

Hong Kong – the Future of I&T

Hong Kong is committed to developing into an international I&T centre. The Government has unprecedentedly invested HK\$150 billion to promote I&T development. In just a few years' time, the I&T ecosystem has been significantly improved and the I&T atmosphere has been consistently enhanced: While there was no unicorn in 2014, Hong Kong is currently home to more than 10 unicorns; The number of employees in the I&T sector grew from around 35 500 to around 45 300; and venture capital investment also substantially increased from around HK\$1.2 billion to around HK\$40 billion from 2014 to 2021; Hong Kong is also the world's second-largest and Asia's largest fundraising hub for biotechnology enterprises. To further strengthen the I&T planning strategy, the HKSAR Government has promulgated the [*Hong Kong I&T Development Blueprint*](#) in late 2022. The golden era for Hong Kong I&T development is coming!

I&T enterprises interested in setting up its operations or expanding their presence in Hong Kong are welcome to contact the Innovation, Technology and Industry Bureau to learn more about Hong Kong's measures on promoting I&T development and attracting outstanding I&T enterprises / talents.

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HKSAR Government – Committed to developing the I&T industry

Goal

- To develop Hong Kong into an international I&T centre, including technology industry research centre and pilot testing base.

Directions

- Further strengthen and enhance our advantages in basic scientific research and to foster the development of the I&T industry, promote the transformation, realisation and commercialisation of research and development (R&D) outcomes, and therefore create more industries and trades. Develop new industries and strategic emerging new industries, thereby enhancing the development of Hong

Kong's real economy, and provide more quality employment and business opportunities.

Models

- By capitalising on her distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world, Hong Kong can pool together global innovation resources, attract enterprises, investments and talents, in particular top-notch enterprises, thereby accelerating the formation of industrial clusters in Hong Kong.
- By actively integrating into the overall development of the country and joining hands with Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area), as well as consolidating our advantage as a cosmopolitan community, we will build Hong Kong into a global highland for technological innovation.

Government support measures

Industry facilitation policy

- Focus on strategic industries, namely, life and health technology, artificial intelligence and data science, Fintech, advanced manufacturing and new energy technology to attract high-potential or representative top-notch strategic enterprises around the globe.
- Formulate attractive special facilitation measures covering aspects such as land, tax and financial support that are applicable exclusively to top notch and strategic enterprises by making use of the HK\$5 billion Strategic Tech Fund. Provide multi-faceted support for enterprises and leading I&T talents around the globe to bring with them their business or R&D outcomes to Hong Kong, including tailor-made plans to facilitate the setting up of operations in Hong Kong and one-stop facilitation services to employees of these enterprises in areas such as visa application and education for their children.
- Proactively reach out to target enterprises and talents by setting up Dedicated Teams for Attracting Businesses and Talents in the Mainland Offices and overseas Economic and Trade Offices (ETOs).
- Establish the HK\$30 billion Co-Investment Fund, managed by the new Hong

Kong Investment Corporation Limited, for attracting enterprises to set up operations in Hong Kong and investing in their business, with a view to facilitating strategic growth enterprises to grow in Hong Kong.

- Set aside \$6 billion to provide subsidies for universities and research institutes to set up thematic research centres with a view to enhancing support for the transformation of R&D outcomes as well as R&D activities related to life and health technology.
- Enhance Hong Kong's listing regime with a view to fully realising and leveraging the advantages of the capital market by facilitating fundraising of advanced technology enterprises that have yet to meet the profit and trading record requirements. The Government is also planning to provide a more effective and diversified fundraising platform for small and medium enterprises (SMEs) and start-ups.

Strive to develop the advanced manufacturing industry

- Advanced manufacturing industry is one of the foci of Hong Kong's I&T development.
- Provide high-specification space for advanced manufacturing by developing the Microelectronic Centre, exploring the construction of the second Advanced Manufacturing Centre and utilising the land and space provided for I&T uses in the Hong Kong-Shenzhen Innovation and Technology Park (HSITP) in the Lok Ma Chau Loop.
- Establish the Hong Kong Microelectronics Research and Development Institute to lead and facilitate collaboration among universities, R&D centres and the industry, which will include exploring the third-generation semi-conductor core technology and leveraging the GBA's well-developed manufacturing supply chains and enormous market.
- Establish an AI supercomputing centre in Cyberport in phases, with a view to supporting the huge demand for computing power from R&D and relevant sectors and promoting industry development.
- Each smart production line project set up in Hong Kong may receive up to HK\$15 million subsidy per project under the New Industrialisation Funding Scheme on a matching basis.

- Set up a \$10 billion New Industrialisation Acceleration Scheme to provide financial assistance for enterprises in the fields of life and health technologies, AI and data science, advanced manufacturing, and new energy technologies. These include providing funding support for the set-up of new production facilities on a one (Government) to two (company) matching basis, with a minimum of \$100 million up to a \$200 million funding.
- Explore the feasibility of allowing enterprises under New Industrialisation Acceleration Scheme to employ non-local technical personnel more flexibly, and relaxing the limitation of the number of subsidised research talents that can be employed.
- Signed a memorandum of understanding with the Mainland to foster secure cross-boundary flow of Mainland data within the GBA. Liaise with the Guangdong Province to adopt an “early and pilot implementation” approach in the GBA to streamline the compliance arrangements for the flow of personal data from the Mainland to Hong Kong with a view to facilitating the provision of cross-boundary financial and medical services within the GBA.
- Establish the third InnoHK cluster focusing on advanced manufacturing, materials, energy and sustainable development.

Trawl for talents and facilitate their coming and stay in Hong Kong

- Through providing special facilitation measures in a targeted manner, attract leading I&T talents around the globe to bring with them their business or R&D outcomes to Hong Kong.
- Establish the Talents Service Unit which will provide one-stop online service for talents.
- Establish physical office of the Hong Kong Talent Engage to provide support for incoming talents and follow up with their development and needs after arrival.
- Organise a “Global Talent Summit cum Guangdong-Hong Kong-Macao Greater Bay Area High-quality Talent Development Conference” to promote regional exchange and co-operation in talent attraction.

- Expand the coverage of universities under the Top Talent Pass Scheme by adding eight top-notch institutions from the Mainland and overseas to the list of eligible universities under the scheme, making a total of 184 institutions, to expand the network for attracting global talents.
- Streamline the General Employment Policy and the Admission Scheme for Mainland Talents and Professionals, such that for vacancies falling under the relevant professions as listed in the Talent List (including data scientists, Innovation and Technology (I&T) experts and Fintech professionals) or for vacancies with annual salary of HK\$2 million or above, employers are not required to provide proof to substantiate their difficulties in local recruitment in making applications for talent admission.
- Relax visa policy in respect of employment for Vietnamese, Laotian and Nepalese talents.
- Suspend the annual quota under the Quality Migrant Admission Scheme, and improve the approval process to attract more world-class talents to relocate to Hong Kong.
- Enhance the [Technology Talent Admission Scheme](#) such as to lift the local employment requirement; extend the quota validity period and expand the coverage to more emerging technology areas under the scheme.
- Enhance the [Research Talent Hub Scheme](#) by increasing the subsidies provided for research institutions and I&T enterprises for employing research talents to conduct R&D. The maximum monthly allowance for bachelor's, master's and doctoral degree holders will be increased to HK\$20,000, HK\$23,000 and HK\$35,000 respectively. Research talents with a doctoral degree will be further provided with a living allowance.
- Offer the [New Industrialisation and Technology Training Programme](#) – to fund local enterprises on a 2 (Government) : 1 (Enterprise) matching basis for their staff to receive training in advanced technologies, especially those related to “Industry 4.0”.
- Build accommodation facilities for I&T talents, including providing accommodation facilities at the HSITP.

Leverage the plentiful opportunities arising from the rapid developments in Mainland China and fully utilise Hong Kong's unique advantages

- Leverage the plentiful opportunities arising from the rapid development in Mainland China. There will be more policies in the future to foster and leverage the comprehensive industry chain, supply chain and logistic chain in the Greater Bay Area to facilitate the development of Hong Kong as an international I&T centre.
- We are pressing ahead the development of the Shenzhen-Hong Kong Innovation and Technology Co-operation Zone with the Shenzhen Municipal Government to establish “one zone, two parks” at “one river, two banks” under the auspices of “one country, two systems”. We will study the trial implementation of a cross-boundary policy on I&T co-operation, which is unique in the world, in an innovative, exclusive and designated manner in the San Tin Technopole, including the Loop. It will cover areas including the flows of people, material, capital and data etc.
- The HSITP in the Loop is under full speed development with an innovative development model that incorporates market force. It will be ready for attracting businesses and investment from next year the earliest.
- Build the Shenzhen-Hong Kong Boundary Control Points Economic Belt and develop San Tin Technopole as the new engine for the speedy development of I&T industry in Hong Kong. The Government is formulating detailed development plans for land use, infrastructure and arrangement for ancillary facilities etc., to develop the Northern Metropolis as an “international I&T city”.

Hong Kong's Unique Advantages

Hong Kong's unique business and strategic geographical advantages provide the ideal environment for overseas I&T enterprises to venture into the Mainland market. At the same time, it is also the ideal gateway for Mainland I&T enterprises to go to the international market.

Business environment

- Tried and trusted legal, financial, investment and tax systems, providing a safe, reliable and convenient business environment.

- Level playing field.
- World-class infrastructure facilities.
- A robust intellectual property protection regime.
- Pursue a free trade policy and do not maintain barriers on trade. No tariff is charged on import or export of goods. Hong Kong is renowned for its customs clearance efficiency.
- Comprehensive measures supporting development of enterprises.

I&T

- Possess strong capabilities in scientific research, including 5 world top-70 universities, 2 world top-40 top-notch medical schools, 16 State Key Laboratories and 6 Hong Kong Branches of Chinese National Engineering Research Centres.
- Possess Asia's world-class I&T parks like Science Park, Cyberport and five R&D centres.
- The [Innovation Hub@HK](#) website showcases the R&D outcomes of universities and research institutes of Hong Kong and provides a one-stop platform to connect universities, research institutes and the industry to facilitate the technology transfer and commercialisation of R&D outcomes.
- The [InnoHK Research Cluster](#) was established with funding of HK\$10 billion from the Government. It currently has 28 research laboratories, established by 7 local universities and research institutes in collaboration with 33 world-renowned universities and research institutes from 11 different economies, conducting global scientific research collaboration which focuses on health technology, artificial intelligence and robotics technologies.
- Asia Pacific Data Centre Hub

Industry chain

- Made in Hong Kong: Advantages in international marketing, sales and clientele.
- I&T industry cluster in the Greater Bay Area with a comprehensive industry chain.

Financial considerations

- International financial and fundraising centre.
- The world's second-largest and Asia's largest fundraising hub for biotechnology enterprises.
- Simple tax system (two-tiered profits tax rates of 8.25% and 16.5%; salaries tax rate capped at 15%).
- Leveraging the Mainland market: The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) creates optimal conditions for the industry to access the Mainland market, including enjoyment of zero tariff preference upon importation into the Mainland for goods of Hong Kong origin that fall within the scope of the "Product Specific Rules of Origin", and easier access to the Mainland market for the service industry in Hong Kong (including foreign enterprises that meet the standards of Hong Kong Service Supplier).
- Engaging overseas markets: actively seeking to expand its free trade agreement (FTA) network in order to secure favourable conditions for Hong Kong's goods and services to enter overseas markets. So far, Hong Kong has signed FTAs with New Zealand, the Member States of the European Free Trade Association, Chile, ASEAN, Georgia and Australia.
- Put in place a series of special concessionary measures to facilitate I&T enterprises' setup and expansion of businesses in Hong Kong.

Land and space

- Proactively identify land to provide space for developing the I&T industry.
- Expedite the development of the San Tin Technopole in the Northern Metropolis, which will provide about 240 hectares of land together with the HSITP in the Lok Ma Chau Loop.
- Phase 2 of the Science Park Expansion Programme and Cyberport 5 Expansion works are underway.
- Three InnoParks in Tai Po, Yuen Long and Tseung Kwan O.

Example: Establishing a R&D centre in Hong Kong

- The Enhanced Tax Deduction provides for expenditure incurred by enterprises on qualifying R&D activities. The deduction will be 300% for the first HK\$2 million of “qualifying R&D expenditures” incurred by the enterprises, and 200% for the remaining amount. No cap on the amount of enhanced tax deduction. The deduction is applicable to all enterprises regardless of their sizes.
- [R&D Cash Rebate Scheme](#) – provides a cash rebate equivalent to 40% of a company’s contribution to applied R&D projects funded by the Innovation and Technology Fund and R&D projects undertaken by designated local public research institutes.
- [Enterprise Support Scheme](#) – provides dollar-for-dollar matching funding of up to HK\$10 million for private companies to carry out in-house R&D projects. Intellectual Property Rights will be owned by the recipient company.
- [Research Talent Hub Scheme](#) – funds hiring of R&D talent by research institutions and technology companies to conduct R&D work. The maximum monthly allowance provided for research talents with a bachelor’s, master’s and doctoral degree will be increased to HK\$20,000, HK\$23,000 and HK\$35,000. Research talents with a doctoral degree will be further provided with a living allowance.
- Provide other support, e.g. rental subsidy, land and financial support, for selected enterprises.

Example: Conducting R&D for new products and setting up smart production lines in Hong Kong

- [New Industrialisation Funding Scheme](#) – the Government subsidises manufacturers, on a matching basis, to set up new smart production lines in Hong Kong with a funding ceiling of one-third of the total project cost or HK\$15 million.

- [New Industrialisation and Technology Training Programme](#) – to fund local enterprises on a 2 (Government) : 1 (Enterprise) matching basis for their staff to receive training in advanced technologies, especially those related to “Industry 4.0”.
- The Enhanced Tax Deduction provides for expenditure incurred by enterprises on qualifying R&D activities. The deduction will be 300% for the first HK\$2 million of “qualifying R&D expenditures” incurred by the enterprises, and 200% for the remaining amount. No cap on the amount of enhanced tax deduction. The deduction is applicable to all enterprises regardless of their sizes.
- [R&D Cash Rebate Scheme](#) – provides a cash rebate equivalent to 40% of a company’s contribution to applied R&D projects funded by the Innovation and Technology Fund and R&D projects undertaken by designated local public research institutes.
- [Enterprise Support Scheme](#) – provides dollar-for-dollar matching funding of up to HK\$10 million for private companies to carry out in-house R&D projects. Intellectual Property Rights will be owned by the recipient company.
- [Research Talent Hub Scheme](#) – funds hiring of R&D talent by research institutions and technology companies to conduct R&D work. The maximum monthly allowance provided for research talents with a bachelor’s, master’s and doctoral degree will be increased to HK\$20,000, HK\$23,000 and HK\$35,000. Research talents with a doctoral degree will be further provided with a living allowance.
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