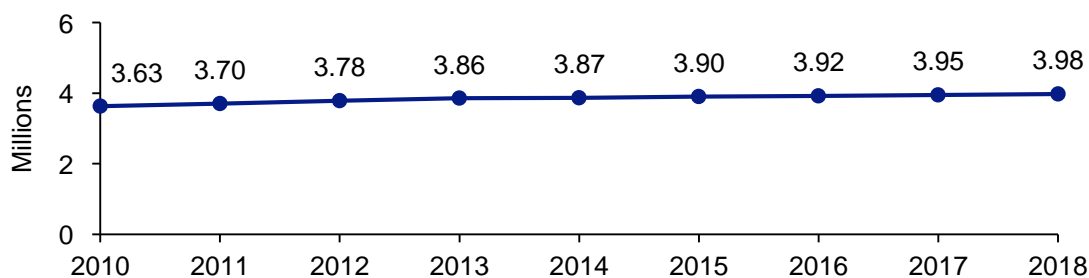
The ordinance includes 30 sets of subsidiary regulations covering various aspects of hazardous work activities in the industrial workplaces listed above. The subsidiary regulations prescribe detailed safety and health standards on work situations, plant and machinery, processes and substances.

For more details on the Factories and Industrial Undertakings Ordinance, please refer to the Labour Department's website ([www.labour.gov.hk/eng/legislat/content3.htm](http://www.labour.gov.hk/eng/legislat/content3.htm)).

## II. Local Labour Supply Market Condition

### A. Supply Situation for Total Labour Force<sup>6</sup>

Hong Kong's Total Labour Force (2010 – 2018)

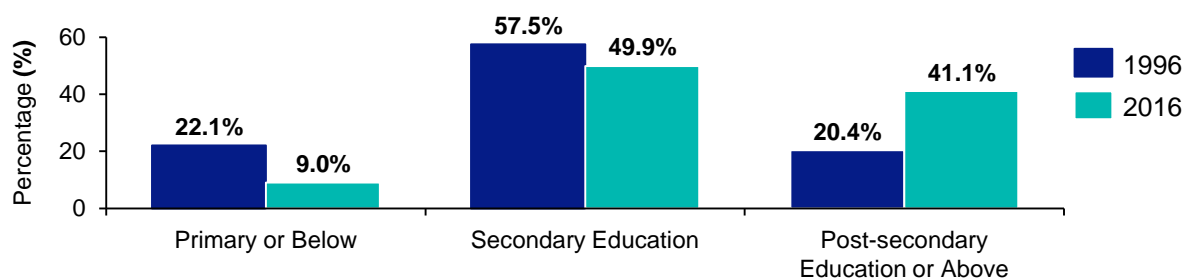


The supply of labour has been gradually increasing since 2010, from just over 3.6 million in 2010 to almost 4.0 million in 2018. In addition, Hong Kong has maintained a low unemployment rate under 3.4% over the past five years (2014-2019).

However, the labour force in Hong Kong is ageing, and this trend is expected to continue. The number of elderly persons (aged 65 or above), is projected to more than double in the next 20 years. As a result, the overall labour force participation rate (i.e. the proportion of the population aged 15 and above in the labour force) is expected to decrease from 59.2% in 2016 to 49.6% in 2066.

### B. Supply on Educated Employees<sup>7,8</sup>

Hong Kong's Estimated Employed Population with Higher Education (1996, 2016)



Compared to 1996, Hong Kong's labour force has become much better educated. Approximately 41% of the labour force had post-secondary education or above (compared to 20% in 1996). Likewise, 9% had only primary education or below, a big improvement from 22% in 1996.

The total number of graduates under the University Grants Committee (UGC)-funded programmes by universities is around 28,500 per year. Under the UGC programme, between 2008 and 2018, the number of graduates in the following fields all increased: science (2,881 to 3,176), computer and information technology (930 to 1,070), and engineering and technology (4,014 to 4,829), bolstering the available talent pool in Hong Kong.

#### Post-secondary Education

The improvement of post-secondary education in Hong Kong can be attributed to the increase of institutions and relevant programmes in the city. There are 22 local degree-awarding post-secondary education institutions in Hong Kong, eight of which are funded by the public and the other 14 are self-financing post-secondary institutions. For a full list of universities and post-secondary institutions in Hong Kong, please refer to Appendix 4 and 5.

#### 4. Labour, Compensation Rule and Labour Supply Situation

In addition, the Vocational Training Council (VTC) provides a comprehensive system of vocational and professional education and training (VPET) for school leavers and adult learners through both full-time and part-time courses. VTC's member institutions offer a wide range of courses, covering applied sciences, design, engineering, hotel, service and tourism, childcare, elderly and community services, business administration, information technology, and other study areas, and are available for post-secondary three up to degree level. For more information about the VTC's member institutions and courses offered, please refer to the VTC's website ([www.vtc.edu.hk/html/en/institutions.html](http://www.vtc.edu.hk/html/en/institutions.html)).

In addition to the VTC's member institutions, there are also vocational-based academies bridging the gap between career training and higher education, including the HKPC Academy, Hong Kong Institute of Construction, Clothing Industry Training Authority, Towngas Engineering Academy, MTR Academy, Hong Kong International Aviation Academy and the CLP Power Academy.

##### Vocational-based Academies in Hong Kong (Part 1/2)

Academy/ Institute	Description
HKPC Academy	<p>The Productivity Training Institute was established in 2004 by HKPC to coordinate, plan, develop, and manage HKPC's professional training services. In 2018, this Institute was upgraded to the HKPC Academy, which aims to nurture a pool of talents to keep pace with the continually changing international markets, and to support Hong Kong's development both locally and in the region.</p> <p>The Academy aligns with HKPC's industry support strategies to promote productivity and enhance the capabilities of businesses, helping local industries to enhance competitiveness and sustainability.</p> <p>The HKPC Academy provides enterprises and individuals with quality diversified training programmes and services, including</p> <ul style="list-style-type: none"> <li>• Public training programmes, workshops and study missions;</li> <li>• Customised corporate training services for diversified sectors; and</li> <li>• Corporate academy consultancy services.</li> </ul> <p>For more details about the programmes offered by the HKPC Academy, please refer to HKPC's official website (<a href="http://www.hkpc.org/en/hkpc-academy/background">www.hkpc.org/en/hkpc-academy/background</a>).</p>
Hong Kong Institute of Construction	<p>The Hong Kong Institute of Construction (HKIC), previously named the Construction Industry Training Authority, was first established in 1975 to offer training and skill enhancement courses for construction workers. It is now a member organisation of Construction Industry Council (CIC) and reports to the Construction Industry Training Board (CITB).</p> <p>For more details, please visit HKIC's website (<a href="http://www.hkic.edu.hk/chi/home">http://www.hkic.edu.hk/chi/home</a>)</p>
Clothing Industry Training Authority	<p>The Clothing Industry Training Authority (CITA), established in 1975, aims to enhance clothing industry's global competitiveness by offering training and learning courses. It has training centres in Lai King and Kowloon Bay. Part-time and full-time programs are also provided by the Fashion Academy, which is a member of CITA, for students pursuing a Technical Diploma or Bachelor degree. The CITA has three missions:</p> <ul style="list-style-type: none"> <li>• Training and cultivating management and technical professionals</li> <li>• Promoting application and innovation of technology</li> <li>• Encouraging healthy industrial practices and commercial operations</li> </ul> <p>For more details, please refer to CITA's website (<a href="https://www.cita.org.hk/en/">https://www.cita.org.hk/en/</a>)</p>

#### 4. Labour, Compensation Rule and Labour Supply Situation

##### Vocational-based Academies in Hong Kong (Part 2/2)

Academy/ Institute	Description
Towngas Engineering Academy	<p>The Towngas Engineering Academy was established in 2009 by the Hong Kong and China Gas Company Limited (Towngas) to provide comprehensive gas-related training in Mainland China and Hong Kong. The Academy aims to nurture professionals, enhance gas safety, and provide quality services to customers. In addition to expanding the company's talent pool, the Academy also works with tertiary institutions to provide gas engineering courses, including certificate, diploma, and Bachelor's elective programmes in order to promote gas knowledge and technology.</p> <p>For more details, please refer to Towngas' official website (<a href="http://www.towngas.com/tc/Careers/Job-Opportunities/Apprentice-Trainee-Programme">www.towngas.com/tc/Careers/Job-Opportunities/Apprentice-Trainee-Programme</a>).</p>
MTR Academy	<p>The MTR Academy was established in 2016 by the MTR Corporation to train and develop railway experts and executives, advancing service and operational excellence in the railway industry both locally and worldwide. The MTR Academy's objectives include:</p> <ul style="list-style-type: none"> <li>• Providing executive and professional training courses for railway operators and authorities;</li> <li>• Establishing a railway operator community in pursuit of best practices in management, and service and operational excellence;</li> <li>• Offering accredited programmes and topical short courses for the local community; and</li> <li>• Conducting applied research in partnership with railway operators, universities and research institutes.</li> </ul> <p>For more details, please refer to the MTR Academy's official website (<a href="http://www.mtracademy.com/en/aboutus/aboutMTRAcademy.html">www.mtracademy.com/en/aboutus/aboutMTRAcademy.html</a>).</p>
Hong Kong International Aviation Academy (HKIAA)	<p>The HKIAA was established in 2016 and is Hong Kong's first civil aviation academy. It is run by the Airport Authority Hong Kong. The HKIAA offers a comprehensive aviation-related curriculum, including placement programmes, professional certificate courses and other advanced programmes, through partnerships with local and overseas education and vocational training institutions, industry practitioners, and other organisations.</p> <p>The HKIAA aims to both nurture young talents and provide career advancement for the continuous development of Hong Kong's aviation industry, and develop a training hub in Hong Kong that will support the sustainable growth in the regional aviation industry.</p> <p>For more details about the HKIAA, please refer to the HKIAA's official website (<a href="http://www.hkinternationalaviationacademy.com">www.hkinternationalaviationacademy.com</a>)</p>
CLP Power Academy	<p>The CLP Power Academy was launched in 2017 by the Hong Kong utilities company CLP Power. The Academy aims to become a world-class professional training institution, providing high quality and recognised training programmes for people who want to pursue a career in the power industry. The CLP Power Academy cooperates with a variety of educational institutions to offer accredited programmes, covering technical aspects including generation engineering, electrical engineering, operational safety and management.</p> <p>For more details about this Academy, please refer to CLP's website (<a href="http://www.clp.com.hk/en/about-clp/clp-power-academy">www.clp.com.hk/en/about-clp/clp-power-academy</a>)</p>

## 4. Labour, Compensation Rule and Labour Supply Situation

### C. Work Permits and Visa<sup>9,10</sup>

Short-term (less than 90 days) foreign visitors to Hong Kong are permitted to conduct business negotiations and sign contracts while on a visitor's visa or entry permit. Hong Kong allows visa-free entries into the city for foreign nationals of over 170 countries and territories, for stays between seven to 180 days. For foreign nationals aiming to work or stay in Hong Kong for longer periods of time, a visa is required to be applied through the Immigration Department before they can live or work in Hong Kong. The main visa for foreigners working in Hong Kong can be applied under the General Employment Policy (GEP), which consists of two types, the Professional, and the Entrepreneur. Mainland Chinese professionals wishing to work in Hong Kong can use the Admission Scheme for Mainland Talents and Professionals (ASMTP). Both the GEP and the ASMTP are quota-free and non-sector specific.

#### General Employment Policy (GEP) – Professionals

Under this program, a foreigner with a good education background, no record of serious crime, and fulfilling a job vacancy in Hong Kong may apply to enter and work in Hong Kong. It must be demonstrated that a prospective employee has special skills, knowledge or experience not readily available in Hong Kong. The proposed employee must be sponsored by an employer in Hong Kong. Under this program, foreigners may also apply to bring in their spouse and unmarried dependents into Hong Kong.

The application process will normally take around four weeks after the Immigration Department has received all the necessary documents. The visa will normally be granted for 24 months (or two years) initially, or according to the duration of the employment contract, whichever is shorter. Foreigners can apply for an extension four weeks before the initial visa expires. Visa extensions will normally be given for three years. For more information, please refer to the Immigration Department's website ([www.immd.gov.hk/eng/services/visas/GEP.html](http://www.immd.gov.hk/eng/services/visas/GEP.html)).

#### General Employment Policy (GEP) – Entrepreneurs

The Entrepreneur scheme under the GEP is similar to the GEP – Professionals in terms of application time visa duration, and visa extension period. However, foreigners in the Entrepreneurs scheme will be considered more favourably if they establish or join a business supported by a government-supported programme such as:

- StartmeupHK Venture Programme by InvestHK;
- Incu-App, Incu-Bio, and Incu-Tech programmes by the Hong Kong Science and Technology Parks Corporation (HKSTPC);
- Cyberport Incubation Programme;
- Small Entrepreneur Research Assistance Programme and Enterprise Support Scheme by the Innovation and Technology Commission; or
- Design Incubation Programme by the Hong Kong Design Centre.

For more information on the Entrepreneur Scheme, please refer to the Immigration Department's website ([www.immd.gov.hk/eng/services/visas/investment.html](http://www.immd.gov.hk/eng/services/visas/investment.html)).

#### Admission Scheme for Mainland Talents and Professionals (ASMTP)

The ASMTP is similar to the GEP programme, but is targeted for Mainland Chinese professionals who wish to work and stay in Hong Kong. The eligibility criteria, application time, visa duration and visa extension period for the ASMTP are the same as for the GEP. For more information on the ASMTP, please refer to the Immigration Department's website ([www.immd.gov.hk/eng/services/visas/ASMTP.html](http://www.immd.gov.hk/eng/services/visas/ASMTP.html)).

## 4. Labour, Compensation Rule and Labour Supply Situation

### Quality Migrant Admission Scheme (QMAS)

The QMAS aims to attract high-skilled individuals to Hong Kong, especially those working in the advanced technology fields. The QMAS provides a source of high-skilled foreign talent for small and medium-sized enterprises (SMEs). There is a quota for QMAS applicants each year.

Applicants are assessed under the General Points Test or the Achievement-based Points Test under the QMAS. Under the General Points Test, applicants will be assessed based on age, academic qualifications, work experience, language proficiency, family background, and whether they fulfil a profession on the Talent List of Hong Kong ([www.talentlist.gov.hk/en/](http://www.talentlist.gov.hk/en/)). Applicants are not required to have an offer of employment before entering under the QMAS. For more details, please refer to the Immigration Department's website ([www.immd.gov.hk/eng/services/visas/quality\\_migrant\\_admission\\_scheme.html](http://www.immd.gov.hk/eng/services/visas/quality_migrant_admission_scheme.html)).

### Technology Talent Admission Scheme (TechTAS)

The TechTAS was launched by the Innovation and Technology Bureau (ITB), and is a pilot scheme that provides a fast-track arrangement for admitting foreign and Mainland Chinese technology talents for research and development (R&D) work in Hong Kong.

Technology companies need to first apply for a quota. A company that has been allotted a quota can then sponsor applicants in applying for an employment visa or entry permit within the quota validity period. As of September 2018, 123 quotas have been approved.

The key requirements for companies looking to apply for a quota under TechTAS are listed as below.

Category	Criteria
Tenancy	Must be a tenant of either: <ul style="list-style-type: none"><li>• HKSTPC (including Hong Kong Science Park, InnoCentre, or the industrial estates managed by HKSTPC); or</li><li>• Hong Kong Cyberport Management Company Limited (Cyberport)</li></ul>
Industry	Must be engaged in one or more of the following industries: <ul style="list-style-type: none"><li>• Biotechnology;</li><li>• Artificial intelligence;</li><li>• Cyber security;</li><li>• Robotics;</li><li>• Data analytics;</li><li>• Financial technologies; and</li><li>• Material science.</li></ul>

Any foreign applicant workers must also fulfill requirements, including:

- Be engaged in R&D work in the seven technology industries listed above;
- Hold a Science, Technology, Engineering, or Math (STEM) degree from a well-recognised university; and
- Have minimum one-year work experience in the relevant field if only holding a Bachelor's degree (no work experience is required for Master's or Doctoral degree holders).

Under the TechTAS, for every three foreign employees admitted through the scheme in a company, the company must also employ one local full-time employee, and two local interns.

For more information on TechTAS, please refer to the Innovation and Technology Commission's website ([www.itc.gov.hk/en/techtas/index.htm](http://www.itc.gov.hk/en/techtas/index.htm)).

### III. Local Supporting Labour Schemes<sup>11</sup>

Reindustrialisation requires a talented research and development (R&D) workforce to assist in developing high-end manufacturing. The HKSAR government has implemented a series of programmes and schemes to retain high-skilled talents.

Time Period	Programmes for Locals	Programmes for Overseas
Short-term	<ul style="list-style-type: none"> <li>Researcher Programme</li> <li>Postdoctoral Hub (PH)</li> </ul>	TechTAS
Mid-term	<ul style="list-style-type: none"> <li>Reindustrialisation and Technology Training Programme (RTTP)</li> <li>Massive Open Online Course</li> </ul>	QMAS
Long-term	<ul style="list-style-type: none"> <li>Professional Diploma in Industry 4.0</li> <li>Higher Diplomas in Data Science and Analytics</li> <li>Higher Diplomas in Financial Technology</li> </ul>	N/A

#### A. Researcher Programme

The Researcher Programme, formerly known as the Internship Programme, is under the Innovation and Technology Fund (ITF) of the Innovation and Technology Commission. Through the Researcher Programme, applicant projects can apply to recruit students from universities in Hong Kong to assist in R&D projects. Each applicant can use up to two researchers through this programme at any one time.

The maximum monthly allowance in 2019 is HKD 18,000 for graduates with a Bachelor's degree, and HKD 21,000 for a Master's degree. Each researcher can be engaged on a project for up to 36 months. As of 2019, over 3,700 researchers have worked on R&D projects through the Researcher Programme. For more details on the Researcher Programme, please refer to the ITF's website ([www.itf.gov.hk/l-eng/RP.asp](http://www.itf.gov.hk/l-eng/RP.asp)).

#### B. Technology Talent Scheme

The ITF has also launched the Technology Talent Scheme, comprising the PH and RTTP. The Technology Talent Scheme was launched in August 2018 to nurture more talents in innovation and technology (I&T) fields in Hong Kong. The Scheme provides funding support to I&T companies for R&D recruitment.

##### Postdoctoral Hub (PH)

The PH programme provides funding support to eligible companies for recruiting postdoctoral graduates for R&D work to fill any short-term high-skilled talent gap. Each eligible PH applicant can use up to two postdoctoral graduates or researchers at any one time.

As of 2019, the maximum engagement period is 36 months for each researcher. The maximum monthly allowance is HKD 32,000 per researcher. Over 350 postdoctoral graduates have worked in I&T fields through this programme, and as of September 2018, 124 out of 151 PH applications have been approved, with a total funding of over HKD 56 million.

For more details on the PH programme, please refer to the ITF's website ([www.itf.gov.hk/l-eng/TTS-PH.asp](http://www.itf.gov.hk/l-eng/TTS-PH.asp)).

## 4. Labour, Compensation Rule and Labour Supply Situation

### Reindustrialisation and Technology Training Programme (RTTP)

The RTTP subsidises Hong Kong companies for staff trainings in advanced technologies, particularly in the Industry 4.0 (i4.0) fields. The RTTP grants funds on a 2:1 matching basis. The technologies covered by the training courses should be advanced in nature and not yet widely adopted in Hong Kong. The adoption of such technologies should also benefit the economy of Hong Kong. As of September 2018, the RTTP has received over 115 applications for public course registration, of which 54 have been approved.

The types of trainings funded by RTTP include:

- Public courses: training courses that are open to the public for enrolment; and
- Tailor-made courses: training courses that are designed for a particular company.

For more details on the RTTP, please refer to ([www.itf.gov.hk/l-eng/TTS-RTTP.asp](http://www.itf.gov.hk/l-eng/TTS-RTTP.asp)).

## ***IV. Reinforcing STEM Education***

Universities and institutes in Hong Kong have also been offering programmes to upskill the workforce in Hong Kong. This allows the local workforce to better contribute to the advanced technologies industries, and the reindustrialisation of Hong Kong.

### Massive Open Online Course (MOOC)<sup>12</sup>

The Hong Kong Polytechnic University (PolyU) has launched a free MOOC entitled "Industry 4.0: How to Revolutionize your Business" on the edX platform, which is jointly hosted by Harvard University and the Massachusetts Institute of Technology.

The course lasts for six weeks (with six to eight hours per week), covering the crucial topics of cloud computing, big data, internet of things, cyber physical systems, and their roles in Industry 4.0. Intelligent automation, machine intelligence, and human-machine collaborations, and how they relate to smart manufacturing, products, and services are also discussed.

### Professional Diploma in Industry 4.0 (i4.0)<sup>13</sup>

To strengthen awareness of i4.0 in Hong Kong, and to enhance the relevant skills of the workforce in these industries, the HKPC Academy, the VTC and Germany's Fraunhofer Institute for Production Technology (Fraunhofer IPT) have worked together to offer Hong Kong's first Professional Diploma Programme in i4.0, starting in 2018.

Accredited as a Qualifications Framework Level 4 course, the diploma programme comprises four modules: 1) Implementation of Industry 4.0; 2) Cyber physical systems; 3) Smart automation; and 4) Internet of Things applications. Students are eligible to apply for the Vplus Engineering programme that would provide a refund on tuition fees of up to 60%.

### Higher Diplomas by the Vocational Training Council (VTC)<sup>14</sup>

The VTC also offers Higher Diplomas (equivalent to post-secondary level), which aim to cultivate the future workforce for the I&T industry. The Higher Diploma in Data Science and Analytics was launched in 2017, and Higher Diploma in Financial Technology in 2018. Both programmes feature artificial intelligence and machine learning modules, which teach skills critical in i4.0 and for the reindustrialisation of Hong Kong.

For more information, please refer to the VTC's website ([www.vtc.edu.hk/admission/en/programme/s6/higher-diploma/](http://www.vtc.edu.hk/admission/en/programme/s6/higher-diploma/)).

#### 4. Labour, Compensation Rule and Labour Supply Situation

Source:

<sup>1</sup> *Employment of Children Regulations, Labour Department*

<sup>2</sup> *A Concise Guide to the Employment Ordinance, Labour Department*

<sup>3</sup> *Minimum Wage Ordinance, Labour Department*

<sup>4</sup> *Overview Of Major Labour Legislation, Labour Department*

<sup>5</sup> *Contributions, Mandatory Provident Fund Schemes Authority*

<sup>6</sup> *Labour Force, Census and Statistics Department*

<sup>7</sup> *Graduates of UGC-funded Programme Statistics, University Grants Committee*

<sup>8</sup> *Compositional changes in Hong Kong's labour force, Government of the Hong Kong Special Administrative Region*

<sup>9</sup> *Visa & Immigration, InvestHK*

<sup>10</sup> *Introduction of Admission Schemes for Talent, Professionals and Entrepreneurs, Immigration Department*

<sup>11</sup> *Innovation and Technology Fund official website*

<sup>12</sup> *PolyU launches a Massive Open Online Course in Industry 4.0, Hong Kong Polytechnic University, Feb 2018*

<sup>13</sup> *HKPC Academy, VTC and Fraunhofer IPT to launch the first Professional Diploma in Industry 4.0, Vocational Training Council, 2019*

<sup>14</sup> *Higher Diploma, Vocational Training Council*

## 5. Research and Development Environment

### *Executive Summary*

*To promote Hong Kong's reindustrialisation, the HKSAR government has been implementing numerous policies and increasing its research and development (R&D) expenditures over the past five years.*

*The territory has extensive R&D capacities: established infrastructure (research centres and supporting government organisations), science and technology (S&T) proficient universities, multiple funding programmes available (including the Innovation Technology Fund), and a large workforce of researchers. In addition, Hong Kong has a well-developed testing and certification ecosystem that can provide extensive services to local and foreign companies engaging in R&D.*

*The HKSAR government is also planning to establish the city as a hub for intellectual property (IP) trading. Hong Kong's original grant patent system launched in December 2019 will encourage enterprises to register IPs in the region.*



## 5. Research and Development Environment

### I. The Science and Technology (S&T) in Hong Kong

Rapid development of the science, technology and innovation (STI) sector in Hong Kong is a result of strong government support. Among the key identified industries for the reindustrialisation of Hong Kong are: biotechnology, artificial intelligence, smart cities and financial technology.

#### A. Policies and Trends in S&T<sup>1,2,3,4</sup>

##### Policies on Reindustrialisation

To promote the reindustrialisation of Hong Kong, the government has enacted numerous policies providing companies with support in terms of land, technology, capital and talents. These policies also aim to assist the transformation and upgrade of existing industries, as well as the development of new high value-added industries.

##### Research and Development (R&D) Investments

In recent years, the government has been increasing its expenditure on R&D to encourage and support Hong Kong enterprises in this sector.

2016	2017	2018/2019	2019/2020
<ul style="list-style-type: none"> <li>Set aside HKD 2 billion to set up a venture capital fund to co-invest with private venture capital funds in local innovation and technology startups</li> </ul>	<ul style="list-style-type: none"> <li>Proposed to double the total R&amp;D expenditure within five years</li> <li>Build a data technology centre</li> <li>Build an advanced manufacturing centre</li> <li>Set aside HKD 500 million for the Innovation and Technology Bureau</li> <li>Launch a technology voucher scheme to support small and medium-sized enterprises (SMEs) technology use to upgrade their transformation and enhance their productivity</li> </ul>	<ul style="list-style-type: none"> <li>Allocated an additional HKD 50 billion to promote innovation and technology development</li> <li>Build technological innovation platforms on medical technology, artificial intelligence and robot technology</li> <li>Allocated funds to the Cyberport to strengthen support for startups and promote the development of a digital technology ecosystem.</li> </ul>	<ul style="list-style-type: none"> <li>Allocated an additional HKD 2 billion to the Innovation and Technology Fund to implement a reindustrialisation funding scheme and to subsidise manufacturers on setting up smart production lines in Hong Kong</li> </ul>

##### Outlook

As a result, Hong Kong's innovation capabilities are quite strong compared to other countries and territories. Hong Kong was ranked 26<sup>th</sup> out of 140 countries and territories on the "Innovation Capability" criteria of the 2018 Global Competitiveness Index.

## B. S&T Related Organisations

The HKSAR government assists the companies through the Innovation and Technology Bureau and the Innovation and Technology Commission. Their main missions are to support the STI sector and to promote the development of a high-end manufacturing industry. For additional details please refer to the related homepages ([www.itb.gov.hk](http://www.itb.gov.hk)) and ([www.itc.gov.hk](http://www.itc.gov.hk)).

## II. The Infrastructure of Science and Technology

### A. Government R&D Institutes and/or Funding Agencies<sup>5</sup>

In Hong Kong, there are multiple centres, agencies, councils or institutes that support R&D activities of companies. The government has specifically funded the Hong Kong Applied Science and Technology Research Institute, the Hong Kong Science Park (HKSTP), Cyberport and another five R&D centres to assist in the development of innovation and technology in Hong Kong.

#### HKSAR Government Funded Institutes

Institute	Description
Hong Kong Productivity Council (HKPC)	<ul style="list-style-type: none"> <li>Helps Hong Kong enterprises enhance their productivity through advanced technologies and innovative services</li> <li>Experts of Industry 4.0 (i4.0) and Enterprise 4.0 (e4.0) to assist companies on their reindustrialisation journey</li> <li>Focuses on scientific and technological research in: Internet of Things (IoT), big data, artificial intelligence or intelligent manufacturing</li> </ul>
Hong Kong Science Park (HKSTP)	<ul style="list-style-type: none"> <li>Hosts around 70 technology companies (with nearly 1,300 technology professionals)</li> <li>Divided into five major technology clusters: <ul style="list-style-type: none"> <li>Biomedical technology;</li> <li>Electronics;</li> <li>Green technology;</li> <li>Information and communications technology; and</li> <li>Materials and precision engineering.</li> </ul> </li> <li>Research focuses on: smart city, healthy ageing, and robot technology</li> </ul>
Cyberport	<ul style="list-style-type: none"> <li>Hosts 1,000 digital technology companies</li> <li>Wholly-owned by the HKSAR government</li> <li>Research focuses on: <ul style="list-style-type: none"> <li>Financial technology;</li> <li>E-commerce and IoT;</li> <li>Wearable technology;</li> <li>Big data and artificial intelligence.</li> </ul> </li> <li>A HKD 5.5 billion expansion project is planned to attract more powerful technology companies and support additional startups (with offices, shared workshops, conference space and data service platforms). The expansion is expected to be completed in 2024.</li> </ul>

## HKSAR Government Funded R&amp;D Centres

R&D Centres	Description
Automotive Platforms and Application Systems R&D Centre (APAS)	<ul style="list-style-type: none"> <li>• APAS carries out R&amp;D activities to promote the development of automotive parts industry</li> <li>• Merged with the HKPC in November 2012</li> </ul>
Hong Kong Applied Science and Technology Research Institute (ASTRI)	<ul style="list-style-type: none"> <li>• Created by the government in 2000 to assist the development of the technology industry through applied technology research</li> <li>• In April 2006, the government designated ASTRI as the main development centre for information and communications technology (ICT)</li> <li>• Since its establishment, ASTRI has completed nearly 500 research projects and transferred more than 750 technologies to the industry</li> </ul>
Hong Kong Research Institute of Textiles and Apparel (HKRITA)	<ul style="list-style-type: none"> <li>• HKRITA is hosted by the Hong Kong Polytechnic University</li> <li>• HKRITA focuses on R&amp;D in:               <ul style="list-style-type: none"> <li>○ New materials, textiles and apparel products;</li> <li>○ Advanced textiles and clothing production technologies;</li> <li>○ Innovative design and evaluation technologies; and</li> <li>○ Enhanced industrial systems and infrastructure.</li> </ul> </li> </ul>
Logistics and Supply Chain MultiTech R&D Centre (LSCM)	<ul style="list-style-type: none"> <li>• LSCM is hosted by the University of Hong Kong, the Chinese University of Hong Kong and the Hong Kong University of Science and Technology.</li> <li>• LSCM focuses on multiple areas:               <ul style="list-style-type: none"> <li>○ Infrastructure information technology system (IoT, Radio Frequency Identification (RFID) technology, location-based service technology);</li> <li>○ Logistics and supply chain analytics and applications,</li> <li>○ Supply chain security (authentication/logistics security); and</li> <li>○ Financial services and e-commerce technology.</li> </ul> </li> <li>• Researches focus on ready-to-market technologies for commercialisation by industries</li> </ul>
Nano and Advanced Materials Institute (NAMI)	<ul style="list-style-type: none"> <li>• NAMI was established in 2006 as the main Hong Kong R&amp;D centre for nanotechnology and advanced materials</li> <li>• NAMI focuses on five R&amp;D areas:               <ul style="list-style-type: none"> <li>○ Energy;</li> <li>○ Electronics;</li> <li>○ Construction;</li> <li>○ Environmental; and</li> <li>○ Healthcare.</li> </ul> </li> </ul>






## B. University-based R&D Institutes<sup>6</sup>

Apart from the government, universities are important players in the R&D field. According to the 2019 QS Asia University Rankings, Hong Kong has seven universities ranked in the top 300. Typically, QS Institute ranks the top universities in Asia according to six criteria, among which the most important ones are academic reputation (assessing teaching and research quality) and citation per faculty (assessing importance of research outputs). The top Hong Kong institution, the University of Hong Kong, comes in second place, implying that research conducted in the university have a very strong impact in the international S&T scene. In addition, another five universities are ranked in the top 100. Below is an overview of the top six institutions.

University (Ranking)	Research Fields in the University
<b>The University of Hong Kong</b> (2 <sup>nd</sup> )	Focuses on the development of advanced S&T. There are two main R&D centres: <ul style="list-style-type: none"> <li>• HKU-TCL Joint Research Centre for Artificial Intelligence (AI): TCL Corporation provided HKD 30 million over five years to support AI research.</li> <li>• HKU-TCL Joint Laboratory for New Printable OLED Materials and Technology: develops high performance solution used in the fabrication of OLEDs.</li> </ul>
<b>The Hong Kong University of Science and Technology</b> (7 <sup>th</sup> )	Engaged in enhancing synergies and promoting interdisciplinary research within each research area. The main R&D centres in the university are: <ul style="list-style-type: none"> <li>• Centre for Artificial Intelligence Research: promotes interdisciplinary research, education and knowledge transfer in all aspects of artificial intelligence.</li> <li>• Centre of Systems Biology and Human Health: the first system biology-oriented research centre in Hong Kong.</li> </ul>
<b>The Chinese University of Hong Kong</b> (9 <sup>th</sup> )	Set up joint research units in collaboration with a number of Mainland and overseas academic institutions: <ul style="list-style-type: none"> <li>• Asian Institute of Supply Chains &amp; Logistics (AISCL): carries out R&amp;D activities on supply chain management and logistics.</li> <li>• CUHK-ASTRI Joint Research Laboratory: focuses on 5G mobile network technology, financial technology and intelligent production technology.</li> </ul>
<b>City University of Hong Kong</b> (21 <sup>st</sup> )	Hosts two research institutes, 20 research centres, and eight applied strategic development centres which focus on areas such as: <ul style="list-style-type: none"> <li>• Data science;</li> <li>• Software engineering; or</li> <li>• Precious metals.</li> </ul>
<b>The Hong Kong Polytechnic University</b> (31 <sup>st</sup> )	Hosts research centres such as: <ul style="list-style-type: none"> <li>• Life sciences and engineering R&amp;D platform: promotes innovative applications related to life sciences and engineering.</li> <li>• AI Laboratory: the research facility features the world's fastest artificial intelligence supercomputer.</li> </ul>
<b>Hong Kong Baptist University</b> (65 <sup>th</sup> )	Hosts a number of research institutes/centres and key laboratories: <ul style="list-style-type: none"> <li>• Institute of Advanced Materials: dedicated to the study of optical and electrical properties of advanced materials.</li> <li>• The Institute of Computational and Theoretical Studies (ICTS): aims to expand computing research platforms and promote interdisciplinary cooperation.</li> </ul>

### III. Priority Areas in Hong Kong<sup>7,8</sup>

Hong Kong's main exports are related to electronics. In 2018, the top five exports from Hong Kong were:

Top 5 Exports	% of Total Exports (2018)
 <b>Electrical Machinery and Equipment</b>	54.4%
 <b>Machinery and Mechanical Appliances</b>	13.1%
 <b>Precious or Semi-precious Stones</b>	12.0%
 <b>Optical and Medical Equipment</b>	3.2%
 <b>Plastics and Related Products</b>	1.8%

According to the World Bank's latest data available (from 2016), only 14% of Hong Kong's exported products were classified as hi-tech (e.g. products with high R&D intensity, such as in computers, aerospace, pharmaceuticals).

### IV. Funding for S&T and R&D<sup>9</sup>

The main S&T funding initiative in Hong Kong is the Innovation Technology Fund (ITF). The ITF aims to increase the economic productivity and competitiveness of Hong Kong by assisting companies in their technological upgrade journey. Under the ITF, companies can apply for more than 15 funding programmes, schemes or grants which support R&D activities, facilitate technology adoption, nurture technology talents or specifically support startup development. Some of the main funding initiatives are described below.

Programme	Description
Innovation and Technology Support Programme (ITSP)	<ul style="list-style-type: none"> <li>• Supports R&amp;D projects undertaken by local public research institutes and R&amp;D centres</li> <li>• Focuses on supporting two types of projects:               <ul style="list-style-type: none"> <li>○ Platform projects: industry oriented R&amp;D projects with commercialisation potential;</li> <li>○ Seed projects: exploratory and forward-looking projects.</li> </ul> </li> </ul>
Mainland – Hong Kong Joint Funding Scheme (MHKJFS)	<ul style="list-style-type: none"> <li>• Aims to support and encourage R&amp;D collaboration between Hong Kong and multiple Mainland Chinese provinces</li> <li>• Provides funding for platform and collaborative R&amp;D projects</li> </ul>

Programme	Description
Guangdong – Hong Kong Technology Cooperation Funding Scheme (TCFS)	<ul style="list-style-type: none"> <li>• Aims to enhance the R&amp;D collaboration between the Hong Kong and Guangdong/Shenzhen governments</li> <li>• Focuses on supporting three types of projects run by the respective governments: <ul style="list-style-type: none"> <li>○ Projects which are solicited, vetted and funded solely by Hong Kong</li> <li>○ Projects which are solicited, vetted and funded solely by Guangdong/Shenzhen</li> <li>○ Projects which are jointly solicited, vetted and funded by Guangdong/Shenzhen and Hong Kong</li> </ul> </li> </ul>

For additional information on funding please visit the ITF website ([www.itf.gov.hk/l-eng/about.asp](http://www.itf.gov.hk/l-eng/about.asp)).

## V. Human Resources for S&T<sup>10</sup>

Hong Kong has a steady supply of proficient S&T workforce. Overall, in the 2019 Global Innovation Index, the territory ranked 27<sup>th</sup> out of 126 countries and territories in the criteria of “Researchers, FTE/mn pop.” with a ratio of 3,412 researchers per 1 million people.

## VI. Testing and Certification<sup>11,12,13,14,15</sup>

The HKPC, HKSTP, Hong Kong Council for Testing and Certification (HKCTC) and Hong Kong Accreditation Service (HKAS) have been offering testing and certification services to the industries through their laboratories and support centres. By offering a wide range of systems and product certification services, they help stimulate the STI ecosystem.

### Hong Kong Productivity Council (HKPC)

HKPC has been cooperating with local industries to develop various applied technology solutions. The testing and certification support centres operated by HKPC include:

Centre	Target Industries	Services
Reliability Testing Centre	<ul style="list-style-type: none"> <li>• Manufacturing</li> <li>• Electronics</li> </ul>	Provides reliability engineering and testing services for components and printed circuit board: <ul style="list-style-type: none"> <li>• Environmental stress testing;</li> <li>• Printed circuit board testing;</li> <li>• Accelerated life test and life data analysis; or</li> <li>• Infrared thermography</li> </ul>
Hong Kong Plastic Machinery Performance Testing Centre	<ul style="list-style-type: none"> <li>• Plastic Machinery</li> </ul>	Specialised in testing and certifying the quality and performance of plastic machinery: <ul style="list-style-type: none"> <li>• CE mark consultancy;</li> <li>• Performance testing;</li> <li>• Machine health check services;</li> <li>• Individual model certification schemes; or</li> <li>• Machine model certification schemes.</li> </ul>
Software Testing and Certification Centre	<ul style="list-style-type: none"> <li>• ICT</li> </ul>	Facilitates the exploration and development of testing and certification services for the ICT industry: <ul style="list-style-type: none"> <li>• Independent testing services;</li> <li>• Project outsourcing management and quality assurance;</li> <li>• Software engineering and testing process improvement;</li> <li>• Mobile testing laboratory; or</li> <li>• Automated laboratory testing.</li> </ul>

For additional information, please visit ([www.hkpc.org/en/support-resource/support-centres](http://www.hkpc.org/en/support-resource/support-centres)).

### Hong Kong Science Park (HKSTP)

HKSTP provides indirect testing and certification services through research centres:

- The Robotics Catalysing Centre (RCC): established in 2017 to support robotics solution providers throughout their system development cycle. The RCC is undergoing an expansion project to provide additional laboratory facilities and equipment to support companies across proof-of-concept testing, product development, prototyping, and technology trials, etc.

HKSTP also provides direct testing and certification services catered to electronics device R&D projects:

- Integrated circuit development and pilot production: testing programme development, mixed-signal, radio frequency, and memory products, load board design, probe card design, tester platform conversion, etc.
- Reliability testing: high/low temperature operating life test, temperature and humidity test, reflow soldering simulation, high temperature storage, moisture sensitivity level, etc.

For additional information on testing and certification services provided by HKSTP, please visit the following website ([www.hkstp.org/en/how-we-serve/](http://www.hkstp.org/en/how-we-serve/))

### Hong Kong Council for Testing and Certification (HKCTC)

The HKCTC provides strategic views to the HKSAR government on the development of the testing and certification industry.

### Hong Kong Accreditation Service (HKAS)

The HKAS provides accreditation services mainly to laboratories, certification bodies and inspection bodies located in Hong Kong through three accreditation schemes:

- The Hong Kong Laboratory Accreditation Scheme (HOKLAS);
- The Hong Kong Certification Body Accreditation Scheme (HKCAS); and
- The Hong Kong Inspection Body Accreditation Scheme (HKIAS).

Accredited certificates issued by HKAS are recognised by over 80 accreditation bodies in more than 60 countries and territories. They facilitate trading by assuring the quality and safety of products sourced from Hong Kong.

### ***VII. Intellectual Property Policy***<sup>16,17,18</sup>

Intellectual property protection is important for enterprises to stay competitive in the market. The HKSAR government offers companies multiple options to protect their patents.

#### Original Grant Patent (OGP) System

The Intellectual Property Department offers patents registration in Hong Kong for two types of patents:

- Standard patent: protection for a minimum of three years, and is renewable annually, up to a maximum of a total of 20 years.
- Short-term patent: protection renewable after four years from filing, for a maximum of eight years.

A new OGP system was implemented in December 2019 for standard patents. It will facilitate patent applications by erasing the need for double filing (in and outside of Hong Kong), which was imposed by the previous “re-registration” system.

#### Patent Application Grant (PAG)

Local companies and inventors are encouraged to patent their inventions by applying for financial support provided by the PAG in Hong Kong. Administered by the Innovation and Technology Commission, the PAG funds the companies’ patent applications of up to HKD 250,000 (or 90% of the total cost).

For additional details on the PAG, please refer to ([www.itc.gov.hk/en/funding/pag.htm](http://www.itc.gov.hk/en/funding/pag.htm)).

Source:

<sup>1</sup> *Innovation and technology Industry in Hong Kong, HKTDC, 2019*

<sup>2</sup> *The 2019-20 Budget, Government of the HKSAR*

<sup>3</sup> *Innovation and technology industry in Hong Kong, Legislative Council, Secretariat*

<sup>4</sup> *The Global Competitiveness Report 2018, World Economic Forum*

<sup>5</sup> *Homepages of the different council, institutes and centres*

<sup>6</sup> *QS Asia University Rankings 2019, QS World University Rankings*

<sup>7</sup> *Trade Map, International Trade Centre*

<sup>8</sup> *Hi-tech exports (as % of manufactured exports), World Bank*

<sup>9</sup> *Innovation Technology Fund*

<sup>10</sup> *Global Innovation Index 2019, INSEAD*

<sup>11</sup> *Robotics Catalysing Centre, HKSTP*

<sup>12</sup> *How we serve, HKSTP*

<sup>13</sup> *Support Centres, HKPC*

<sup>14</sup> *About HKCTC*

<sup>15</sup> *About HKAS*

<sup>16</sup> *Patent protection in Hong Kong, China, Intellectual Property Department*

<sup>17</sup> *Updated background brief on progress of implementation of the patents reform, Legislative Council, 2018*

<sup>18</sup> *Patent Application Grant, Innovation and Technology Commission*

## 6. Supply Chain Environment

### *Executive Summary*

*Hong Kong's economy is heavily dependent on the services sector, generating over 90% of the city's GDP in 2017. The city's four main economic pillars: financial services, professional services, trading and logistics, and tourism, all belong to the services sector.*

*To facilitate the supply chain logistics in Hong Kong, the Hong Kong Trade Development Council (HKTDC) has developed e-Procurement platforms to connect suppliers with buyers in Hong Kong.*

*Hong Kong has always been a major well-connected regional logistics hub, with world-class airport and port facilities. Combined with efficient customs processes, Hong Kong ranks well in global connectedness and logistics performance. Hong Kong's advantages in logistics development and infrastructure also allow Hong Kong to capitalise on the latest development opportunities arising in the Greater Bay Area.*



## 6. Supply Chain Environment

### I. Industry Profiles in Hong Kong

#### Breakdown of 2018's Top 10 Exports<sup>1,2,3</sup>

Hong Kong's major sectors by gross domestic product (GDP) in 2017 were services (92.3%), industry (7.6%) and agriculture (0.1%).

The services sector in Hong Kong mainly includes tourism, banking, finance, and professional services. As a major financial centre, Hong Kong's economy is heavily dependent on the services sector.

The industry sector in Hong Kong mainly consists of the clothing and textiles, electronics, and jewellery, clocks, and other luxury items.

There is virtually no agricultural industry in Hong Kong, with fresh vegetables and meats such as poultry, pork and fish being the main produce sold locally.

In 2018, Hong Kong's total exports amounted to USD 569 billion, of which over 90% were contributed by its top 10 exports.

Product Groups (Note)	Value in 2018	% of Total Exports
1. Electrical machinery and equipment	USD 309.7 billion	54.4%
2. Machinery, and mechanical appliances	USD 74.5 billion	13.1%
3. Precious metals, precious stones, and pearls	USD 68.2 billion	12.0%
4. Optical and medical equipment	USD 18.3 billion	3.2%
5. Plastics and related products	USD 10.0 billion	1.8%
6. Clocks, watches, and related components	USD 8.5 billion	1.5%
7. Toys and games	USD 7.2 billion	1.3%
8. Apparel and clothing, knitted or crocheted	USD 7.0 billion	1.2%
9. Apparel and clothing, not knitted or crocheted	USD 6.2 billion	1.1%
10. Leather and related products	USD 4.6 billion	0.8%

Note: The above categories are grouped based on the Harmonized Commodity Description and Coding System (HS Code). For specific items within each category, please refer to [www.censtatd.gov.hk/trader/hscodex/index.jsp](http://www.censtatd.gov.hk/trader/hscodex/index.jsp).

Hong Kong is a major player in the global electronics market. In 2017, Hong Kong was the sixth largest exporter of broadcasting equipment in the world (USD 12.6 billion), and the sixth largest exporter of telephones in Asia (USD 3.8 billion).

The jewellery, watches, and precious metals industry in Hong Kong is also extremely important for trade. In 2017, Hong Kong was the largest exporter of pearls in the world with USD 3.2 billion making up 74% of the world's exports, the third largest exporter of gold in the world with USD 25.6 billion, the third largest exporter of metal watches with USD 1.2 billion, and the fourth largest exporter of diamonds in Asia with USD 5.4 billion.

## II. Raw Materials Sourcing Platforms/Channels<sup>4</sup>

### [hktdc.com](http://hktdc.com)

#### hktdc.com Sourcing

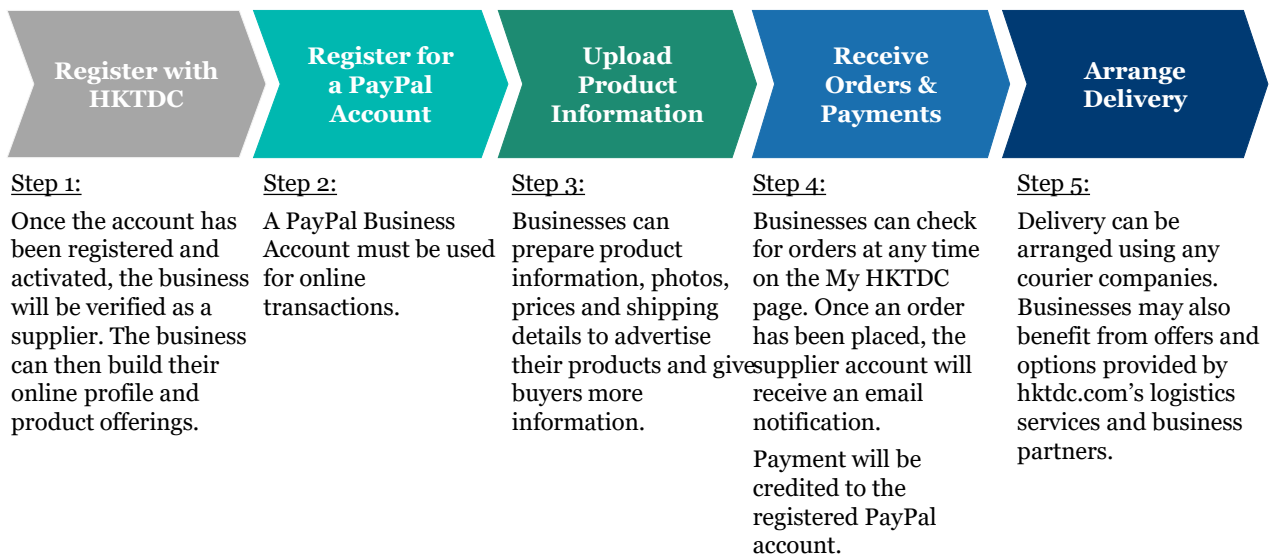
The Hong Kong Trade Development Council (HKTDC) has developed and manages the award-winning online procurement platform, [hktdc.com Sourcing](http://hktdc.com) ([sourcing.hktdc.com](http://sourcing.hktdc.com)). The platform connects over 130,000 suppliers with more than two million buyers, generating more than 24 million business connections per year. It supports English and Chinese as well as Spanish, French, German, Italian, Portuguese, and Russian, to facilitate use by foreign buyers and businesses.

HKTDC assists in providing information verification services to ensure mutual confidence between buyers and suppliers. Suppliers' information can be verified by internationally renowned organisations. HKTDC also provides many support services to both suppliers and buyers, including buyer loyalty rewards and tailored business matching services to both simplify usage and enhance user experience. HKTDC will also support international buyers and suppliers' participation in the many events and trade conventions held in Hong Kong annually.

#### hktdc.com Small Orders

HKTDC provides a separate procurement platform, [hktdc.com Small Orders](http://hktdc.com), to handle orders in small quantities (ranging from five to 1,000 units). This allows businesses to test market acceptance of products, and also enhance flexibility for high-end industries producing products in small quantities.

#### Using [hktdc.com](http://hktdc.com) as a Supplier



### **III. Procurement Situation (local and overseas) of Raw Materials**

#### **A. Hurdles or Problems Encountered<sup>5,6</sup>**

Hong Kong is the world's leading cargo hub, and plays a key part in the global supply chain by facilitating financing for Mainland Chinese factories. However, as the trade war between Mainland China and the US is leading to shifts in the global supply chain, and factories are looking to relocate or expand from Mainland China, Hong Kong needs to reposition itself in the global supply chain. Luckily, Hong Kong is well-positioned between Mainland China and Southeast Asia, enabling it to become a logistics and trade financing hub for investments. Hong Kong can also take advantage of the free trade agreement signed with the Association of Southeast Asian Nations (ASEAN), which is Hong Kong's second largest trading partner after Mainland China.

According to a 2020 report by the World Bank, Hong Kong ranked third out of 190 countries and territories in "Ease of Doing Business", an increase from fourth in 2019. Hong Kong provides a favourable business environment for both local businesses and overseas companies looking to establish regional offices. Hong Kong ranked extremely well in many of the 10 criteria, including ranking first worldwide in "Dealing with Construction Permits", second worldwide in "Paying Taxes", third worldwide in "Getting Electricity", and fifth worldwide in "Starting a Business". Even with the high rankings, the HKSAR government is committed to further enhancing regulatory efficiency and reducing costs to create an even better business environment in the city.

#### **B. Efficiency of Customs and Clearance Process<sup>7,8</sup>**

The Hong Kong Customs and Excise Department (C&ED) is the government agency responsible for managing all imports and exports of goods in Hong Kong. Hong Kong uses the 8-digit Hong Kong Harmonized System (HKHS), which is based on the 6-digit Harmonized System (HS) developed by the World Customs Organization. The first six digits in the HKHS uses the HS classification, while the last two digits are a further breakdown in commodity classification to match the needs of Hong Kong.

The C&ED provides different customs clearance systems for cargo imported and exported through land, air, and sea to facilitate fast customs clearance. Air cargo can use the Air Cargo Clearance System, land cargo can use the Road Cargo System, while sea cargo can use the Electronic System for Cargo Manifests.

The following table shows the documents normally needed for customs clearance:

<b>Customs Clearance Documents</b>
Bill of lading
Airway bill
Commercial invoice
Packing list
Manifests
Import or export licence or removal permit (if required)
Copy of detention notice (if applicable)
Any other product specific supporting documents

For more information regarding customs clearance procedures, please refer to the C&ED's official website ([www.customs.gov.hk/en/cargo\\_clearance/index.html](http://www.customs.gov.hk/en/cargo_clearance/index.html)) or the How to Complete and Lodge Import/Export Declarations document provided by the C&ED ([www.customs.gov.hk/filemanager/common/pdf/Book\\_2018\\_IEDC.pdf](http://www.customs.gov.hk/filemanager/common/pdf/Book_2018_IEDC.pdf)).

### ***IV. Logistics Support***

#### **A. Infrastructure Conditions (e.g. major airport/ports/highways)<sup>9,10,11</sup>**

Hong Kong's well-developed transportation infrastructure provides the city with smooth connections to the rest of the world, especially Mainland China.

##### Airport

As one of the major regional airline hubs in Asia, Hong Kong has connections to all major Asian urban centres. Currently, more than 120 airlines operate about 1,100 flights daily out of Hong Kong International Airport (HKIA), linking Hong Kong to over 220 destinations worldwide, including around 50 destinations in Mainland China. HKIA has been ranked as the world's busiest airport since 2010.

HKIA also has five first-tier air cargo handling facilities, with an annual handling capacity of over seven million tonnes of cargo. In 2018, HKIA continued to be the leading air cargo hub in the world, with a total cargo throughput of over five million tonnes.

The Third Runway System (3RS) began construction in 2016 and is expected to be completed by 2024. According to the International Air Transport Association (IATA) Consulting, the 3RS project will allow HKIA to handle over 100 million passengers, around nine million tonnes of cargo, and over 600,000 aircraft annually by 2030, which should be enough to satisfy expected future traffic demands.

##### Port

For maritime trade, there are nine container terminals in the Port of Hong Kong, comprising 24 container berths capable of handling over 20 million TEUs (twenty-foot equivalent units) annually. The Port of Hong Kong is one of the world's busiest container ports with 19.6 million TEUs handled in 2018. The port is capable of handling ultra large container vessels, allowing for connections and shipping lanes to major destinations throughout the world.

##### Border Crossing Points

There are four land border crossing points between Hong Kong and Mainland China, at Lok Ma Chau, Man Kam To, Sha Tau Kok and Shenzhen Bay. Over 40,000 vehicles cross these four border points daily, with over 20,000 of these vehicles being cargo and container vehicles.

Passengers can also enter Mainland China using the Guangzhou-Shenzhen-Hong Kong Express Rail Link, or the Hong Kong-Zhuhai-Macao Bridge. The Express Rail Link was officially opened on 23 September 2018, reducing the travel time between Guangzhou and Hong Kong to 50 minutes. The Hong Kong section spans 26km, and connects the city to the high-speed railway network in Mainland China. The Hong Kong-Zhuhai-Macao Bridge was opened on 24 October 2018, and is the world's longest cross-harbour bridge or tunnel. It greatly reduces the time required for vehicles travelling between the three cities.

##### Public Transportation

Hong Kong also has one of the most reliable, fast, and affordable public transportation systems in the world. Public transport in Hong Kong serves over 12 million passengers per day, and the Transport Department has launched the HKeMobility mobile app to further facilitate use of public transportation in the city.

#### **B. Key Logistics Hubs<sup>12</sup>**

Being an international financial centre and a major maritime trading hub, the trading and logistics industry is crucial to Hong Kong's economy. In terms of both value-added and number of people employed, the trading and logistics industry is the largest among the four main economic pillars in Hong Kong. Trading and logistics accounted for 22% of the city's GDP in 2017, and provided 727,500 jobs. In 2017, the logistics industry alone contributed 3% of Hong Kong's GDP and accounted for 180,000 jobs, while transportation services made up 29% of Hong Kong's service exports. In DHL's Global Connectedness Index 2018, Hong Kong ranked second worldwide in depth of global connectedness, after only Singapore.

### **C. Logistics Information Tractability and Transparency<sup>13</sup>**

In the 2018 World Bank's Logistics Performance Index (LPI), Hong Kong ranked 12<sup>th</sup> out of 160 countries and territories for the overall LPI, a decrease from 2016's result (ranked ninth out of 160 countries and territories). Hong Kong ranked fourth in Asia, behind Japan, Singapore, and the United Arab Emirates.

On a granular level, the LPI score is made up of six elements: (1) Customs; (2) Infrastructure; (3) International shipments; (4) Logistics competence; (5) Tracking and tracing and (6) Timeliness. Hong Kong performed well in International shipments (eighth) and Customs (ninth).

### **D. Aviation Arrangements with Global Partners<sup>14</sup>**

#### Connectivity with the World

The HKSAR government is committed to expanding Hong Kong's external aviation network. One method is through signing bilateral air services agreements (ASAs). ASAs provide a legal framework for establishing air links between two countries or territories, which will help to foster cooperation, economic development, and cultural exchange. As of October 2019, Hong Kong has signed ASAs with 67 countries and regions.

#### Connectivity with Mainland China

In February 2019, a Memorandum of Understanding (MoU) was signed between the Transport and Housing Bureau of Hong Kong and the Civil Aviation Administration of Mainland China. This MoU is part of the implementation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, consolidating and enhancing Hong Kong's status as an international aviation hub and strengthening its role as an aviation management training centre. The new MoU not only expands the air services and the intermodal arrangements between Mainland China and Hong Kong, but is also a major step in creating a world-class airport cluster in the Greater Bay Area.

## ***V. Opportunities in the Greater Bay Area (GBA)<sup>15</sup>***

According to the World Trade Organization (WTO), Mainland China was the world's leading merchandise trader in 2018. In addition, over the past 10 years, Hong Kong, along with Mainland China, India, Mexico, and Ireland, rose the most in the world rankings among the top 20 traders of goods and services. Riding on the competitive economic advantage of Mainland China and Hong Kong, the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area was signed in 2017 by the regional and provincial governments of the three relevant regions, with the National Development and Reform Commission.

The Guangdong-Hong Kong-Macao GBA initiative helps strengthen Hong Kong as an international financial, transportation, and trade centre, as a global offshore RMB hub, and as an international asset management centre, through leveraging the strengths of the "9+2" cities – the nine cities of the Pearl River Delta in Guangdong, and the two Special Administrative Regions of Hong Kong and Macao, promoting integration across the GBA cities, and supporting coordinated economic development among them.

Logistics companies in Hong Kong have extensive trade and business networks worldwide. They are well-experienced in logistics management, and use advanced management systems to improve efficiency at lower logistics costs compared with Guangdong. As the GBA cities continue to strengthen connection of transportation networks, implement more efficient customs clearance processes, and develop transport infrastructure in the three regions, logistics efficiency in the GBA is expected to further improve in the future.

Hong Kong's logistics operators can capitalise on the opportunities in the GBA through collaboration with businesses among the cities, and by relying on Hong Kong's sound international logistics network. Apart from boosting the import-export business of the relevant industries, they can help enterprises connect with emerging production bases throughout Asia to further strengthen their supply chain management.

Source:

<sup>1</sup> *Trade Map, International Trade Centre*

<sup>2</sup> *The World Factbook: Hong Kong, Central Intelligence Agency*

<sup>3</sup> *Hong Kong, The Observatory of Economic Complexity*

<sup>4</sup> *hktdc.com Sourcing official website*

<sup>5</sup> *What is Hong Kong's role in a new economic world order as supply chains shift amid US-China trade war?, South China Morning Post, Jan 2019*

<sup>6</sup> *Hong Kong ranked world's fourth easiest place to do business, Government of the Hong Kong Special Administrative Region*

<sup>7</sup> *Cargo Clearance, Customs and Excise Department*

<sup>8</sup> *How to Complete and Lodge Import/Export Declarations, Customs and Excise Department*

<sup>9</sup> *Facts and Figures – At a Glance, Hong Kong International Airport*

<sup>10</sup> *Hong Kong: The Facts – The Port, Government of the Hong Kong Special Administrative Region*

<sup>11</sup> *Control Point Locations, Immigration Department*

<sup>12</sup> *Logistics Industry in Hong Kong, HKTDC Research*

<sup>13</sup> *Logistics Performance Index, The World Bank, 2018*

<sup>14</sup> *Air Services Income Agreements concluded, Inland Revenue Department*

<sup>15</sup> *Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area, The Government of the Hong Kong Special Administrative Region, Jul 2017*

# 7. Infrastructure

## *Executive Summary*

*Currently there are three operating industrial estates in Hong Kong which cater to industries such as: light industry, food manufacturing or pharmaceuticals.*

*Hong Kong has an excellent geographical location with world-class infrastructure, including three industrial estates. In addition, to promote Hong Kong's reindustrialisation, new centres are being built to support the development of high value-added manufacturing and hi-tech industries, such as software and IT systems. These new centres, including the Advance Manufacturing Centre (AMC) and the Hong Kong-Shenzhen Innovation and Technology Park at Lok Ma Chau Loop, among others, will be equipped with the most advanced equipment and facilities.*



## 7. Infrastructure

### I. List of Major Industrial Estates and Geographical Locations

#### A. Availability of Infrastructure, Associated Cost of Usage, and Options for the Major Industrial Estates<sup>1,2</sup>

Currently there are three operating industrial estates in Hong Kong, located in Tai Po, Yuen Long and Tseung Kwan O. They are all managed by the Hong Kong Science and Technology Parks Corporation (HKSTPC). As of October 2019, all plants located in the industrial estates have been leased.

In line with the HKSAR government's plan for reindustrialisation, HKSTPC is implementing the Industrial Estate Programme 2.0 (IE 2.0), which focuses on supporting smart production and high value added manufacturing. The overall goal of the programme is to enhance the value chain of innovation and technology industries (I&T). In order to do so, the programme specifically targets five key industries: 1) Pharmaceutical, healthcare and biomedical, 2) Electronics and optical; 3) Precision engineering and assembly; 4) Specialised manufacturing or advanced materials; 5) Information, communications and telecommunications. For additional information, please visit the HKSTPC website. ([www.hkstp.org/our-stories/our-footprint/industrial-estates/](http://www.hkstp.org/our-stories/our-footprint/industrial-estates/)).

#### Industrial Estates' Locations and Regional Implications

##### **Yuen Long Industrial Estate**

- Main types of industries: pharmaceuticals and biomedical production, petrochemical, and logistics services
- Area: 67 ha
- Second industrial estate in Hong Kong
- Ideal for companies engaged in cross-border business

##### **Tai Po Industrial Estate**

- Main types of industries: food manufacturing, media services, and lifestyle goods
- Area: 75 ha
- First industrial estate in Hong Kong.
- Refurbished in 2017 to promote intelligent production



*This map is for illustrative purposes only, and does not imply official endorsement or acceptance of any boundaries and/or names.*

##### **Tseung Kwan O Industrial Estate**

- Main types of industries: heavy industries, light commercial manufacturing, and IT/ICT related services
- Area: 75 ha
- Third industrial estate in Hong Kong
- Suitable for marine access-related projects

### Foreign Direct Investment (FDI)<sup>2</sup>

Hong Kong is an international trading hub and therefore attracts numerous FDI. In 2018, the city received a total of USD 115 billion in FDI, a 4% increase compared with 2017. However, the FDI was mainly (80%) directed at the service sector (e.g. holding, real estate, finance, insurance, banking). Other sectors attracting FDI are trade, construction, information and communications. The main investments came from Mainland China, the British Virgin Islands, the Cayman Islands, the United Kingdom, the Netherlands, the United States, Bermuda and Japan.

## **II. Potential Infrastructure Shortfall<sup>3</sup>**

Hong Kong has some of the most established infrastructure in the world. In the World Economic Forum's 2018 Competitiveness Report, Hong Kong ranked second out of 140 countries and territories for the quality of its infrastructure. Some of the city's main assets are:

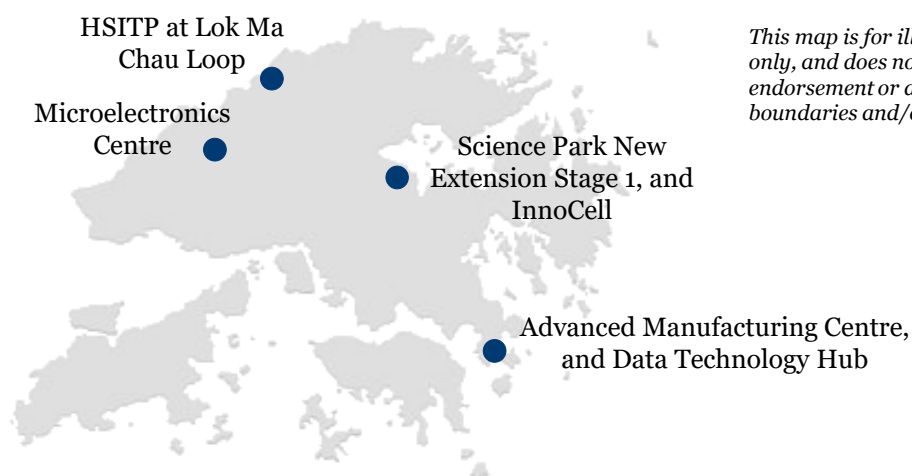
- 100% electrification rate (ranked first);
- Efficiency of air transport services (ranked second);
- Efficiency of train services (ranked third); and
- Efficiency of seaport services (ranked fourth).

Telecommunications networks also cover the entire city, allowing enterprises in Hong Kong to use reliable, safe, and fast communications and internet services. The main shortfall identified from the report is a lower airport connectivity (21<sup>st</sup>) than other major hubs (such as Singapore). In addition, the current limitation to Hong Kong's reindustrialisation is the relatively low number of industrial estates in the city.

## **III. Latest and Upcoming Major Local Infrastructure Projects and Spending<sup>4,5,6,7,8,9,10,11,12</sup>**

To help promote and encourage reindustrialisation in Hong Kong, the HKSAR government has approved and proposed many projects to upgrade the I&T infrastructure available in the city. These projects will be mainly developed and managed by the HKSTPC, including the Advanced Manufacturing Centre and Data Technology Hub in Tseung Kwan O Industrial Estate, Microelectronics Centre in Yuen Long Industrial Estate, the Hong Kong-Shenzhen Innovation and Technology Park (HSITP) at Lok Ma Chau Loop, and the Science Park New Extension Stage 1 and InnoCell in Science Park.

### Map of Major Upcoming I&T Infrastructure Projects in Hong Kong



*This map is for illustrative purposes only, and does not imply official endorsement or acceptance of any boundaries and/or names.*

### Advanced Manufacturing Centre (AMC)

The AMC will be developed and managed by HKSTPC, and is the core of Hong Kong's reindustrialisation strategy. It is predicted to cost around HKD 6.65 billion, and will be located in Tseung Kwan O Industrial Estate. It aims to provide companies with advanced manufacturing production facilities to shorten their production cycle and respond promptly to market needs.

The AMC will provide adaptable and low cost production facilities, with integrated customer to manufacturer order information to meet the ever-changing customer needs. Upon completion, the AMC will allow companies of all sizes, including low-volume producers, to produce technologically innovative, high value-added, high-mix, and highly customised products.

The AMC is expected to employ around 2,500 I&T related staff, and will include:

- Scalable high-end production base: allowing for both big companies with large-scale production or startups prototyping customised creations to use the AMC's self-contained units;
- Comprehensive critical support services: lowering costs for low-volume production by providing shared logistics, warehousing, prototyping, assembly, and clean room services; and
- Communal distribution centre: providing an advanced cargo hoist system for efficient flow of goods, dynamic scheduling system to optimise the movement of goods, and on demand storage.

### Project Specifications

The project specifications for the AMC are shown below.

<b>Target Year of Completion</b> Phase 1: 2020 Phase 2: 2022	<b>Land Area</b> 2.71 ha	<b>Gross Floor Area</b> 108,580 m <sup>2</sup>	<b>Ceiling Height</b> 6m	<b>Grid Size</b> 12m x 12m	<b>Floor Loading</b> 12.5 kilopascals
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Even though the AMC site will be over 100,000 m<sup>2</sup> when completed, the high demand for space means there is a need to build additional similar facilities. Facilities like the AMC allow Hong Kong companies to move their hi-tech and advanced materials production back to Hong Kong, where the companies may have better access to technical resources and support. The AMC is intended as a pilot project for promoting the construction of similar advanced production facilities and pushing ahead reindustrialisation in Hong Kong.

### Promoted Industries

The AMC aims to foster innovation, support high value-added industries, advance high-end manufacturing, and enable I&T applications to help fuel economic growth in Hong Kong. Industries that have been identified for promotion in the AMC include:



Robo-electronics and Smart Power Equipment



Smart Sensors and Optical Equipment



Smart Electronics and Semiconductors



Medical, Healthcare and Hospital Equipment



Biomedical Engineering Implants and Equipment

For more information on the AMC, please refer to its official website ([amc.hkstp.org](http://amc.hkstp.org)).

### Data Technology Hub (DT Hub)

The DT Hub aims to support the development of high value-added software, big data and artificial intelligence which are key to Hong Kong's reindustrialisation process. The hub is expected to be completed in 2020, and will host technology equipment, business centres, exhibition halls and offices. DT Hub will provide a comprehensive range of services and encourage research and development (R&D) in the following fields: data centre, multimedia processing and submarine cable landings.

### Microelectronics Centre

In recent years, there has been growing interest from industries to develop microelectronics and other advanced material production lines in Hong Kong. However, the manufacturing of microelectronics products require specialised facilities such as dangerous goods storages, super-clean rooms, dedicated chemical waste and sewage treatment systems, etc. However, Hong Kong currently lacks such facilities, so the production of microelectronics is performed by manufacturing plants outside Hong Kong, such as in Singapore, Taiwan, and Mainland China, before being imported back to Hong Kong.

The HKSAR government proposes the conversion of a factory building in Yuen Long Industrial Estate into a Microelectronics Centre. The project is expected to cost around HKD 2 billion, and will result in a two-storey factory with a gross floor area of 36,180 m<sup>2</sup>, a flexible design plan, and be equipped with the necessary facilities to produce microelectronics and other advanced materials. It will also provide supporting facilities such as shared laboratories and workspaces, offices, and conference rooms.

The Microelectronics Centre aims to provide support for local manufacturers moving towards high value-added production, smart production lines, and upgrading to Industry 4.0. The Centre will also directly provide more I&T jobs, as well as indirectly encourage expansion in different supporting industries such as supply chain management, testing and certification, wholesale and distribution, etc. Such advanced manufacturing activities will also encourage more R&D investment in the city, and help Hong Kong develop into an international I&T hub. The Microelectronics Centre is expected to create 420 jobs directly each year, and generate a value-added of over HKD 600 million annually.

### The Hong Kong-Shenzhen Innovation and Technology Park (HSITP) at Lok Ma Chau Loop

A Co-operation Agreement was signed on 25 November 2011 between Hong Kong and Shenzhen for the development of the Lok Ma Chau Loop. The Lok Ma Chau Loop project borders Shenzhen, and involves three development directions: 1) R&D of new and advanced technologies; 2) use of cultural and creative industries, and 3) higher education. The Loop will be developed using the principles of sustainable development, environmental protection, energy efficient, and people-oriented principles.

Meetings have been held regularly between Hong Kong and Shenzhen to discuss the development of the Loop, and the progress being made. Its target is to make the first batch of land parcels available by 2021 or earlier. Several studies have been commenced by HKSTPC in order to formulate the Park's project development and operation plans, including Master Planning Study, Business Model and Business Planning Study, Technical Feasibility Study and the Economic Impact Analysis Study of Batch 1 Development.

As stated in the 2018-2019 Budget, HKD 50 billion was set aside to support the development of the I&T industry in Hong Kong. Of this sum, HKD 20 billion was reserved for the first phase development of the HSITP in Lok Ma Chau Loop. The HSITP will be four times bigger than the HKSP, therefore providing room for Hong Kong's I&T ecosystem to grow. Its proximity to the border additionally offers an opportunity for companies to tap into the supply chain, manufacturing capabilities, and talent pool across of Shenzhen and its surroundings. HSITP aims to attract worldwide R&D companies looking to accelerate their access into the Mainland China market. This R&D expertise inflow should therefore contribute to making Hong Kong a global leading innovation hub.

### Science Park New Extension Stage 1 (SPX1)

SPX1, the new extension stage at Science Park consisting of two buildings, will provide research-related infrastructure and facilities to I&T companies to build their dedicated laboratories and workspaces. The construction of SPX1 aims to accelerate the development of healthcare, artificial intelligence, and robotics technological research when completed in 2019. Several smart features including app-connected space, hi-tech security, green facilities, transportation, and mobile design were built into the building. Being a part of HKSTPC's ecosystem, the construction should also enhance connections among the R&D community at a global level.

### InnoCell in Hong Kong Science Park

InnoCell, adjacent to the southeast entrance of the Hong Kong Science Park, aims to provide around 500 residential units of affordable accommodation for talents and incubatees working in the Park. As a part of the larger effort to attract local, mainland and overseas I&T talents, InnoCell hopes to create a more vibrant ecosystem for innovation and technology companies and showcase a smart living & co-creation community. In May 2019, a Memorandum of Understanding was signed between HKSTPC and the Construction Industry Council (CIC) to collaborate on accelerating the development and adoption of construction robotics and automation systems. InnoCell is also one of the pilot projects adopting Modular Integrated Construction (MiC) systems, and is expected to be completed by the end of 2020.

## *IV. Availability of Natural Resources*<sup>13,14,15,16</sup>

Natural Resources	Details
Natural Vegetation, Forests and Timber	<ul style="list-style-type: none"> <li>• The major types of vegetation in Hong Kong are woodland, shrubland and grassland.</li> <li>• About 38% of the land is labelled as country parks or special areas under the Country Parks Ordinance.</li> </ul>
Agriculture, Fishing, Livestock	<ul style="list-style-type: none"> <li>• Agriculture only accounted for 0.1% of Hong Kong's GDP in 2017.</li> <li>• Local fish production has shrunk and the number of commercially valuable deep-sea bottom fish in Hong Kong has declined.</li> </ul>
Water Resources	<ul style="list-style-type: none"> <li>• Between 70% to 80% of Hong Kong's potable water supply comes from Dongjiang in Guangdong Province. In 2018, 740 million m<sup>3</sup> of water were imported from the region.</li> <li>• The Dongshen-Hong Kong water supply system can provide Hong Kong with 1.1 billion m<sup>3</sup> per year</li> </ul>
Minerals	<ul style="list-style-type: none"> <li>• There are four active mining sites in Hong Kong.</li> <li>• Mining activities cover: sand, stones and large amounts of marine gravel excavated from the seabed waters.</li> </ul>
Fossil Fuels, Electricity Generation	<ul style="list-style-type: none"> <li>• Electricity in Hong Kong is mainly supplied by three fossil fuel power stations, including Lamma Island and Castle Peak Power Station, which use coal to generate electricity; and Black Point Power Station, which uses gas.</li> <li>• Gas is mainly produced locally in Hong Kong, while oil is imported by sea.</li> <li>• Hong Kong's fossil fuels are mainly imported from Southeast Asia and Australia.</li> <li>• Additionally, 70% of the electricity produced by the Guangdong Daya Bay Nuclear Power Plant is transmitted to Hong Kong.</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• The government is trying to launch large-scale renewable energy projects.</li> <li>• The largest solar farm in Hong Kong (Siu Ho Wan Sewage Treatment Plant), can generate 1.1 million kilowatt-hours (kWh) of electricity annually.</li> </ul>

Source:

<sup>1</sup> *Industrial Estates, HKSTP*

<sup>2</sup> *Hong Kong Foreign Investment, Santander*

<sup>3</sup> *The Global Competitiveness Report 2018, World Economic Forum*

<sup>4</sup> *AMC, HKSTP*

<sup>5</sup> *With new state-of-the-art manufacturing centre facing ‘overwhelming’ tenant response, can Hong Kong find space for innovation sector?, South China Morning Post, Jan 2019*

<sup>6</sup> *Hong Kong’s Science Park to take the lead on driving innovation and technology as it receives major cash injection, South China Morning Post, 2018*

<sup>7</sup> *Hong Kong-Shenzhen Innovation and Technology Park, HKSTP*

<sup>8</sup> *Fifth meeting of Joint Task Force on the Development of the HK-Shenzhen Innovation and Technology Park in the Loop held, Hong Kong Government Press Release*

<sup>9</sup> *Data Technology Hub, HKSTP*

<sup>10</sup> *SPX1, HKSTP*

<sup>11</sup> *InnoCell, Hong Kong Science Park, HKSTP*

<sup>12</sup> *HKSTP Commences Construction on InnoCell, Showcasing Construction Innovation for Smart Living and Co-creation Community, HKSTP*

<sup>13</sup> *The Vegetation of Hong Kong, Hong Kong Herbarium*

<sup>14</sup> *Hong Kong Water Supplies, Water Supply Department*

<sup>15</sup> *Energy Efficiency and conservation, Government of the HKSAR*

<sup>16</sup> *Renewable Energy, Government of the HKSAR*

# 8. Types of Industries Identified by the Local Government

## *Executive Summary*

*Reindustrialisation is the main focus of Hong Kong's future development. While traditional industries are fading, the innovation and technology (I&T) industry, which involves high-end manufacturing processes, has been gaining prominence.*

*The establishment of the Innovation and Technology Bureau (ITB) reinforces policies formulation and execution towards the development of Hong Kong's I&T capacities.*

*In order to support the I&T industry, the government has rolled out funding schemes, while government-supported funding institutions provide companies with incubation programmes.*



## 8. Types of Industries Identified by the Local Government

### I. List of Government Programmes Encouraging Specific Industries

#### Key Identified Sectors<sup>1</sup>

The HKSAR government is committed to encouraging industry development in Hong Kong. In the Chief Executive's 2018 Policy Address, innovation and technology (I&T) was identified as a key focus in supporting Hong Kong's reindustrialisation. Specifically, efforts should revolve around four main sectors, which have already been identified as Hong Kong's strengths:



Biotechnology



Artificial Intelligence



Smart City



Financial Technology

In 2015, the government established the Innovation and Technology Bureau (ITB). Its role is to foster coordination between the public, private, academic, and research sectors. The ITB works closely with all the ecosystem's stakeholders to examine possible I&T developments. An example of a current initiative is the transformation of Hong Kong into a smart city by leveraging big data applications and optimising the use of public sector information.

To achieve these goals, the ITB finances the I&T industry via the Innovation and Technology Fund (ITF), and supports startups with incubation programmes.

#### Innovation and Technology Fund (ITF)

The ITF funds local companies wishing to upgrade their technological level and introduce innovative ideas to their businesses. The ITF programmes and its various funding schemes have five well defined goals:



Supporting  
R&D



Facilitating  
Technology  
Adoption



Nurturing  
Technology  
Talent



Supporting  
Tech Startups



Promoting  
I&T Culture

For a detailed list of ITF funded projects, please refer to the ITF's website ([www.itf.gov.hk/l-eng/about.asp](http://www.itf.gov.hk/l-eng/about.asp)), and section 9 of this report.

## 8. Types of Industries Identified by the Local Government

### Incubation Programmes<sup>2,3</sup>

The two main institutes offering incubation programmes in Hong Kong are: the Hong Kong Science and Technology Park Corporation (HKSTPC) and Cyberport. Both aim to support technology related startups to develop their creative ideas into marketable solutions and products. HKSTPC and Cyberport, both receive fund from the government to enhance their programmes: in 2018, the government approved a HKD 10 billion funding proposal to be allocated to HKSTPC, and set aside HKD 5.5 billion in order to help Cyberport accommodate more companies. Some of the incubation programmes offered by the two entities are listed below.

- HKSTPC: offers three different incubation programmes for startups, in order to help them turn their innovative ideas into commercial products. As of March 2019, over 620 companies have graduated from the incubation programmes, with over 78% of them still in business. Support services mainly focus on: offering office space and facilities, providing technical and management assistance, supporting promotion efforts, providing business support and financial aid package. The three incubation programmes are:



Incu-App

For startups engaged in web and mobile technology



Incu-Tech

For startups engaged in technology industry



Incu-Bio

For startups engaged in biotechnologies

For additional details, please visit HKSTPC's website ([www.hkstp.org/en/how-we-serve/incubation-programmes/](http://www.hkstp.org/en/how-we-serve/incubation-programmes/)).

- Cyberport: provides various incubation programmes to digital tech related companies. As of September 2018, over 300 companies have graduated from Cyberport's incubation programmes, of which more than 80% are still in business. In addition to financial support, technical assistance and business consultation support, the programmes offer startups:
  - Up to HKD 500,000 financial assistance;
  - Financial, technical, and business consultation support;
  - Rent-free working space;
  - Free of charge facilities (e.g. co-working, meeting rooms); and
  - Meeting with investors and entrepreneurs, providing networking opportunities.

For additional details, please visit Cyberport's website ([www.cyberport.hk/en/about\\_cyberport/cyberport\\_entrepreneurs/cyberport\\_incubation\\_programme](http://www.cyberport.hk/en/about_cyberport/cyberport_entrepreneurs/cyberport_incubation_programme)).

## 8. Types of Industries Identified by the Local Government

### Other Funding Schemes<sup>4</sup>

Different schemes have been established by the HKSAR government to assist manufacturers in evolving toward high-end manufacturing. The funding schemes fall into five main categories:

- Startup/Incubation: mainly supported by the Hong Kong Science & Technology Parks Corporation (HKSTPC) and the Hong Kong Cyberport Management Company Limited for entrepreneurs;
- Research & Development (R&D): mainly supported by the Innovation and Technology Commission (ITC) to promote R&D in Hong Kong;
- Financing and Guarantees: mainly targeted at providing financing for small and medium-sized enterprises (SMEs);
- Market Development/Business Upgrading: mainly supported by the Trade and Industry Department (TID) to assist SMEs in expanding their businesses; and
- Environmental Protection: mainly supported by the Environmental Protection Department (EPD) to promote green technologies and environmentally friendly operational processes.

For a detailed list of the funding programmes in each of these categories, please refer to Appendix 3.

## 8. Types of Industries Identified by the Local Government

*Source:*

<sup>1</sup> *Innovation and Technology Industry in Hong Kong, HKTDC*

<sup>2</sup> *Incubation, HKSTP*

<sup>3</sup> *Cyberport Incubation Programme, Cyberport*

<sup>4</sup> *A Supportive Government, Invest HK*

## 9. Key Government Incentives

### *Executive Summary*

*There are various government funding schemes for small and medium-sized enterprises (SMEs) and startups in Hong Kong. From financing, business upgrade and transformation, technology research and development (R&D) to new market development, businesses can find relevant funding schemes in order to develop their operations.*

*In the 2019 Policy Address, the Chief Executive proposed a HKD 2 billion "Reindustrialisation Funding Scheme" to subsidise manufacturers to set up smart production lines in Hong Kong. The initiative could provide companies with extra incentives to engage in high-end production by tapping into innovation and technology (I&T) solutions such as application of smart technologies or automated production processes.*



## 9. Key Government Incentives

### I. Eligibility for Incentive Programmes to support Hong Kong's Reindustrialisation<sup>1,2,3</sup>

The Innovation and Technology Commission (ITC) and Trade and Industry Department (TID) administer most of the government funding schemes on reindustrialisation. A detailed list of the various funding schemes available in Hong Kong can be found in Appendix 3.

#### Innovation and Technology Fund (ITF)

The ITF is designed to fund local companies wishing to upgrade their technological level and introduce innovative ideas to their businesses. There are more than 15 funding programmes under the ITF to achieve their five goals (see section 8 of this report for details).

Aspect	Funding Scheme	Objective	Coverage
Supporting R&D	Enterprise Support Scheme (ESS)	Provides financial assistance to encourage private sector to invest in R&D	<ul style="list-style-type: none"> <li>Each project can be funded up to HKD 10 million</li> <li>Project period should not exceed 2 years</li> <li>Eligible to a 40% cash rebate on project's expenditure by applying for the Cash Rebate Scheme (CRS)</li> </ul>
Facilitating Technology Adoption	Technology Voucher Programme (TVP)	Subsidises SMEs to foster use of technological solutions to improve productivity, or upgrade or transform business processes	<ul style="list-style-type: none"> <li>Funding ceiling per applicant is HKD 400,000</li> <li>A company can have a maximum of 4 approved projects</li> </ul>
Nurturing Technology Talent	Reindustrialisation and Technology Training Programme (RTTP)	Subsidises and encourages companies to train their staff in advanced technologies, and fields related to Industry 4.0	<ul style="list-style-type: none"> <li>Companies are subject to a funding ceiling of HKD 500,000 each year</li> </ul>
Supporting Technology Startups	Innovation and Technology Venture Fund (ITVF)	Aims to stimulate private investment in local innovation and technology startups	<ul style="list-style-type: none"> <li>The ITVF Corporation will co-invest with venture capital funds in local I&amp;T startups at a matching investment ratio of approximately 1:2</li> </ul>
Promoting I&T Culture	General Support Programme (GSP)	Supports non-R&D projects that contribute to the development of industries and foster the innovation and technology culture	<ul style="list-style-type: none"> <li>Projects to be supported may include conferences, exhibitions, seminars, workshops, promotional events, etc.</li> </ul>

For additional information please refer to section 5 of this report or consult the ITF website ([www.itf.gov.hk/l-eng/about.asp](http://www.itf.gov.hk/l-eng/about.asp))

### Dedicated Fund on Branding, Upgrading Domestic Sales (BUD)

The BUD Fund was launched in 2012 to help Hong Kong companies grasp economic opportunities and boost their competitiveness. In 2018, the total funding of the BUD Fund was raised to HKD 2.5 billion, therefore allowing the creation of two different programmes supporting companies' expansion in specific geographic locations: the Mainland Programme, and the ASEAN and FTA Programme.

Funding Scheme	Objective	Eligibility	Coverage
Mainland Programme	Provide funding to local companies considering developing their brands, upgrading and restructuring their business operations or promoting sales in Mainland China, ASEAN and economies that Hong Kong has signed an FTA with	<ul style="list-style-type: none"> <li>Non-listed company registered in Hong Kong</li> <li>Companies with substantive business operations in Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>Government covers a maximum of 50% of the total project cost</li> <li>Each company can have a maximum of 40 approved projects</li> <li>Cumulative funding ceiling per enterprise is HKD 4 million</li> <li>A funded project should be completed within 24 months</li> </ul>
ASEAN and FTA Programme			

For additional details on the funding, please visit the dedicated website ([www.bud.hkpc.org/en](http://www.bud.hkpc.org/en)).

### Financing Schemes

The HKSAR government has established various funding schemes to provide financial assistance to businesses. The main scheme for SMEs is the SME Funding Scheme, designed for SMEs looking to expand their markets outside of Hong Kong. The two major programmes under the Scheme are: the SME Export Marketing Fund (EMF) and the SME Loan Guarantee Scheme (SGS).

Funding Scheme	Objective	Eligibility	Coverage
SME Export Marketing Fund (EMF)	Provides financial assistance to SME for participation in export promotion activities	<ul style="list-style-type: none"> <li>SME registered in Hong Kong</li> <li>Employs less than 100 people</li> <li>Has substantive business operation in Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>Grants covers 50% of eligible expenditure or HKD 100,000</li> <li>A company may receive a maximum of HKD 800,000 in cumulative grants</li> </ul>
SME Loan Guarantee Scheme (SGS)	Provides loans guarantee to SMEs with the aim of helping them to secure loans for acquiring business installations and equipment; or meeting working capital needs of general business uses	<ul style="list-style-type: none"> <li>SME registered in Hong Kong</li> <li>Employs less than 100 people</li> <li>Has substantive business operation in Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>The amount of guarantee is 50% of the loan amount</li> <li>Maximum total guarantee of HKD 6 million</li> <li>Guarantee period for a maximum of 5 years</li> </ul>

For additional information, please refer to the Trade and Industry Department official website ([www.smefund.tid.gov.hk/eindex.html](http://www.smefund.tid.gov.hk/eindex.html)).

*Source:*

<sup>1</sup> *About the Innovation and Technology Fund, Innovation and Technology Fund*

<sup>2</sup> *Dedicated Fund on Branding, Upgrading and Domestic Sales, HKPC*

<sup>3</sup> *SME Fund, Trade and Industry Department*

# 10. Environmental Requirements

## *Executive Summary*

*There are environmental laws and regulations that control polluters in Hong Kong, covering air, waste, water, noise, and chemical pollutions. Industries have to comply with the regulations, or else face the risk of penalties, or even jail terms in certain circumstances.*

*The Environmental Protection Department (EPD) is the government agency responsible for overseeing environmental issues and enforcing the environmental laws. Businesses that wish to operate in Hong Kong may also require certain permits, licences, and approvals before commencing operations, which are all processed and approved by the EPD.*



## 10. Environmental Requirements

### I. Environmental Laws and Regulations in Hong Kong

#### A. The Main Environmental Protection Administration in Hong Kong

In Hong Kong, the Environment Protection Department (EPD) is the main government department responsible for addressing policies and plans concerning environmental protection.

#### B. The Main Environmental Legislation in Hong Kong

There are various legal regulations on pollutant emissions for industries within Hong Kong. Businesses will be monitored on air, noise, water and waste pollution arising from their business operations. Offenders may be fined and/or be subject to imprisonment in certain circumstances.

The relevant environmental ordinances in Hong Kong are listed below.

Ordinance	Effects	Details
Air Pollution Control Ordinance	<ul style="list-style-type: none"> <li>Empowers the EPD to control air pollution from industrial, construction, and commercial activities;</li> <li>Prohibits the use of high sulphur and leaded fuels; and</li> <li>Prohibits the open burning of construction waste, tyres, and cables.</li> </ul>	Cap. 311
Waste Disposal Ordinance	<ul style="list-style-type: none"> <li>Prohibits the dumping of waste in public places or on government land, or on private premises without the consent of the owner or occupier.</li> </ul>	Cap. 354
Water Pollution Control Ordinance	<ul style="list-style-type: none"> <li>Requires all discharge, other than domestic sewage to a foul sewer or unpolluted water to a storm drain, to be covered by an effluent discharge licence. The licence specifies the permitted physical, chemical and microbial quality of the effluent, to ensure the effluent does not damage sewers or pollute inland or inshore marine waters.</li> </ul>	Cap. 358
Noise Control Ordinance	<ul style="list-style-type: none"> <li>Controls neighbourhood noise, as well as noise from industrial, construction, and commercial activities.</li> </ul>	Cap. 400
Ozone Layer Protection Ordinance	<ul style="list-style-type: none"> <li>Controls the production, import, and export of products containing ozone-depleting substances;</li> <li>Controls the recycling of ozone-depleting substances; and</li> <li>Fulfils Hong Kong's obligations under the 1985 Vienna Convention and the 1987 Montreal Protocol.</li> </ul>	Cap. 403
Dumping at Sea Ordinance	<ul style="list-style-type: none"> <li>Requires anyone involved in marine dumping and related loading operations to have a permit from the EPD; and</li> <li>Requires all dumping vessels to be equipped with an automatic self-monitoring system which records their position, and their operations.</li> </ul>	Cap. 466
Hazardous Chemicals Control Ordinance	<ul style="list-style-type: none"> <li>Regulates the import, export, manufacture, and use of non-pesticide hazardous chemicals that have potentially harmful or adverse effects on human health or the environment, including those regulated by the Stockholm Convention and the Rotterdam Convention.</li> </ul>	Cap. 595

### C. The Main Environmental Permits in Hong Kong<sup>2,3</sup>

Hong Kong has many licences, permits, and approvals required for environmental protection. The different types of licences required for a business will depend on the industry that the business operates in. Certain environmental licences and permits can be applied through the EPD's website, covering the following five main areas:

- Air pollution control;
- Water pollution control;
- Waste disposal;
- Noise control; and
- Environmental impact assessment.

For more information on applications for environmental permits, please refer to the EPD's website ([www.epd.gov.hk/epd/english/application\\_for\\_licences/online\\_applic/online\\_app.html](http://www.epd.gov.hk/epd/english/application_for_licences/online_applic/online_app.html)).

#### Licences, Permits and Approvals Required for Different Industries (Part 1/4)

Licence/Permit	Who Should Apply	Typical Examples
Licence to conduct specified processes	Any owner of premises which is engaged in the conduct of any of the 31 specified processes (in refer to Schedule 1 of Cap. 311 of Air Pollution Control Ordinance)	Quarries, concrete batching plants, asphalt concrete plants, manufacturing plants that involve melting or recovery or metals, electricity plants that have an installed generation capacity exceeding 5 MW, etc.
Approval for installation or alteration of furnaces, ovens and chimneys	Any occupier of the premises who wants to install or alter any furnace, oven or chimney with a total fuel consumption rate exceeding 25 L of liquid fuel per hour, or 35 kg of solid fuel per hour, or 1150 MJ of gaseous fuel per hour	Factories, cleaning services, educational or medical institutions, restaurants or housing estates in which boilers, cooking stoves, emergency generators or other fuel-using equipment is to be installed or altered, etc.
Open Burning Permit	Any person who intends to apply for permit to conduct open burning, except for those prohibited or exempted	Establishment who needs to conduct open burning activities for fire fighting training, etc.
Asbestos investigation report, asbestos abatement plan and asbestos management plan	The owner of premises who intends to carry out asbestos related works in their premises, except when the works are exempted	Owner of premises intending to carry out building works, or activities involving insulation materials in mechanical plant items, etc.
Notification of commencement of asbestos abatement work	The owner of premises in which asbestos related work is to be carried out	Owner of premises intending to carry out building works, or activities involving insulation materials in mechanical plant items, etc.

## Licences, Permits and Approvals Required for Different Industries (Part 2/4)

Licence/Permit	Who Should Apply	Typical Examples
Notification of Construction Work under the Air Pollution Control (Construction Dust) Regulation	The contractor responsible for a construction site where any notifiable work under the Air Pollution Control (Construction Dust) Regulation is proposed to be carried out	Construction work which is classified as notifiable work such as site formation, reclamation, demolition & construction of building, road construction work, etc.
Construction Noise Permit (CNP) for general works/ prescribed construction works	Any person who intends to carry out construction activities with powered mechanical equipment during restricted hours, or carry out construction work prescribed under the Noise Control Ordinance during restricted hours in designated areas	Developer, architect, engineer or contractor involved in a construction project, etc.
CNP for percussive piling	Any person who intends to carry out piling work at the construction site in a percussive manner	Developer, architect, engineer or contractor involved in the building, civil and foundation works of a construction project which requires percussive piling work, etc.
Noise Emission Label (NEL) for air compressor	Any person who manufactures/ trades/ imports/ uses or provides rental service on any air compressor which is designed or used for the purpose of carrying out any construction works and is capable of supplying compressed air at 500 kPa pressure or above	Construction equipment manufacturer, trader, importer, rental service vendor, contractor of construction work, etc.
NEL for hand-held percussive breaker	Any person who manufactures/ trades/ imports/ uses or provides rental service on any handheld percussive breaker having a mass of 10kg or above	Construction equipment manufacturer, trader, importer, rental service vendor, contractor of construction work, etc.
Discharge Licence under WPCO	Any owner or occupier of premises which discharges trade effluent from institutional and commercial premises, domestic sewage from institutional and commercial premises in unsewered areas, domestic sewage treatment plant and domestic premises in unsewered areas	Owner or occupier of commercial, industrial, institutional premises generating trade effluent, owner of a domestic sewage treatment plant, owner of premises with septic tank, etc.

## Licences, Permits and Approvals Required for Different Industries (Part 3/4)

Licence/Permit	Who Should Apply	Typical Examples
Chemical Waste Producer Registration	Any person who produces or causes to be produced chemical waste	Owner of chemical waste generating premises, for instance, factories, workshops, mining/building sites; education/medical institutions; transport agents; cleaning/repairing agents, etc.
Licence to Dispose of Chemical Waste	Any person who, with the aid of off-site or in-house disposal facilities, or any waste treatment, reprocessing and recycling facilities, wishes to carry out disposal of chemical wastes	Owner of lubricating oil recycling plant, textile factories, etc., with waste treatment, preprocessing or recycling facility
Licence to Collect Chemical Waste	Any chemical waste producer who intends to transport his own chemical waste to an off-site chemical waste disposal facility; or any person who wishes to provide chemical waste collection or removal service	Collector of asbestos, MARPOL waste and laboratory wastes, etc.
Licence to Dispose of Clinical Waste	Any person who operates disposal facilities to carry out disposal of clinical wastes	Operator of the Chemical Waste Treatment Centre
Licence to Collect Clinical Waste	Any person who provides services for the collection or removal of clinical waste	Collector of clinical waste produced from a medical clinic
Approval for using Chemical Waste Container >450L	Any chemical waste producer who intends to use large containers with a capacity exceeding 450 L for storage of chemical waste	Owner of large scale chemical waste generating premises, e.g. factories, building sites, transport agents, etc.
Waste Import/ Export Permit	Anyone who intends to import or export waste into or out of Hong Kong, unless the waste is listed in the Sixth Schedule of the Waste Disposal Ordinance, uncontaminated, and intended for reprocessing, recycling or reuse	The disposer, importer of the waste, the producer or the exporter of the waste, the freight agent who provides shipment of the waste, etc.
Approval for the use of Oil Dispersant and Similar Substances	Prospective user/trader of oil dispersant or similar substances for treating oil at sea in Hong Kong	Reclamation work contractor, user/trader of such products and marine transport agents, etc.

## Licences, Permits and Approvals Required for Different Industries (Part 4/4)

Licence/Permit	Who Should Apply	Typical Examples
Marine Dumping Permit	<p>Any person who intends to perform an operation described below (<i>Note</i>):</p> <ol style="list-style-type: none"> <li>dumping substances within the waters of Hong Kong</li> <li>dumping substances anywhere in the sea</li> <li>loading an aircraft, vessel, marine structure or floating container in Hong Kong with substances or articles for dumping anywhere in the sea</li> <li>loading a vehicle in Hong Kong with substance for dumping from the vehicle anywhere in the waters of Hong Kong</li> </ol>	Contractor of works involving dredging and dumping operations; contractors of works involving loading substances and transportation of the substances for dumping
Permits to import, export, manufacture or use the non-pesticide hazardous chemicals controlled under the Hazardous Chemicals Control Ordinance (HCCO)	Any person who acts in the capacity of an importer, exporter, manufacturer or user of the scheduled chemicals controlled under the HCCO	Local chemical manufacturers, local chemical traders, universities, research institutes and testing laboratories etc.
Approval for establishing a construction waste disposal account	<ul style="list-style-type: none"> <li>Main contractor who undertakes construction work contract with value of \$1 million or above</li> <li>Any person who intends to use government waste disposal facilities for disposal of construction waste generated from contracts each with value less than \$1 million</li> </ul>	<ul style="list-style-type: none"> <li>Main contractors</li> <li>Construction waste producers, property management companies</li> </ul>
Approval for using waste transfer service	Any person who intends to disposal waste at refuse transfer stations	Private waste collectors

*Note: Dumping means a deliberate disposal, including an emission or discharge, at sea of substances such as any wastes, dredged mud, excavated materials, sand, rock, etc.*

### Applications for Permits, Licences, and Approvals

The EPD is the only government organisation processing applications of environmental related permits, licences, and approvals. The time required for application processing will vary, depending on the type of licences. The time frame as pledged by the EPD is shown below.

Category	Licence	Time Required Pledge (2019)
Air	Emission Testing and Notices to Smoky Vehicles Owners	99% in 3 working days
	Specifications and plans for installation or alteration of furnaces or chimneys	90% in 16 days
	Registration for asbestos personnel	95% in 68 days
	Asbestos abatement and management plans	95% in 25 days
Environmental Assessment and Planning	Environmental Impact Assessment Study Briefs	45 days
	Permission to apply directly for environmental permits	45 days
	Review of Environmental Impact Assessment Reports	60 days
	Approval or rejection for Environmental Impact Assessment Reports after public consultation	30 days
	Environmental permits	30 days
	Further environmental permits	30 days
	Variation of environmental permits	30 days
Noise	Construction noise permits	90% in 18 days
	Noise emission labels	90% in 15 days
Waste	Registration of chemical waste producers	98% in 30 days
	Part A Chemical waste notifications	95% 12 days
	Marine dumping permits	90% in 18 days
Water	Water Pollution Control Ordinance licences (Excluding licences requiring public notification)	95% in 14 days after payment

For more details about the processing time required for each licence, please refer to the EPD's website ([www.epd.gov.hk/epd/english/about\\_epd/perf\\_pledge/perf\\_pledge\\_b.html](http://www.epd.gov.hk/epd/english/about_epd/perf_pledge/perf_pledge_b.html)).

*Source:*

<sup>1</sup> *Environmental Protection Department official website*

<sup>2</sup> *On-line Application, Environmental Protection Department*

<sup>3</sup> *Performance Pledge 2019, Environmental Protection Department*

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# Appendix

- Appendix 1*      *Information Directory for Starting a Business in Hong Kong*
- Appendix 2*      *Key Business Associations*
- Appendix 3*      *Funding Schemes in Hong Kong*
- Appendix 4*      *Universities in Hong Kong*
- Appendix 5*      *Colleges/Higher Education Institutions in Hong Kong*

## Appendix 1

### Information Directory for Starting a Business in Hong Kong (Part 1/2)

Stage	Category of Information	Contacts of Organisations
Setting up a Company	Company Registration	<ul style="list-style-type: none"> <li>Company Registry - Tel: +852 2234 9933</li> </ul>
	Factory Registration	<ul style="list-style-type: none"> <li>Trade and Industry Department - Tel: +852 2392 2922</li> </ul>
	Bank Account Setup Requirements and Restrictions for Foreign Direct Investment (FDI)	<ul style="list-style-type: none"> <li>Hong Kong Monetary Authority - Tel: +852 2878 8196</li> </ul>
	Foreign Direct Investment in Hong Kong	<ul style="list-style-type: none"> <li>InvestHK - Tel: +852 3107 1000</li> </ul>
	Tax Information	<ul style="list-style-type: none"> <li>Inland Revenue Department - Tel: +852 187 8088</li> </ul>
Labour Employment	Laws and Regulations over Local Labour Employment	<ul style="list-style-type: none"> <li>Labour Department - Tel: +852 2544 3271</li> </ul>
	Work Permits and Visa	<ul style="list-style-type: none"> <li>Immigration Department - Tel: +852 2824 6111</li> </ul>
Research and Development	Government Funded R&D Centres	<ul style="list-style-type: none"> <li>Automotive Platforms and Application Systems R&amp;D Centre - Tel: +852 2788 6262</li> <li>Hong Kong Applied Science and Technology Research Institute - Tel: +852 3406 2800</li> <li>Hong Kong Research Institute of Textiles and Apparel - Tel: +852 2627 0180</li> <li>Logistics and Supply Chain MultiTech R&amp;D Centre - Tel: +852 2299 0551</li> <li>Nano and Advanced Materials Institute - Tel: +852 3511 3407</li> </ul>
	Government Funded R&D Organisations	<ul style="list-style-type: none"> <li>Cyberport - Tel: +852 3166 3800</li> <li>Hong Kong Productivity Council - Tel: +852 2788 6262</li> <li>Hong Kong Science &amp; Technology Parks Corporation - Tel: +852 2629 1818</li> </ul>
	Testing and Certification	<ul style="list-style-type: none"> <li>The searching platform - “Lab Test One” , which can be downloaded from the App Store or Android Play.</li> </ul>
	Intellectual Properties Registration in Hong Kong	<ul style="list-style-type: none"> <li>Intellectual Property Department - Tel: +852 2961 6901</li> </ul>

## Appendix 1

### Information Directory for Starting a Business in Hong Kong (Part 2/2)

Stage	Category of Information	Contacts of Organisations
Production	Legal Regulations onto Industries with Pollutant Emissions	<ul style="list-style-type: none"> <li>• Environment Protection Department - Tel: +852 2838 3111</li> </ul>
Product Launching	Certificate of Origin	<ul style="list-style-type: none"> <li>• Trade and Industry Department; - Tel: +852 2392 2922</li> </ul> <p>Five Government Approved Certification Organizations including:</p> <ul style="list-style-type: none"> <li>• Hong Kong General Chamber of Commerce - Tel: +852 2529 9229</li> <li>• Federation of Hong Kong Industries - Tel: +852 2732 3188</li> <li>• Chinese Manufacturers' Association of Hong Kong - Tel: +852 2545 6166</li> <li>• Indian Chamber of Commerce, Hong Kong - Tel: +852 2523 3877, 2845 4612, 2525 0138, 2525 0139</li> <li>• Chinese General Chamber of Commerce – Tel: +852 2525 6385</li> </ul>

## Appendix 2

### Key Business Associations (Part 1/3)

Association	Information and Contact
The Chinese Manufacturer's Association of Hong Kong	<p>Year of establishment: 1934</p> <p>Aims/objectives:</p> <ul style="list-style-type: none"><li>• Promoting trade and industrial development</li><li>• Improving business environment</li><li>• Representing the industrial sector in the formulation and implementation of government policies</li><li>• Participating in community development work</li><li>• Fostering international understanding and cooperation</li><li>• Fulfilling corporate social responsibility"</li></ul> <p>Address: CMA Building, 64-66 Connaught Road Central, Hong Kong</p> <p>Tel: +852 2545 6166</p> <p>Email: <a href="mailto:info@cma.org.hk">info@cma.org.hk</a></p> <p>Website: <a href="http://www.cma.org.hk">www.cma.org.hk</a></p>
Federation of Hong Kong Industries	<p>Year of establishment: 1960</p> <p>Aims/objectives:</p> <ul style="list-style-type: none"><li>• Promoting and fostering the interests of Hong Kong's industrial and business communities;</li><li>• Promoting trade, investment, technological advancement, manpower development, and business opportunities in Hong Kong;</li><li>• Representing business views and advising the government on policies and legislation which affect businesses</li></ul> <p>Address: 31/F, Billion Plaza, 8 Cheung Yue Street, Cheung Sha Wan, Kowloon</p> <p>Tel: +852 2732 3188</p> <p>Email: <a href="mailto:fhki@fhki.org.hk">fhki@fhki.org.hk</a></p> <p>Website: <a href="http://www.industryhk.org">www.industryhk.org</a></p>

## Appendix 2

### Key Business Associations (Part 2/3)

Association	Information and Contact
<p>The Hong Kong Chinese Importers' and Exporters' Association</p>	<p>Year of establishment: 1954</p> <p>Aims/objectives:</p> <ul style="list-style-type: none"> <li>• Promoting members' economic and trade exchanges with localities, and gradually developing a mutual platform for members to express their opinions, and receive various political and economic information.</li> <li>• Fully assisting industries to understand the policy and business environmental adjustments. Allowing industries to grasp business information through economic forums, seminars and survey reports and special research reports publication.</li> <li>• Actively carrying out activities such as corporate exchanges, inland visits, national education, professional training, and charitable donations.</li> </ul> <p>Address: 7/F, Champion Bldg, 287-291 Des Voeux Rd, Sheung Wan</p> <p>Tel: +852 2544 8474</p> <p>Email: <a href="mailto:info@hkciea.org.hk">info@hkciea.org.hk</a></p> <p>Website: <a href="http://hkciea.org.hk/?lang=en">hkciea.org.hk/?lang=en</a></p>
<p>Hong Kong General Chamber of Commerce</p>	<p>Year of establishment: 1861</p> <p>Aims/objectives:</p> <ul style="list-style-type: none"> <li>• Promoting, representing and safeguarding the interests of the business community in Hong Kong, and at the same time providing support, networks, training and business services to help the business community grow. Its four key functions are: <ul style="list-style-type: none"> <li>○ Advocacy: safeguarding the interests of the business community</li> <li>○ Connections: expanding local and international networks for members</li> <li>○ Events: organising over 500 events for members every year</li> <li>○ Business Services: business documentation services, staff training, event management and venue rental</li> </ul> </li> </ul> <p>Address: 22/F United Centre, 95 Queensway, Admiralty, Hong Kong</p> <p>Tel: +852 2529 9229</p> <p>Email: <a href="mailto:chamber@chamber.org.hk">chamber@chamber.org.hk</a></p> <p>Website: <a href="http://www.chamber.org.hk/en/index.aspx">www.chamber.org.hk/en/index.aspx</a></p>

## Appendix 2

### Key Business Associations (Part 3/3)

Association	Information and Contact
Chinese General Chamber of Commerce	<p>Year of establishment: 1900</p> <p>Aims/objectives:</p> <ul style="list-style-type: none"><li>• Promoting trade and industry and enhancing the prosperity of Hong Kong.</li><li>• Protecting the rights and interests of the business and industrial community in Hong Kong</li><li>• Participating in public affairs and reflecting the views of the business and industrial community.</li><li>• Developing international and regional communication with a view to promote economic cooperation.</li></ul> <p>Address: 4/F., 24-25 Connaught Road, Central, Hong Kong</p> <p>Tel: +852 2525 6385</p> <p>Email: <a href="mailto:cgcc@cgcc.org.hk">cgcc@cgcc.org.hk</a></p> <p>Website: <a href="http://www.cgcc.org.hk/en/index.php">www.cgcc.org.hk/en/index.php</a></p>

## Appendix 3

### Startup/Incubation Funding Schemes (Part 1/3)

Programme	Objective	Eligibility	Coverage
Corporate Venture Fund (CVF)	<ul style="list-style-type: none"> <li>• Potential investment to support technology startups</li> <li>• Funded by Hong Kong Science and Technology Parks Corporation (HKSTPC)</li> </ul>	<ul style="list-style-type: none"> <li>• Hong Kong-registered technology startups including HKSTP Incubatees, Incubation Programme graduates and Current Science Park tenants</li> </ul>	<ul style="list-style-type: none"> <li>• Earmarked for Seed Stage up to Series A funding rounds given certain criteria are met</li> </ul>
Incu-Tech Programme	<ul style="list-style-type: none"> <li>• Support tech startups working in research and developing differentiated solutions in electronics/green technology/ICT/material and precision engineering industries</li> <li>• Funded by HKSTPC</li> </ul>	<ul style="list-style-type: none"> <li>• Hong Kong registered technology startup companies established for no more than 2 years before the date of application</li> <li>• Founding team members must hold more than 50% of the company at the time of application submission</li> </ul>	<ul style="list-style-type: none"> <li>• Work premises</li> <li>• Technology support</li> <li>• Business support</li> <li>• Financial aid package</li> </ul>
Incu-Bio Programme	<ul style="list-style-type: none"> <li>• Support biomedical tech startups in Hong Kong in various perspectives</li> <li>• Funded by HKSTPC</li> </ul>	<ul style="list-style-type: none"> <li>• Hong Kong registered and incorporated technology startup company limited by shares under the Companies Ordinance</li> <li>• Certain requirements regarding the date of incorporation, R&amp;D focused area, licensing and staff should be met as well</li> </ul>	<ul style="list-style-type: none"> <li>• Financial aid package</li> <li>• Co-working environment</li> <li>• Laboratory support &amp; services</li> <li>• Business support</li> </ul>

For additional information, please refer to the following links ([www.hkstp.org/en/how-we-serve/investment/corporate-venture-fund/](http://www.hkstp.org/en/how-we-serve/investment/corporate-venture-fund/)), ([www.hkstp.org/en/how-we-serve/incubation-programmes/incu-tech/](http://www.hkstp.org/en/how-we-serve/incubation-programmes/incu-tech/)), ([www.hkstp.org/en/how-we-serve/incubation-programmes/incu-bio/](http://www.hkstp.org/en/how-we-serve/incubation-programmes/incu-bio/)).

## Appendix 3

### Startup/Incubation Funding Schemes (Part 2/3)

Programme	Objective	Eligibility	Coverage
Incu-App Programme	<ul style="list-style-type: none"> <li>Support companies in the electronics/green technology/ICT/material and precision engineering industries</li> <li>Funded by HKSTPC</li> </ul>	<ul style="list-style-type: none"> <li>Hong Kong registered technology startup company limited by shares and established within 2 years, or incorporated within 3 years if the applicant is a current member or a graduate of the STEP programme or was originally incorporated overseas</li> <li>The founders must (legally and beneficially) collectively hold at least 51% of the applicant company</li> </ul>	<ul style="list-style-type: none"> <li>Work premises</li> <li>Technology support</li> <li>Business support</li> <li>Financial aid package</li> </ul>
Cyberport Creative Micro Fund (CCMF)	<ul style="list-style-type: none"> <li>Financially support high potential digital tech startup projects and business ideas</li> <li>Funded by Hong Kong Cyberport Management Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>Hong Kong Permanent ID card holders or non-Hong Kong Permanent ID card holders if companies are registered and incorporated in Hong Kong</li> <li>The principal applicant of the individual applicant must be a Hong Kong Permanent ID Card holder and aged between 18 and 35 years upon the application deadline</li> </ul>	<ul style="list-style-type: none"> <li>A grant of HKD 100,000 can be received for successful applicants over 6 months to produce proof of concepts and prototypes</li> </ul>

For additional information, please refer to the following links ([www.hkstp.org/en/how-we-serve/incubation-programmes/incu-app/](http://www.hkstp.org/en/how-we-serve/incubation-programmes/incu-app/)), ([www.cyberport.hk/en/about\\_cyberport/cyberport\\_youth/cyberport\\_creative\\_micro\\_fund/hong-kong-programme](http://www.cyberport.hk/en/about_cyberport/cyberport_youth/cyberport_creative_micro_fund/hong-kong-programme)).

## Appendix 3

### Startup/Incubation Funding Schemes (Part 3/3)

Programme	Objective	Eligibility	Coverage
Cyberport Incubation Programme	<ul style="list-style-type: none"> <li>Financially support digital tech related companies</li> <li>Funded by Hong Kong Cyberport Management Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>Limited companies registered and incorporated in Hong Kong with a viable business plan for a product/service solutions to be ready for market within 12 to 18 months</li> <li>Sufficient funds, or plans to raise sufficient funds to operate for at least 1 year upon admission</li> </ul>	<ul style="list-style-type: none"> <li>Up to HKD 500,000 support over 24 months</li> <li>A range of business and professional services</li> <li>Incubatees can participate in the programme on-site at Cyberport, or off-site at their own premises</li> </ul>
Cyberport Macro Fund (CMF)	<ul style="list-style-type: none"> <li>Financially support digital tech related companies</li> <li>Funded by Hong Kong Cyberport Management Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>Scalable digital technology companies with operations based in Hong Kong, who are incubatees or graduates of Cyberport's other programmes, Cyberport Smart-Space companies, or Cyberport office tenants</li> </ul>	<ul style="list-style-type: none"> <li>Between HKD 1 million to HKD 20 million for Cyberport's accumulative investment per investee</li> </ul>
Science and Technology Entrepreneur Programme (STEP)	<ul style="list-style-type: none"> <li>Financially and technically support tech-focused entrepreneurs</li> <li>Funded by HKSTPC</li> </ul>	<ul style="list-style-type: none"> <li>Hong Kong ID Card holders aged 18 or above;</li> <li>Companies incorporated in Hong Kong for less than 1 year; or</li> <li>Team applicants that incorporate and register a company in Hong Kong before starting the programme</li> </ul>	<ul style="list-style-type: none"> <li>All-rounded support from HKSTPC to acquire the essential skills to launch their new ventures, including business model design and investment training and even guidance on fine-tuning ideas and technical development</li> <li>HKD 100,000 seed funding and a co-working space during the 12-month programme</li> </ul>

For additional information, please refer to the following links

([www.cyberport.hk/en/about\\_cyberport/cyberport\\_entrepreneurs/cyberport\\_incubation\\_programme](http://www.cyberport.hk/en/about_cyberport/cyberport_entrepreneurs/cyberport_incubation_programme)), ([www.cyberport.hk/en/about\\_cyberport/cyberport\\_macro\\_fund](http://www.cyberport.hk/en/about_cyberport/cyberport_macro_fund)), ([www.hkstpc.org/en/how-we-serve/pre-incubation/science-and-technology-entrepreneur-programme/](http://www.hkstpc.org/en/how-we-serve/pre-incubation/science-and-technology-entrepreneur-programme/)).

## Appendix 3

### Research & Development (R&D) Funding Schemes (Part 1/3)

Programme	Objective	Eligibility	Coverage
Technology Voucher Programme (TVP)	<ul style="list-style-type: none"> <li>Financially and technologically support local non-listed enterprises in using technological services and solutions to improve productivity, or upgrade or transform their business processes.</li> <li>Funded by the Innovation and Technology Commission (ITC)</li> </ul>	<ul style="list-style-type: none"> <li>Non-listed enterprises of all sizes with substantive business operation in Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>Funding up to HKD 400,000</li> <li>Up to 4 approved projects per entity</li> </ul>
The Innovation and Technology Venture Fund (ITVF)	<ul style="list-style-type: none"> <li>Support local I&amp;T startups</li> <li>Funded by ITC</li> </ul>	<ul style="list-style-type: none"> <li>Local I&amp;T startup incorporated under the Companies Ordinance within the last 7 years in Hong Kong, engaging itself or its subsidiaries in I&amp;T business with a total number of employees being less than 250</li> </ul>	<ul style="list-style-type: none"> <li>The ITVF will invest in I&amp;T startups with adequate presence in Hong Kong (local I&amp;T startups) at a matching investment ratio of approximately 1:2</li> </ul>
General Support Programme (GSP)	<ul style="list-style-type: none"> <li>Generally support organisations and companies in the I&amp;T industry</li> <li>Funded by ITC</li> </ul>	<ul style="list-style-type: none"> <li>The applicant must be an organization in Hong Kong, for example, non-profit making trade or industry association or chamber of commerce, public body, charitable organisations, a local university or other tertiary/post-secondary institute, District Council or local unincorporated or incorporated company under the Companies Ordinance</li> </ul>	<ul style="list-style-type: none"> <li>Sponsorship of no less than 10% of the total project cost from private companies not relating to the applicant organisation in terms of ownership or management and/or from other sources of contribution</li> <li>If the applicant is not a private company, contribution provided by the applicant itself or by its related parties will also be accepted as sponsorship for the project</li> </ul>

For additional information, please refer to the following links ([www.itf.gov.hk/l-eng/TVP.asp](http://www.itf.gov.hk/l-eng/TVP.asp)), ([www.itc.gov.hk/en/funding/itvf.htm](http://www.itc.gov.hk/en/funding/itvf.htm)), ([www.itf.gov.hk/l-eng/GSP.asp](http://www.itf.gov.hk/l-eng/GSP.asp)).

## Appendix 3

### Research & Development (R&D) Funding Schemes (Part 2/3)

Programme	Objective	Eligibility	Coverage
Researcher Programme (formerly known as Internship Programme)	<ul style="list-style-type: none"> <li>Support organisations and companies in the I&amp;T industry</li> <li>Funded by ITC</li> </ul>	<ul style="list-style-type: none"> <li>Organisations or companies undertaking R&amp;D projects funded by the Innovation and Technology Fund (ITF), including R&amp;D Centres, designated local public research institutes may apply for funding support to engage researchers under the RP-ITF to assist in the ITF project</li> </ul>	<ul style="list-style-type: none"> <li>Monthly allowance up to HKD 18,000 (graduates with a Bachelor's degree) or HKD 21,000 (graduates with a Master's degree) for organisations undertaking R&amp;D projects funded by the ITF to recruit graduates from local universities as researchers to assist in the R&amp;D projects</li> <li>Each ITF project can engage up to 2 researchers at any one time.</li> <li>The maximum engagement period for each researcher is 36 months</li> </ul>
Postdoctoral Hub	<ul style="list-style-type: none"> <li>Support organisations/ companies in the I&amp;T industry</li> <li>Funded by ITC</li> </ul>	<ul style="list-style-type: none"> <li>Organisations/ companies undertaking R&amp;D projects funded by the ITF can apply for funding to recruit postdoctoral talent to assist in the R&amp;D projects</li> </ul>	<ul style="list-style-type: none"> <li>Each ITF project can engage up to 2 postdoctoral talent at any one time</li> <li>The maximum engagement period for each postdoctoral talent is 36 months</li> <li>The maximum monthly allowance is HKD 32,000 for each postdoctoral talent</li> <li>The concerned postdoctoral talent must possess a doctoral degree in a science, technology, engineering and mathematics (STEM)-related discipline from either a local university or a well-recognised non-local institution</li> </ul>

For additional information, please refer to the following links ([www.itf.gov.hk/l-eng/RP.asp](http://www.itf.gov.hk/l-eng/RP.asp)), ([www.itf.gov.hk/l-eng/TTS-PH.asp](http://www.itf.gov.hk/l-eng/TTS-PH.asp)).

## Appendix 3

### Research & Development (R&D) Funding Schemes (Part 3/3)

Programme	Objective	Eligibility	Coverage
Patent Application Grant	<ul style="list-style-type: none"> <li>Financially support local companies and individuals to apply for patent</li> <li>Funded by ITC</li> </ul>	<ul style="list-style-type: none"> <li>All locally incorporated companies, Hong Kong permanent residents or Hong Kong residents permitted to remain in Hong Kong for not less than 7 years which/who have never owned any patents in any countries or territories before will be eligible.</li> </ul>	<ul style="list-style-type: none"> <li>A grant up to HKD 250,000 or 90% of the sum of the total direct cost of the patent application (including the cost for patent search-cum-technical assessment) and the administration fee charged by HKPC which is approximately equal to 20% of the total direct cost involved in patent application, whichever is the lower, will be provided.</li> </ul>
Research and Development Cash Rebate Scheme	<ul style="list-style-type: none"> <li>Financially support projects in R&amp;D industry</li> <li>Funded by ITC</li> </ul>	<ul style="list-style-type: none"> <li>Innovation and Technology Fund (ITF) projects; and</li> <li>Partnership projects: R&amp;D projects funded entirely by companies and conducted in partnership with designated local public research institutions</li> </ul>	<ul style="list-style-type: none"> <li>Cash rebate equivalent to 40% of a company's expenditure</li> </ul>
Technology Talent Scheme - Reindustrialisation and Technology Training Programme (RTTP)	<ul style="list-style-type: none"> <li>Financially support local companies especially those related to Industry 4.0</li> <li>Funded by ITC</li> </ul>	<ul style="list-style-type: none"> <li>Registered in Hong Kong under the Business Registration Ordinance (Cap. 310)</li> <li>Must be a non-government and non-subsided organisation; and</li> <li>The employee nominated is a Hong Kong permanent resident with the necessary background/experience relevant to the advanced technology of the training course.</li> </ul>	<ul style="list-style-type: none"> <li>Up to HKD 500,000 from the RTTP for each company in each financial year</li> </ul>

For additional information, please refer to the following links ([www.itc.gov.hk/en/funding/pag.htm](http://www.itc.gov.hk/en/funding/pag.htm)), ([www.itf.gov.hk/l-eng/CRS\\_app\\_guide.asp](http://www.itf.gov.hk/l-eng/CRS_app_guide.asp)), ([www.itf.gov.hk/l-eng/TTS-RTTP.asp](http://www.itf.gov.hk/l-eng/TTS-RTTP.asp)).

## Appendix 3

### Financing and Guarantee Funding Schemes

Programme	Objective	Eligibility	Coverage
SME Financing Guarantee Scheme (SFGS)	<ul style="list-style-type: none"> <li>Financially support SMEs in all industries</li> <li>Funded by the Hong Kong Mortgage Corporation Limited</li> </ul>	<ul style="list-style-type: none"> <li>Registered in Hong Kong under the Business Registration Ordinance (Cap. 310) and must have business operations in Hong Kong for at least 1 year on the date of guarantee application with good loan repayment record.</li> <li>Listed companies, lending institutions and affiliates of the lender are not eligible</li> </ul>	<ul style="list-style-type: none"> <li>Funding up to HKD 12 million under the Scheme and the maximum loan tenor is 5 years</li> <li>Both term loan and revolving credit facility can be provided at the same time without limitation on the proportion between the 2 types of facilities, subject to certain limitations on usage of fund</li> </ul>
SME Loan Guarantee Scheme (SGS)	<ul style="list-style-type: none"> <li>Financially support SMEs in all industries</li> <li>Funded by Trade and Industry Department (TID)</li> </ul>	<ul style="list-style-type: none"> <li>Registered under the Business Registration Ordinance (Cap. 310) and with substantive business operation in Hong Kong</li> <li>SMEs that provide services for its members and have club premises of which its members have a right of exclusive use</li> <li>Lending institutions and their associates are not eligible</li> </ul>	<ul style="list-style-type: none"> <li>The amount of guarantee for an SME is 50% of the approved loan, subject to a maximum amount of HKD 6 million</li> <li>The guarantee can be used to secure loans for either business installations and equipment or working capital, or a combination of both, subject to a maximum period of 5 years</li> <li>The SME may be eligible for the respective guarantee amount one more time given certain conditions are fulfilled, subject to a maximum amount of \$6 million</li> </ul>

For additional information, please refer to the following links

([www.hkmc.com.hk/eng/our\\_business/sme\\_financing\\_guarantee\\_scheme.html](http://www.hkmc.com.hk/eng/our_business/sme_financing_guarantee_scheme.html)),

([www.smefund.tid.gov.hk/english/sgs/sgs\\_objective.html](http://www.smefund.tid.gov.hk/english/sgs/sgs_objective.html)).

## Appendix 3

### Market Development/Business Upgrading Funding Schemes

Programme	Objective	Eligibility	Coverage
SME Export Marketing Fund (EMF)	<ul style="list-style-type: none"> <li>Financially support SMEs in all industries to do export marketing</li> <li>Funded by TID</li> </ul>	<ul style="list-style-type: none"> <li>SMEs registered in Hong Kong under the Business Registration Ordinance Business Registration Ordinance (Cap. 310)</li> <li>The applicant should have substantive business operations in Hong Kong</li> <li>The applicant should not be the organiser, service provider or a related company of the organiser or service provider of the export promotion activity covered by the application</li> </ul>	<ul style="list-style-type: none"> <li>Grants for participation in certain export promotion activities (including but not limited to trade fairs /business missions in and outside Hong Kong, enhancement of corporate websites /mobile applications, etc.) organised by organisations with a good track record</li> <li>The cumulative amount of grants shall not exceed the prevailing cumulative grant ceiling, with connected entities being treated as one enterprise</li> </ul>
Enhanced BUD Fund (Mainland, and ASEAN & FTA Programme)	<ul style="list-style-type: none"> <li>Financially support non-listed enterprises in all industries</li> <li>Funded by TID</li> </ul>	<ul style="list-style-type: none"> <li>All non-listed enterprises registered in Hong Kong under the Business Registration Ordinance (Cap. 310) with substantive business operations in Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>Cumulative ceiling of HKD 4 million for a maximum of 40 projects</li> <li>Funding ceiling of HKD 1 million per project</li> <li>Initial payment of up to 75% of approved funding</li> </ul>

For additional information, please refer to the following links ([www.smefund.tid.gov.hk/english/emf/emf\\_scope.html](http://www.smefund.tid.gov.hk/english/emf/emf_scope.html)), ([www.bud.hkpc.org/en](http://www.bud.hkpc.org/en)).

## Appendix 3

### Environmental Protection Funding Schemes

Programme	Objective	Eligibility	Coverage
Recycling Fund, Enterprise Support Programme	<ul style="list-style-type: none"> <li>Financially support enterprises in the recycling industry</li> <li>Funded by Environmental Protection Department (EPD)</li> </ul>	<ul style="list-style-type: none"> <li>Any enterprise with a valid business registration certificate established and registered under the laws of Hong Kong, with substantive business operations</li> <li>The applicant should have been involved in recycling related operation with a proven track record for at least 1 year before submitting an application to the Recycling Fund</li> </ul>	<ul style="list-style-type: none"> <li>Funding up to 50% of approved expenditure</li> <li>Maximum cumulative funding ceiling per enterprise of HKD 15 million</li> <li>Enterprise can have a maximum of 10 approved projects</li> <li>All approved project should be completed within 4 years.</li> </ul>
Recycling Fund, Enterprise Support Programme for Small-scale Standard Projects	<ul style="list-style-type: none"> <li>Help enterprises in the recycling industry implement SSP Type 1 (training workforce, improving occupational safety and health, enhancing capabilities, etc.) and SSP Type 2 (procuring small-scale equipment, hardware, machinery for enhancing processing and collection of recyclables, etc.) projects</li> <li>Funded by EPD</li> </ul>	<ul style="list-style-type: none"> <li>Any enterprise with a valid business registration certificate established and registered under the laws of Hong Kong, with substantive business operations</li> <li>The applicant should have been involved in recycling related operation with a proven track record for at least 1 year before submitting an application to the Recycling Fund</li> </ul>	<ul style="list-style-type: none"> <li>Funding ceiling for each Small-scale Standard Project application is HKD 150,000 or 50% of the approved total project expenditure, whichever is the less.</li> <li>Each Small-scale Standard Project should be completed within 12 months</li> </ul>

For additional information, please visit the Environmental Protection Department website or consult the following links ([www.recyclingfund.hk/en/application\\_esp.php](http://www.recyclingfund.hk/en/application_esp.php)), ([www.recyclingfund.hk/en/application\\_esp\\_ssp.php](http://www.recyclingfund.hk/en/application_esp_ssp.php)).

## Appendix 4

### Universities in Hong Kong (Part 1/2)

University	Description
The University of Hong Kong	<ul style="list-style-type: none"> <li>• Founded in 1911 (oldest university in Hong Kong)</li> <li>• Ranked 25<sup>th</sup> in the QS World University Rankings 2020               <ul style="list-style-type: none"> <li>○ 1<sup>st</sup> in Dentistry for the 2<sup>nd</sup> consecutive year</li> <li>○ 7<sup>th</sup> in Education</li> <li>○ 9<sup>th</sup> in Civil and Structural Engineering</li> <li>○ 10<sup>th</sup> in Architecture</li> <li>○ 10<sup>th</sup> in Linguistics</li> <li>○ 10<sup>th</sup> in Social Policy and Administration.</li> </ul> </li> <li>• Programmes including: undergraduate and postgraduate programmes.</li> </ul>
The Hong Kong Polytechnic University	<ul style="list-style-type: none"> <li>• Founded in 1937</li> <li>• Ranked 91<sup>st</sup> in the QS World University Rankings 2020.</li> <li>• Nearly 96% of degree graduates from PolyU found a job or pursued further studies in 2016</li> <li>• Programmes including: undergraduate and postgraduate programmes</li> <li>• Programmes covering fields such as: applied science, business, computing, construction and environment, design, engineering, fashion and textiles, health science, hotel and tourism management, humanities, language and culture, and social science</li> </ul>
Hong Kong Baptist University	<ul style="list-style-type: none"> <li>• Founded in 1956</li> <li>• Ranked 261<sup>st</sup> in the QS World University Rankings 2020</li> <li>• Programmes including: undergraduate and postgraduate programmes, and MPhil and PhD research programmes</li> </ul>
The Chinese University of Hong Kong	<ul style="list-style-type: none"> <li>• Founded in 1963</li> <li>• Ranked 46<sup>th</sup> in the QS World University Rankings 2020</li> <li>• Unique collegiate system: the only university in Hong Kong providing a collegiate system with 9 colleges.</li> <li>• Programmes including: undergraduate programmes and postgraduate programmes.</li> </ul>
Lingnan University	<ul style="list-style-type: none"> <li>• Founded in 1967</li> <li>• Ranked 591-600 in the QS World University Rankings 2020</li> <li>• 1<sup>st</sup> university in Hong Kong to have a service set up to help students share knowledge and expertise with charities and the community through volunteer activities</li> <li>• Programmes including: undergraduate and postgraduate programmes</li> </ul>
Hong Kong Shue Yan University	<ul style="list-style-type: none"> <li>• Founded in 1971</li> <li>• 1<sup>st</sup> private university in Hong Kong</li> <li>• Programmes including: undergraduate and postgraduate programmes</li> </ul>

## Appendix 4

### Universities in Hong Kong (Part 2/2)

University	Description
The Hang Seng University of Hong Kong	<ul style="list-style-type: none"> <li>• Founded in 1980</li> <li>• 2<sup>nd</sup> private university in Hong Kong</li> <li>• Programmes including: undergraduate and postgraduate programmes</li> </ul>
The Open University of Hong Kong	<ul style="list-style-type: none"> <li>• Founded in 1989</li> <li>• Ranked 8<sup>th</sup> in Public Opinion Ranking of the Best University in Hong Kong in 2017</li> <li>• Programmes including: undergraduate and postgraduate programmes</li> </ul>
The Hong Kong University of Science and Technology	<ul style="list-style-type: none"> <li>• Founded in 1991</li> <li>• Ranked 32<sup>nd</sup> in the QS World University Rankings 2020</li> <li>• 1<sup>st</sup> worldwide in Financial Times' EMBA Ranking in 2018 (for the Kellogg-HKUST EMBA Program) (9<sup>th</sup> time No.1 in the world – 2007, 2009-2013, 2016-2018)</li> <li>• 1<sup>st</sup> worldwide in QS Joint EMBA Rankings 2019 (for the Kellogg-HKUST EMBA Program)</li> <li>• Programmes including: undergraduate and postgraduate programmes</li> </ul>
City University of Hong Kong	<ul style="list-style-type: none"> <li>• Founded in 1994</li> <li>• Ranked 52<sup>nd</sup> in the QS World University Rankings 2020</li> <li>• Programmes including: undergraduate and postgraduate programmes.</li> <li>• Programmes covering fields such as: global business, social work, english studies, media and communication, environmental policy, applied physics</li> </ul>
The Education University of Hong Kong	<ul style="list-style-type: none"> <li>• Founded in 1994</li> <li>• Ranked 20<sup>th</sup> in the world in Education in the QS World University Rankings 2019</li> <li>• Programmes including: undergraduate and postgraduate programmes</li> </ul>

## Appendix 5

### Colleges/Higher Education Institutions in Hong Kong

College/Higher Education Institution	Description
Caritas Institute of Higher Education	<ul style="list-style-type: none"> <li>Holistic person education, implementing the Catholic idea of running a school</li> <li>Programmes include: Bachelor's, Top-up, and Joint Top-up Degrees, Sub-degrees, Professional Diploma, Diploma, Certificate, and other short courses</li> </ul>
Centennial College	<ul style="list-style-type: none"> <li>Self-financing college established by the University of Hong Kong</li> </ul>
Chu Hai College of Higher Education	<ul style="list-style-type: none"> <li>The oldest private college in Hong Kong</li> <li>Programmes include: undergraduate and postgraduate programmes</li> </ul>
Gratia Christian College	<ul style="list-style-type: none"> <li>Founded in 2015</li> <li>Programmes include: Bachelor's (Honours) Programme, Higher Diploma, and Diploma.</li> </ul>
HKCT Institute of Higher Education	<ul style="list-style-type: none"> <li>Programmes include: Bachelor's and Master's Degrees, Higher and Professional Diploma, Diploma, and Diploma Yi Jin.</li> </ul>
Hong Kong Academy for Performing Arts	<ul style="list-style-type: none"> <li>Founded in 1984</li> <li>The only public institution in Hong Kong specializing in the training of performing arts talents and the highest academic institution in the field of arts in Hong Kong</li> <li>Programmes include: Bachelor's and Master's Degrees, Bachelor of (Honours) Programme, Higher Diploma, and Diploma</li> </ul>
Hong Kong Nang Yan College of Higher Education	<ul style="list-style-type: none"> <li>Programmes include: Bachelor of (Honours) Programme, Higher Diploma, and Diploma</li> </ul>
Technological and Higher Education Institute of Hong Kong	<ul style="list-style-type: none"> <li>Higher Education Institution under the Hong Kong Vocational Training Council</li> <li>Programmes include: Bachelor of (Honours) Programme, Professional Diploma, and Diploma</li> </ul>
Tung Wah College	<ul style="list-style-type: none"> <li>Programmes include: Bachelor of (Honours) Programme, Higher Diploma, Diploma, and Certificate</li> </ul>
UOW College Hong Kong	<ul style="list-style-type: none"> <li>Programmes include: Associate and Bachelor's Degrees, and Diploma in General Studies</li> </ul>
Yew Chung College of Early Childhood Education	<ul style="list-style-type: none"> <li>1<sup>st</sup> undergraduate college in Hong Kong to focus on early childhood education</li> <li>Programmes include: Bachelor of (Honours) Programme, Higher Diploma, and Diploma</li> </ul>

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# ***Glossary – Section 1 to 10 Operational and Environmental Requirements***

<b>3RS</b>	Third Runway System
<b>AMC</b>	Advanced Manufacturing Centre
<b>APA</b>	Advance Pricing Arrangement
<b>ASA</b>	Air Service Agreements
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASMTP</b>	Admission Scheme for Mainland Talents and Professionals
<b>BEPS</b>	Base Erosion and Profit Shifting
<b>BUD Fund</b>	Dedicated Fund on Branding, Upgrading, and Domestic Sales
<b>C&amp;ED</b>	Customs and Excise Department
<b>CbCR</b>	Country-by-country Report
<b>CE</b>	Chief Executive
<b>CO</b>	Certificate of Origin
<b>DTA</b>	Double Taxation Agreement
<b>DTH</b>	Data Technology Hub
<b>EPD</b>	Environmental Protection Department
<b>FDI</b>	Foreign Direct Investment
<b>FR</b>	Factory Registration
<b>FTA</b>	Free Trade Agreement
<b>GDP</b>	Gross Domestic Product
<b>GEP</b>	General Employment Policy

<b>HKAS</b>	Hong Kong Accreditation Service
<b>HKCTC</b>	Hong Kong Council for Testing and Certification
<b>HKD</b>	Hong Kong Dollar
<b>HKFRS</b>	Hong Kong Financial Reporting Standards
<b>HKHS</b>	Hong Kong Harmonized System
<b>HKIA</b>	Hong Kong International Airport
<b>HKICPA</b>	Hong Kong Institute of Certified Public Accountants
<b>HKPC</b>	Hong Kong Productivity Council
<b>HKSAR</b>	Hong Kong Special Administrative Region
<b>HKSTP</b>	Hong Kong Science Park
<b>HKSTPC</b>	Hong Kong Science and Technology Parks Corporation
<b>HKTDC</b>	Hong Kong Trade Development Council
<b>HS</b>	Harmonized System
<b>I&amp;T</b>	Innovation and Technology Industries
<b>ICT</b>	Information and Communications Technology
<b>IFRS</b>	International Financial Reporting Standards
<b>IoT</b>	Internet of Things
<b>IP</b>	Intellectual Property
<b>IRD</b>	Inland Revenue Department
<b>ITB</b>	Innovation and Technology Bureau
<b>ITF</b>	Innovation and Technology Fund
<b>LPI</b>	Logistics Performance Index
<b>MOOC</b>	Massive Open Online Course
<b>MoU</b>	Memorandum of Understanding

<b>MPF</b>	Mandatory Provident Fund
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OGP</b>	Original Grant Patent
<b>PAG</b>	Patent Application Grant
<b>PH</b>	Postdoctoral Hub
<b>PolyU</b>	Hong Kong Polytechnic University
<b>QMAS</b>	Quality Migrant Admission Scheme
<b>R&amp;D</b>	Research and Development
<b>RCC</b>	Robotics Catalysing Centre
<b>RTTP</b>	Reindustrialisation and Technology Training Programme
<b>S&amp;T</b>	Science and Technology
<b>SME</b>	Small and Medium-sized Enterprises
<b>SMW</b>	Statutory Minimum Wage
<b>STEM</b>	Science, Technology, Engineering, and Math
<b>STI</b>	Science, Technology and Innovation
<b>TechTAS</b>	Technology Talent Admission Scheme
<b>TEU</b>	Twenty-foot Equivalent Unit
<b>TID</b>	Trade and Industry Department
<b>USD</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>VTC</b>	Vocational Training Council

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