



InvestHK

The Government of the Hong Kong
Special Administrative Region



A practical guide for setting up in
Guangdong-Hong Kong-Macao
Greater Bay Area via Hong Kong

About this book

1

"9+2+4": things you should know



Overview of the investment landscape in Hong Kong and the GBA

Outline of the key geographic, demographic and economic aspects of the GBA, including industry focus and policy goals.

Overview of the nine municipalities in the Mainland GBA, along with Hong Kong and Macao SARs (the 9+2 cities) and four important development zones in the Mainland GBA (the 4 zones).

2

Where to invest? And why invest via Hong Kong?



Business opportunities in five industries, with relevant success stories

Overview of the market trends and opportunities in five major sectors: Innovation and Technology (I&T); Financial Services; Business and Professional Services; Lifestyle and Creative Industries; and Aviation. Read how corporations talk about their GBA journeys and successes via Hong Kong. Learn about organisations that can help you in your GBA development.

3

How to set up business in Hong Kong and in Mainland



Practical guide and FAQs for expanding into the GBA

Practical guide (including FAQs) for setting up businesses in Hong Kong and in Mainland China.

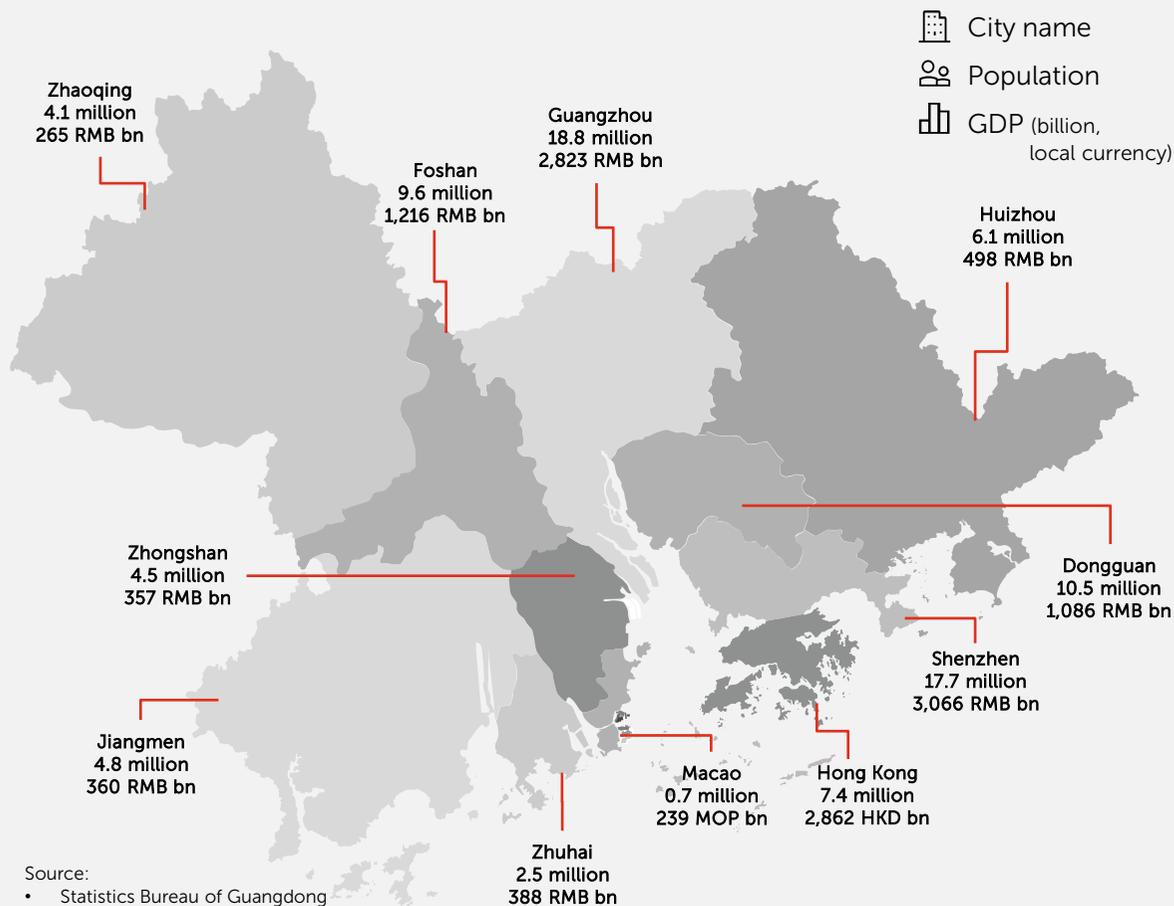
Learn about preferential policies and government support that you can apply for.

An aerial photograph of a long, multi-lane bridge spanning a vast body of water. The bridge is supported by numerous concrete pillars and curves gently to the right. A yellow bus is visible on the road in the foreground. The water is a deep blue-green, and the background shows a hilly coastline under a clear sky.

Overview - Investment landscape in Hong Kong and the GBA

Overview of the GBA

Greater Bay Area 2021 Key Population and Economic Figures



Source:

- Statistics Bureau of Guangdong
- Census and Statistics Department of Hong Kong SAR
- The Government of Macao SAR Statistics and Census Service

The GBA is made up of the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province. The total area is around 56,000 km², the total population is over 86 million and the GDP in 2021 was USD 1.9 trillion, which exceeds that of South Korea, Spain and Australia.

Goals

The GBA Outline Development Plan issued by the Central Committee of the Communist Party of China and the State Council in February 2019, contains five strategic goals for the GBA:

- 1 A vibrant world-class city cluster
- 2 A globally influential international innovation and technology hub
- 3 An important pillar supporting construction of the "Belt and Road" Initiative
- 4 A showcase for in-depth cooperation between Mainland, Hong Kong and Macao
- 5 A quality living circle that is suitable for living, working and travelling

The GBA will continuously attract new investments, nurture talent and young people, and take a leadership role to drive China's innovation and economic growth.



Collaboration

The GBA is an important economic cluster that offers a well-educated workforce, supply chains for a broad range of industries, and a huge consumer market. Development strategies, industry focus and demographics vary between the GBA cities. They work together and communicate so as to improve their business environment and achieve synergies in productivity.

New policies and pilot schemes in the GBA are driving Mainland China's reform and opening-up agenda. The region continues to attract new investments, while nurturing talent and young people, playing a leadership role in driving Mainland China's innovation and economic growth.

Connectivity

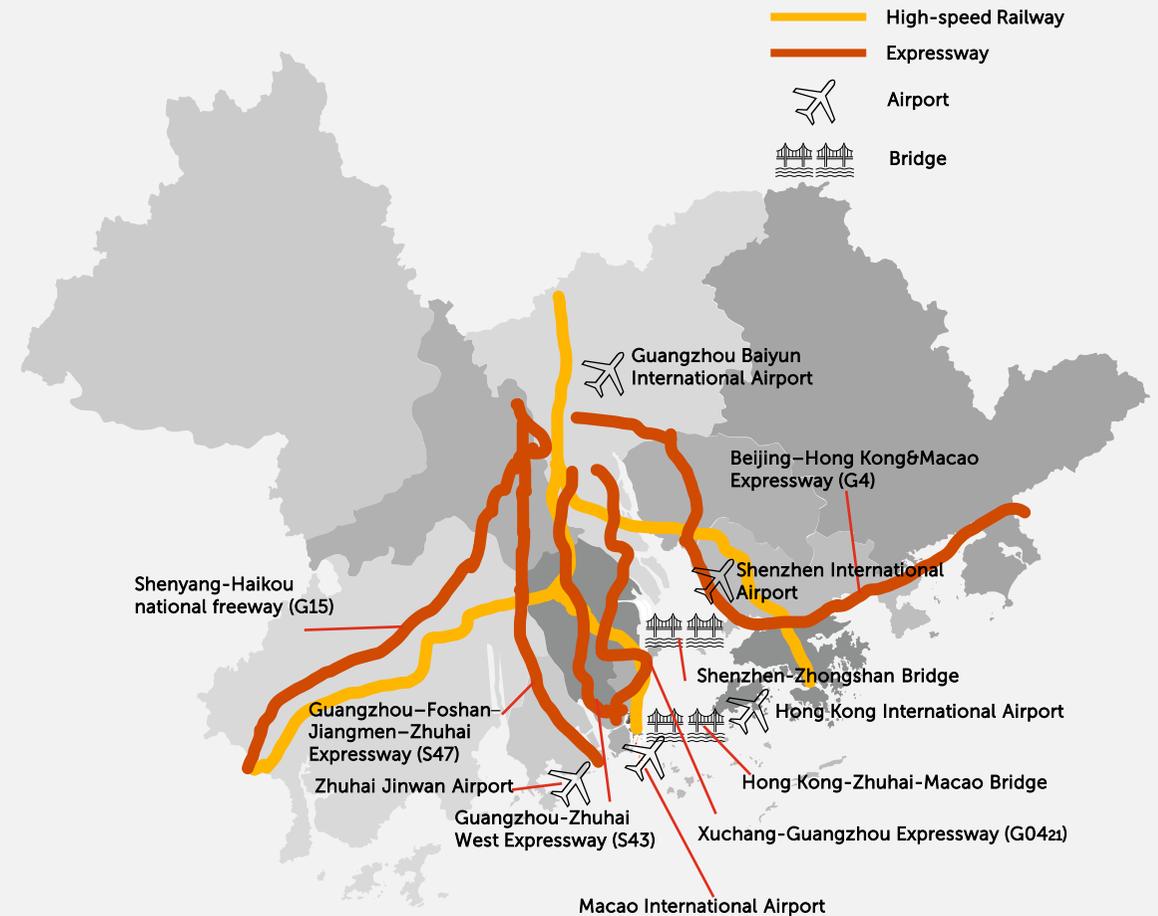
The excellent transport network in the GBA promotes the flow of people, logistics and business, thus supporting the flow of capital and information. The GBA Outline Development Plan provides a blueprint for urban transport infrastructure in the 9+2 cities. The concept of the GBA's "one hour living circle" is achievable due to high speed trains, highways and international and domestic airports in the region.

Role of Hong Kong

The Hong Kong SAR Government's work involving the development of the GBA encompasses the following:

- Consolidating and enhancing Hong Kong's status as an international financial, transportation and trade centre and aviation hub;
- Developing an international innovation and technology hub;
- Strengthening infrastructure connectivity;
- Expanding the scope of development for sectors in which Hong Kong's strengths lie;
- Fostering youth innovation and entrepreneurship;
- Fully utilising Hong Kong's international connections and networks to promote the GBA overseas and attract capital and talent to the GBA.

A sophisticated transport network connects the cities in the GBA, with the goal of "one hour access between major cities in the GBA" gradually being realised.



Hong Kong at a glance



World's ranking	
1 st	Cargo airport ^[1]
2 nd	IPO funds raising ^[2]
3 rd	Ease of doing business ^[3] Global Financial Centres Index (GFCI) ^[4]
4 th	FDI stock largest host ^[5]
6 th	Largest of merchandise trade ^[6]

Source:
 [1] ICAO 2021
 [2] Hong Kong Stock Exchange 2020
 [3] World Bank's Doing Business 2020
 [4] Global Financial Centres Index (GFCI) 30 Report
 [5] UNCTAD World Investment Report 2021
 [6] World Trade Organisation 2020

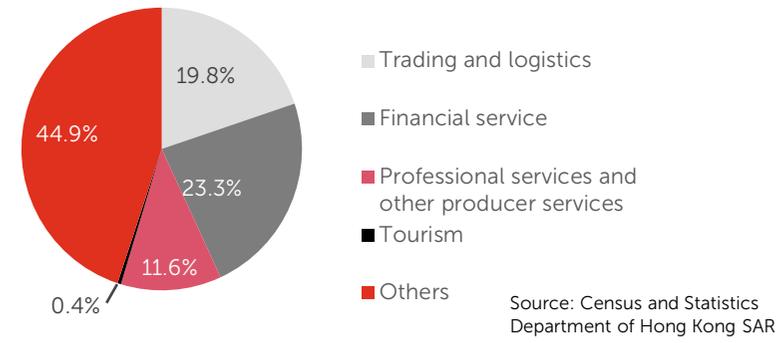
As a leading international centre, Hong Kong is a strategic financial, trading and logistics hub for China and Asia as a whole.

Economy

Hong Kong's economy is characterized by free trade, simple taxation and minimum government intervention. There are no foreign investment restrictions and it allows free movement of capital, talent, goods and information.

The services sectors account for more than 90% of GDP, with particularly strong links to Mainland China and the APAC region.

The Four Key Industries % share of value added in GDP 2020



Taxation

Hong Kong adopts a low, simple and competitive tax system. Only three direct taxes are imposed: profits tax (16.5% / 8.25%), salaries tax (15%) and property tax (15%). Offshore-sourced profits are exempt from profits tax. There is no sales tax or value-added tax, no capital gains taxes, no tax on dividends, no withholding tax on dividends and interest, and no estate tax in Hong Kong. There are a number of preferential tax regimes to encourage different industries and activities, including R&D, funds, corporate treasury centres, family offices, shipping/aircraft leasing, etc.

Legal System

Under "One Country, Two Systems", the Hong Kong legal system is based on common law. Hong Kong possesses advantages such as free flow of capital, easy foreign-exchange conversion, a free business environment and a high degree of internationalisation, which facilitate business deals with foreign clients.

International Financial Centre

- **Offshore RMB platform** - to expand channels for the two-way flow of cross-boundary RMB funds, develop offshore RMB products and tools, and establish international multilateral cooperation platforms for offshore RMB transactions
- **International asset management centre** – to provide tax concessions to attract family offices to Hong Kong
- **International risk management centre** – to promote mutual access to insurance markets in the GBA with insurance connect initiatives
- **Regional carbon trading hub** – to encourage more entities to make use of Hong Kong's financial platform for green and sustainable investment and financing

International Transportation Centre

- **Regional transshipment hub** – to develop high value-added maritime services
- **"Smart Port"** – to promote digitalisation and the application of innovative technologies in the port sector
- **"GBA on the Rail"** – to jointly develop the "GBA on the Rail" with Shenzhen so as to further strengthen the transport links between both places and facilitate the flow of people

International Trade Centre

- **International convention and exhibition hub** – to take forward the expansion of the Hong Kong Convention and Exhibition Centre and AsiaWorld-Expo
- **CEPA** – to introduce more liberalisation measures under the CEPA framework

International Legal and Dispute Resolution Services Centre

- **International** – to enhance exchange and collaboration with international organisations, and implement policies to attract international legal and dispute resolution institutions
- **Mainland** – to strengthen collaboration and enhance exchanges of professionals from Hong Kong and Mainland





International Innovation and Technology (I&T) Hub

- **“One Zone, Two Parks”** – an initiative to deepen cooperation in the GBA by strengthening Shenzhen-Hong Kong Innovation and Technology cooperation Zone
- **R&D elements** – to promote I&T development and integrate it into the overall development of the country and the GBA and further facilitate the flow of key R&D elements, including talent, capital, goods and information
- **“InnoHK research clusters”** - facilitate the cross-boundary exchange of innovative elements
- **Life Science** - to allow pre-revenue pre-profit biotechnology companies to be listed on the Mainboard of the Hong Kong Stock Exchange

International Aviation Hub

- **Intermodal transport networks** – allow passengers and cargo from the GBA to connect seamlessly with the Hong Kong International Airport
- **Three runway system** - the Third Runway at Hong Kong International Airport is ready to commence operations after a successful completion of flight check in April, 2022

International Cultural Exchange Centre

- **Cooperation between different theatres in Hong Kong and the GBA** – to provide more performance opportunities and to broaden the audiences of arts and cultural programmes
- **Talent** – to leverage on the well-developed hardware facilities for talent grooming and exchanges

Regional Intellectual Property Trading Centre

- **IP trading, protection, management and commercialisation in the GBA** – intensifies collaboration with IP authorities in Mainland and Macao
- **“Original grant patent” system** – promotes and develops the system by boosting the substantive examination capability of the Intellectual Property Department

Shenzhen at a glance



Note: The map highlights some major business-related hot spots and is not exhaustive.

National economic core city and a national innovation city

Shenzhen is a coastal city adjoining Hong Kong. It was the first special economic zone in China that adopted the open-door policy in 1978.

In 2020, the State Council promulgated the "Implementation Plan for the Comprehensive Reform of the Pilot Demonstration Zone for Building Socialism with Chinese Characteristics in Shenzhen (2020-2025)" which gives the city greater autonomy to implement reforms in designated areas.

Shenzhen is an "early and pilot implementation" area under China's reform taking a pioneer role in opening-up and modernisation.

Competitive and fast-growing industries

- Information technology
- Biomedicine, medical equipment and biotech
- Digital economy related software and creative industries
- High-end equipment manufacturing
- New materials production
- Marine economy
- New energy automotive

City of Innovation. Shenzhen is renowned as a city of innovation, playing a leading role in electronics, internet and information technology, life sciences and new energy industries.

Market Vitality. In 2021, Shenzhen's GDP exceeded 3 trillion yuan, making it one of the fastest growing cities in China.

Guangzhou at a glance

International commerce and industry centre and integrated transport hub

Guangzhou is the capital of Guangdong Province. As the origin of the ancient Maritime Silk Road, Guangzhou is **an important international commerce centre, and a comprehensive transportation hub.**

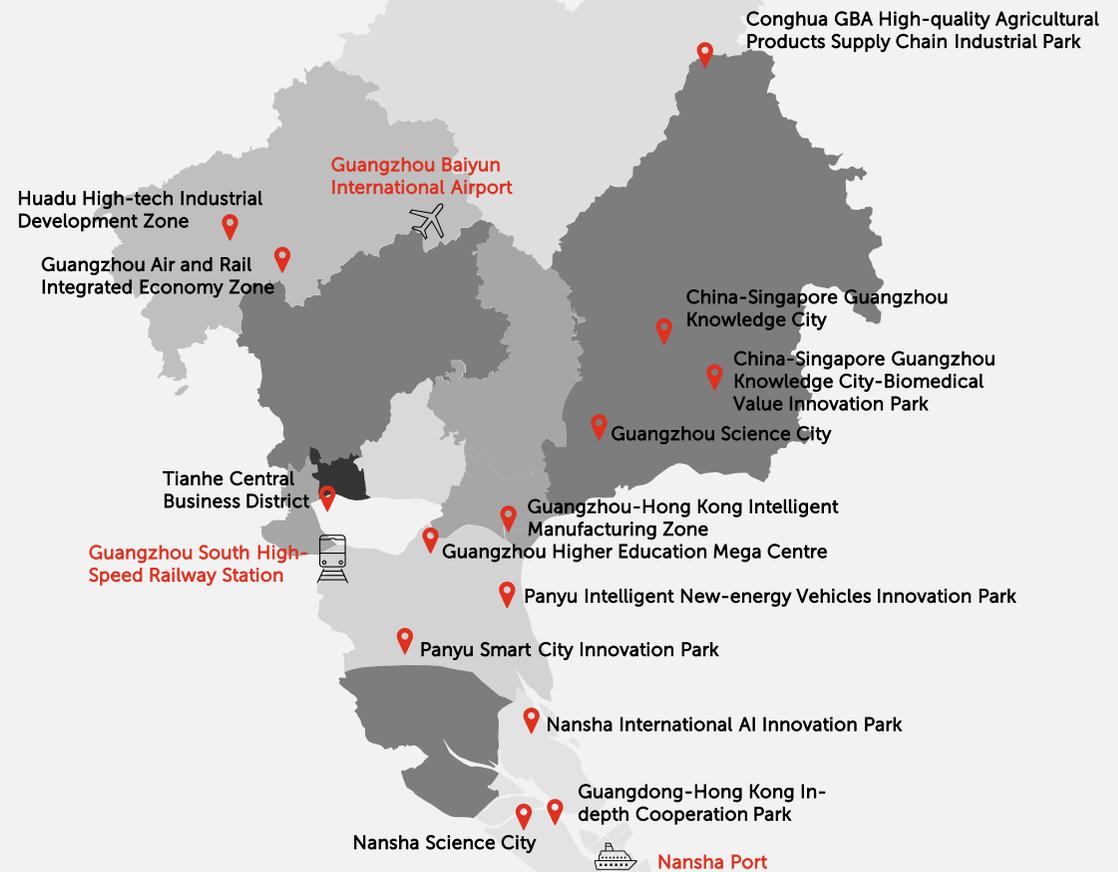
Guangzhou, as one of the nation's International Consumption Centres, is a distribution centre for consumer goods such as beauty products, coffee and tea, as well as fresh flowers. Various MNCs and SOEs have a long history of residing in the capital city of the province as well.

Guangzhou is China's largest cross-border and live streaming e-commerce hub. Up to December 2021, the volume of cross-border e-commerce import and export transactions at Guangzhou Baiyun Airport exceeded 100 billion yuan. Guangzhou Baiyun Airport Port has gathered a group of leading cross-border e-commerce companies.

Competitive and fast-growing industries

-  New energy and energy conservation
-  New materials and fine chemicals
-  Digital creativity
-  Intelligent equipment and robotics
-  Rail transportation
-  New generation information technology
-  Intelligent and new energy vehicles
-  Biomedicine and biotech

Guangzhou



Note: The map highlights some major business-related hot spots and is not exhaustive.

Macao at a glance

Pursuing economic diversification in tourism, healthcare, finance, high-tech, cultural and exhibition industries

Macao SAR has been rated by the World Trade Organisation as having one of the most open trade and investment regimes in the world.

As a free port and an independent tariff zone, Macao has a wide international marketing network with close ties to Portuguese-speaking countries, offering an attractive corporate tax rate of no more than 12%.

Macao's role as a trade and economic cooperation service platform between China and Portuguese-speaking countries has received increasing recognition over the years.

Guangdong-Macao In-depth Cooperation Zone in Hengqin promotes a deep connection with Macao in order to create a pleasant living and working environment for Macao residents, with a converging social security system and infrastructure boosting the cooperation.

More to expect from Macao:

- Enriching its reputation as a world centre of tourism and leisure
- Collaboration with Zhuhai to diversify its economy (i.e. via Guangdong-Macao In-depth Cooperation Zone in Hengqin)
- Aiming to be the commercial and trade cooperation service platform between Mainland China and Portuguese-speaking countries
- Playing an important role in the construction of "Guangzhou-Shenzhen-Hong Kong-Macao" science and technology innovation corridor
- Expanding traditional Chinese medicine (TCM) cooperation with Portuguese-speaking countries and promoting the internationalisation of TCM

Zhuhai at a glance

Adjoining Macao to its south, Zhuhai was established as a special economic zone in 1980 and has convenient land, sea and air transport

Zhuhai Port is one of the main coastal ports of the country and is one of the five major ports in Guangdong Province.

The six core industries of Zhuhai are information technology, home appliances, electricity and energy, biopharmaceuticals and medical devices, petrochemicals and precision machinery; while printing supplies and yacht manufacturing are the other two special industries.

In the next decade, Zhuhai is expected to usher in a period of rapid population growth, which will bring greater dividends to economic development and create more employment and development opportunities.

Competitive and fast-growing industries

- High-end manufacturing industries
- Aviation industry
- Modern professional services
- Modern financial industry
- Digital information industries
- New materials
- New energy
- Biomedicine



Foshan at a glance

Well-established manufacturing and innovation capacity

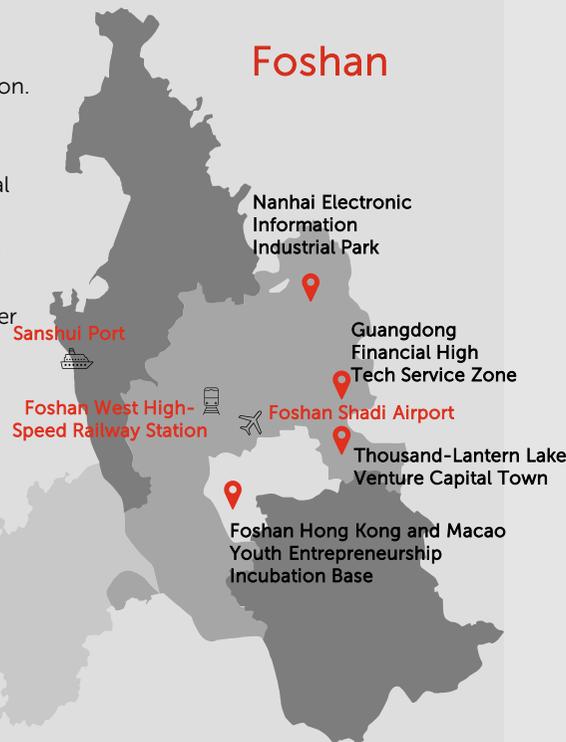
Foshan's GDP ranked third among the nine GBA municipalities in Guangdong, exceeding RMB 1.2 trillion in 2021.

Foshan has a solid foundation in traditional industries, such as machinery and equipment, home appliances, furniture, ceramic building materials, food and beverages. Its emerging industries are also booming, such as robots, new energy vehicles, IT, and new materials.

The GBA Outline Development Plan designated Foshan to continuously promote industrial upgrade and automation. In 2021, the 14th Five-Year Plan of Guangdong Manufacturing Industry assigned Foshan to develop key traditional and emerging manufacturing industries (such as precision instruments, integrated circuits, semi-conductors, etc.) as well as to help promote the west of the Pearl River Delta.

Competitive and fast-growing industries

-  New generation information technology
-  Intelligent household appliances
-  New materials and fine chemicals
-  Textile industry
-  Agriculture and food
-  Biomedicine and health
-  Software and information service
-  New energy vehicles



Note: The map highlights some major business-related hot spots and is not exhaustive.

Dongguan at a glance

Immense experience in manufacturing

Dongguan sits in the centre of the GBA, connecting Shenzhen to the South and Guangzhou and Huizhou to the North. Dongguan's GDP ranked 4th among the nine GBA municipalities in Guangdong. Dongguan is famous for its manufacturing industry. Its pillar industries are IT, electrical machinery and equipment; shoes and accessories; food and beverage processing.

Dongguan has a development goal to refine the advantages of its traditional industries and implement a "digital + brand + standard + culture" policy to raise the "made in Dongguan" brand.



Competitive and fast-growing industries

-  IT manufacturing
-  Electrical machinery and equipment manufacturing
-  New materials
-  New energy
-  Biomedicine and health-related manufacturing
-  AI

Zhongshan at a glance

Base for advanced manufacturing and modern service industries

Zhongshan is connected to Guangzhou to the north and is close to Hong Kong and Macao. It is a key transportation node on the west bank of the Pearl River. Zhongshan is a base for advanced manufacturing and modern service industries. It is also a pilot city for industrial upgrading in the Guangdong Province.

Zhongshan has a plan to boost innovation and development, build the Zhongshan Science and Technology Innovation Park, Photon Science Centre, and an advanced low temperature technology research institute, etc.

Zhongshan



Competitive and fast-growing industries

- Intelligent household appliances
- Electronic information industry
- Advanced equipment manufacturing
- Biomedicine & health
- Ultra HD equipment
- Beauty industry
- Textiles industry
- Furniture industry

Note: The map highlights some major business-related hot spots and is not exhaustive.

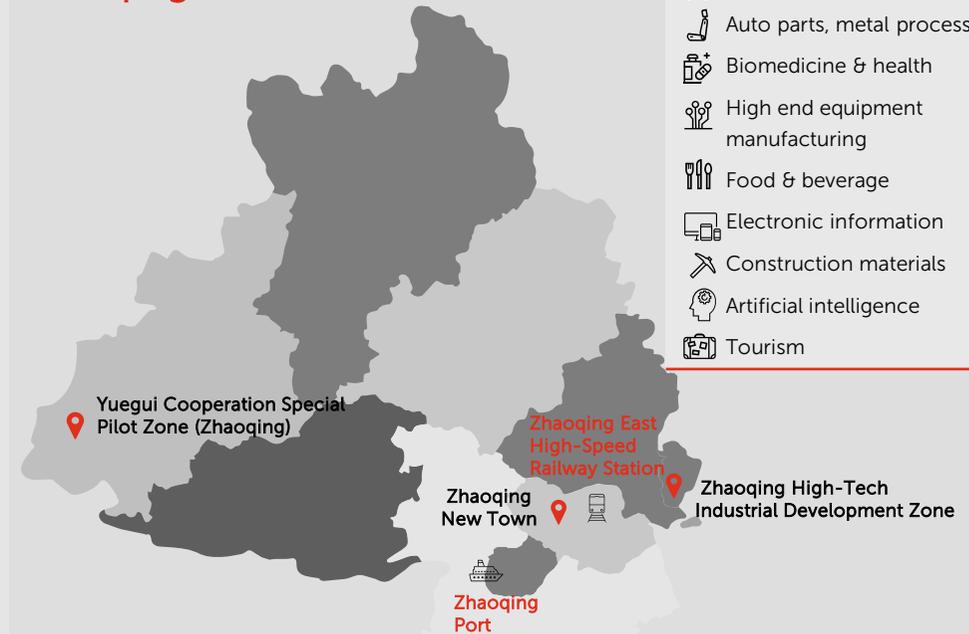
Zhaoqing at a glance

Build on its strengths and deepen reform and innovation

Zhaoqing adjoins Foshan and Jiangmen to the east and southeast. It has the largest area of the nine cities in the GBA.

Zhaoqing is developing three industrial clusters valued at over RMB100 billion for new energy vehicles, advanced equipment manufacturing, energy conservation and environmental protection. Zhaoqing focuses on culture, tourism, sports and other areas to leverage economic growth, with new hotspots in consumer sectors for future development.

Zhaoqing



Competitive and fast-growing industries

- New energy vehicles
- Auto parts, metal processing
- Biomedicine & health
- High end equipment manufacturing
- Food & beverage
- Electronic information
- Construction materials
- Artificial intelligence
- Tourism

Huizhou at a glance

Gateway of Eastern Guangdong

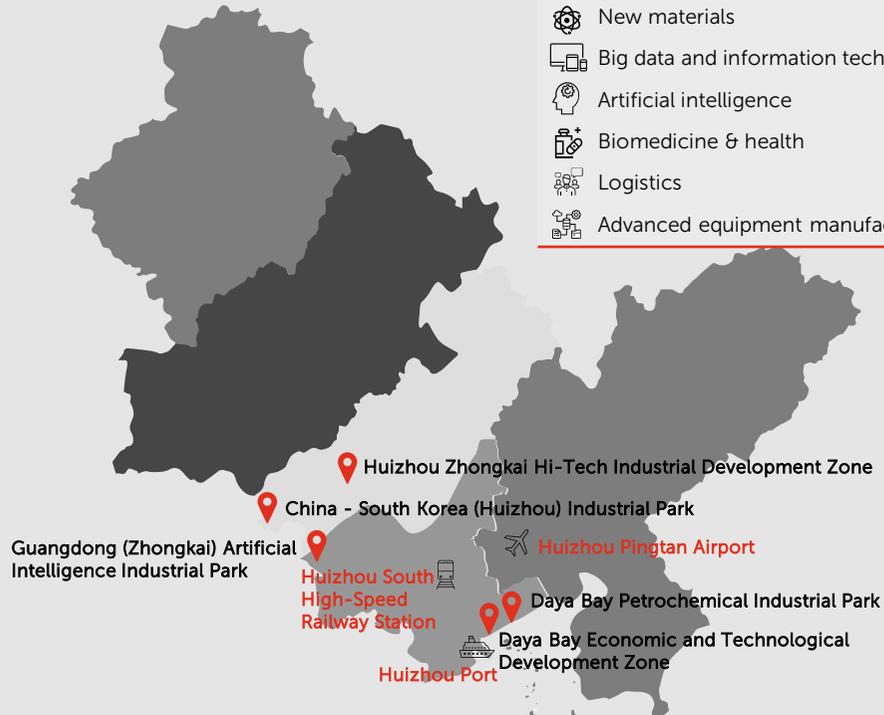
Huizhou is located in the south-eastern part of Guangdong Province and has the second largest area in the GBA.

Information technology and petrochemicals are pillar industries of Huizhou. The modern industrial system of Huizhou consists of the aforementioned together with the automotive and equipment manufacturing industry, along with the clean energy industry.

Huizhou

Competitive and fast-growing industries

-  New energy
-  New materials
-  Big data and information technology
-  Artificial intelligence
-  Biomedicine & health
-  Logistics
-  Advanced equipment manufacturing



Note: The map highlights some major business-related hot spots and is not exhaustive.

Jiangmen at a glance

Important cultural exchange and co-operation platform for overseas Chinese

Jiangmen adjoins Zhongshan and Zhuhai to the east, Yangjiang to the west, Guangzhou, Foshan and Zhaoqing to the north, and the South China Sea to the south. Jiangmen is a strong agricultural city in Guangdong Province.

Jiangmen



Competitive and fast-growing industries

- | | |
|---|--|
|  New materials |  Metal products |
|  Biomedicine & health |  Papermaking and printing |
|  High-end equipment manufacturing |  Clothing |
|  New generation information technology |  Appliance manufacturing |
|  New energy vehicles and parts |  Motorcycle manufacturing |

Important zones in the GBA for cooperation with Hong Kong and Macao

1. Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (located within Shenzhen municipality)

Qianhai is a pilot area and a demonstration of cooperation between Guangdong and Hong Kong in **creating a modern service industry zone**.

The "Comprehensive Deepening of the Reform and Opening-up Plan for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone" on 6 September 2021 aims to promote the comprehensive deepening of the reform and opening-up in Qianhai, and to better play an exemplary and leading role in the development of the GBA. The Plan proposes to expand the total area of Qianhai from 14.92 km² to 120.56 km². Specific measures include:

1. Building a comprehensive deepening reform and innovation test platform: promoting the development of modern service industries; accelerating the reform and innovation of scientific and technological development; and creating a world-class business environment with innovative governance.
2. Building a high-level gateway and hub for opening-up: deepening the liberalisation of services with Hong Kong and Macao; expanding the opening of financial services; improving legal recognition; and participating in international cooperation at a high level.



Companies established in Qianhai and engaged in encouraged services industries can enjoy a preferential tax regime (i.e. corporate income tax rate reduced from the statutory rate of 25% to 15%); These cover thirty sectors in technology services, modern logistics, cultural innovation, information services, and business services.

What you should know about Qianhai:

- Qianhai International Talent Hub
- Shenzhen-Hong Kong International Financial Centre
- Qianhai Shenzhen-Hong Kong Youth Innovation and Entrepreneur hub
- Registered Hong Kong, Macao tax professionals (in certain sectors) allowed to work in Qianhai
- Subsidies and grants to talent
- Legal innovations – mediation alliance; Hong Kong assessors and mediators appointed by Qianhai; Qianhai court initiates eleven one-stop litigation services
- To explore integrity supervision methods with Hong Kong practice

2. Guangdong-Macao In-depth Cooperation Zone in Hengqin (located within Zhuhai municipality)



The Central Government issued the Master Plan for the Development of the Guangdong-Macao In-depth Cooperation Zone in Hengqin on 5 September 2021. The zone is uniquely positioned with:

- A new platform to promote Macao's economic diversification; more space and opportunities to develop
- Four major industries: (1) Scientific and technological research and high-end manufacturing (2) traditional Chinese medicine; (3) cultural tourism, convention and exhibition; commercial and trade industries; and (4) financial services
- Macao residents that live and work in Hengqin, aligning with public services and social security system
- making breakthroughs in development relative to technologies, talent, and the flow of capital and information

Companies established in Hengqin and engaged in encouraged services can enjoy a preferential tax regime (i.e. corporate income tax rate reduced from the statutory rate of 25% to 15%). Furthermore, the zone provides Free Trade Port Treatment; reduced individual income tax rate (reduced from the top rate of 45% to effectively 15%) to qualified talent; and tax exemption on dividends from overseas investments made by companies established in China and engaged in designated industries.

Important zones in the GBA for

cooperation with Hong Kong and Macao (cont'd)

3. Shenzhen-Hong Kong Innovation and Technology Cooperation Zone (located within Hong Kong and Shenzhen municipality)

A new joint arrangement with regard to the establishment of a *One Zone, Two Parks* system within the Shenzhen-Hong Kong Innovation & Technology cooperation Zone was agreed between the Hong Kong SAR and Shenzhen Governments in September 2021. The zone comprises the Hong Kong-Shenzhen Innovation and Technology Park (HSITP) and the Shenzhen Innovation and Technology Zone (SZ I&T Zone).

This initiative indicates a clear support for Hong Kong's development into an international I&T hub and further deepening of the cooperation between

Hong Kong and Mainland in I&T. This demonstrates the importance the Central Government attaches to Hong Kong's I&T and the Lok Ma Chau Loop development.

- Focus on breaking institutional barriers to opening up, innovation and cooperation
- Design reform to test tasks according to local conditions
- Build platforms for cross-border cooperation
- Set-up of InnoLife Healthtech Hub with focus on R&D in health and life disciplines



4. Guangdong-Hong Kong-Macao Comprehensive Cooperation Demonstration Zone in Nansha (located within Guangzhou municipality)

Nansha is located in the southern part of Guangzhou, at the centre of the Greater Pearl River Delta Economic Region. Nansha is the hub connecting the city groups on the banks of the Pearl River Estuary.

Its seven functional areas are committed to promoting the economic and technological development of the Nansha district and Guangzhou and to building a world-class integrated service hub based on Guangdong-Hong Kong cooperation. The key industries to be developed for this commitment include shipping logistics, international finance, international trade, science and technology innovation, marine economy and high-end manufacturing industries.

It is committed to establishing an internationalised business environment adapted to international rules and prioritising the liberalisation of service trade with Hong Kong and Macao.

Furthermore, Nansha is expected to become an international shipping logistics centre with integrated international trade functions and financial services, forming a base for scientific and technological cooperation with countries and regions along the 21st-century Maritime Silk Road.



Innovation & Technology

By 2035, the GBA is expected to become a strong economy and a model for development supported by innovation & technology, fostering international competitiveness.



Why Hong Kong?

Hong Kong as an International Innovation and Technology Hub

Hong Kong's I&T development is fast-growing and has healthy prospects. Smart City, ICT, electronics, AI/Big Data, robotics, green tech, biotech and new materials have been identified as key areas for Hong Kong's I&T industry.

Hong Kong will further strengthen I&T cooperation with Mainland through its world-class universities, tremendous strengths in scientific research, international business environment and culture, robust rule of law and IP rights protection.

The Hong Kong SAR Government has made unprecedented strides to promote I&T development by investing more than HK\$130 billion from 2017 to 2021.

Hong Kong's startup ecosystem is known for its innovation, agility and diversity

The startup ecosystem has strong fundamentals due to ease of access to market, and abundant top talent and funding in Hong Kong. Other important components in Hong Kong's startup ecosystem include the research capability of universities, quality of talent, availability of mentors, and ease of business. In 2021, more than 3,700 start-ups resided in Hong Kong's co-work spaces and accelerators in the areas of fintech, e-commerce and logistics technology, data analytics, information technology, hardware, health and medical, digital entertainment and gaming etc. A third of their founders come from overseas or are returnees.

Support for International Startups

StartmeupHK is an initiative by InvestHK to help founders of innovative and scalable startups from overseas to set up or expand in Hong Kong. Services include providing information about the startup ecosystem here in Hong Kong, connecting people to the startup community, hosting startup events and helping to foster a positive environment for startups to thrive.

2nd

World Digital Competitiveness 2021

by Lausanne-based International Institute for Management Development (IMD)

11th

World Talent Ranking 2021

by Lausanne-based International Institute for Management Development (IMD)

14th

Global Innovation Index (GII) 2021

by World Intellectual Property Organisation (WIPO)

8th

Global Fintech Ecosystem 2020

by Startup Genome



It is extremely important to draw Hong Kong and Mainland municipalities' prevailing resources together and develop the new pillar industries such as **new-generation information technology, 5G, biotechnology, high-end equipment manufacturing and new materials projects.**

Hong Kong-Shenzhen-Guangzhou ranks **2nd as a worldwide science and technology cluster** according to WIPO in the GII 2021. The GBA has pioneered strategic emerging industries, supported by advanced manufacturing and modern service industries. It will continue to promote innovation and optimise industrial structure in the future. Many I&T companies headquartered in the GBA have achieved great success. Enormous opportunities are identified by start-ups, too. Hong Kong is also a good choice for I&T start-ups seeking a listing.

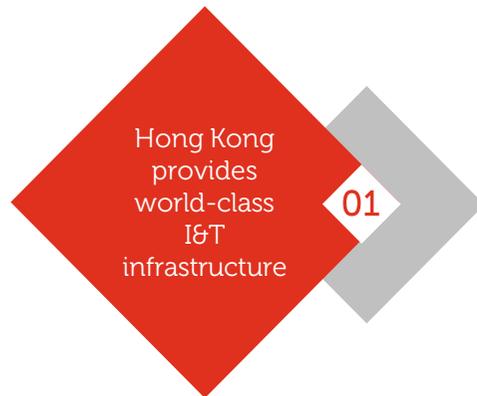


Wilson Chow

Global Technology, Media and Telecommunications (TMT) Industry Leader, PwC



Hong Kong offers total solutions to support I&T startups and companies along the entire journey.



- **Hong Kong Science and Technology Parks Corporation (HKSTPC)** offers a comprehensive range of incubation programmes for applied R&D.
- **Hong Kong Cyberport** supports its tenants' innovations by providing state-of-the-art information technology infrastructure.
- **Five Research and Development Centres** drive and co-ordinate applied R&D:
 - (a) Automotive Platforms and Application Systems R&D Centre (APAS);
 - (b) Hong Kong Applied Science and Technology Research Institute (ASTRI) , designated as the R&D Centre for Information and Communications Technologies;
 - (c) Hong Kong Research Institute of Textiles and Apparel (HKRITA);
 - (d) Logistics and Supply Chain MultiTech R&D Centre (LSCM); and
 - (e) Nano and Advanced Materials Institute (NAMI).
- **Hong Kong Productivity Council (HKPC)** provides integrated support services to help industrial and commercial businesses move up the value chain and tap into new business opportunities.



- **Of the top 100 universities in the Quacquarelli Symonds (QS) World University Rankings 2022, five are from Hong Kong. They are:**
 - The University of Hong Kong (HKU): 22nd
 - The Hong Kong University of Science and Technology (HKUST): 34th
 - The Chinese University of Hong Kong (CUHK): 39th
 - City University of Hong Kong (CityU): 53rd
 - The Hong Kong Polytechnic University (PolyU): 66th
- Science and engineering-related subjects at Hong Kong universities with high rankings in QS include **Computer Science; Electrical and Electronic Engineering;** and **Mechanical Engineering.**
- The **InnoHK research clusters**, a major initiative to develop Hong Kong as the hub for global research collaboration, have attracted world-class universities and research institutes to collaborate with local universities in setting up 28 research laboratories.



- The Hong Kong SAR Government set up a **HK\$2 billion Innovation and Technology Venture Fund (ITVF)** in 2017 to co-invest with venture capital funds on a **matching basis at 1:2 ratio between ITVF and Co-investment Partners (CP)** in local I&T start-ups. So far, ITVF has 11 CPs.
- The HKSTPC's Corporate Venture Fund and Cyberport's Cyberport Macro Fund have expanded their investment coverage to **beyond Series A stage.**
- In the Budget for the fiscal year 2022-23, Hong Kong SAR Government increased funding to the Hong Kong Growth Portfolio under the Future Fund to set up a HK\$5 billion Strategic Tech Fund to invest in technology enterprises and projects which are of strategic value to Hong Kong.



Find more about InnoHK:



Find more about ITVF:



Hong Kong helps I&T companies to grow through different stages and expand their footprint across the world.

Robust and effective system of IP protection in Hong Kong – ranks 5th among 141 economies¹

04

- **Hong Kong is a Regional Intellectual Property (IP) Trading Centre.** It is fully committed to upholding a robust and effective system of IP protection, which covers patents, copyright, trade marks, designs, plant varieties, and layout-design of integrated circuits.
- The quasi-judicial functions of the Intellectual Property Department (IPD); the enforcement of criminal aspects of IP rights infringement by the Customs and Excise Department; the world-class arbitration services and legal aids, etc. provide vital support for start-ups and corporations to protect their IP.
- Since 2021, the original grant patent (OGP) system has been granted by IPD, indicating that a standard patent can be obtained directly in Hong Kong without going through the registration process outside Hong Kong first. OGP provides an alternative to the existing “re-registration” procedure, procuring innovators a maximum protection term of 20 years.

[1] Source: Global Competitiveness Report 2019 published by the World Economic Forum

World's #1 fundraising venue; Asia's #1 biotech funding market

05

- Hong Kong's IPO market has ranked #1 in the world for seven of the last twelve years. In 2021 alone, a total of 98 companies raised HK\$ 331.4 billion. Hong Kong is also an ideal choice for secondary listings and bond issuance.
- Hong Kong is the world-leading venue for pre-revenue biotech companies to raise capital. Since the introduction of Chapter 18A of the Main Board Listing Rules in April 2018, which opened doors for pre-revenue biotech companies to access international capital and investors, 48 pre-revenue biotech companies have gone public, with total IPO fundraising of HK\$112 billion as at end-Jan 2022. The listing reform also accelerates the development of the entire listed medical and healthcare sector in Hong Kong.
- The Hong Kong Stock Exchange has a regime for listing innovative “new economy” companies with dual-class share structures, also known as weighted voting rights (WVR). WVR structures enable individuals with minority stakes in a company to maintain control by providing them with voting power disproportionate to their relatively low shareholding in the company.

Tremendous support to help you expand in the GBA, to Mainland China and overseas

06

- StartmeupHK, an initiative by InvestHK, supports startup ecosystem stakeholder companies to set up a presence in Hong Kong, and provides a one-stop service platform to enable them to grow in Hong Kong and beyond.
- The HKSTPC's **GBA InnoExpress** supports international startups seeking to grow in the GBA through a comprehensive 10-day curriculum.
- The **Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD)** provides funding for companies to expand their marketing and sales outside Hong Kong (including to Mainland and overseas) and to enhance their operational efficiency and productivity.
- Various funding schemes have been launched by the Labour Bureau and Home Affairs Bureau to encourage companies to recruit young Hong Kong talent to work in the GBA and to provide entrepreneurial support and incubation services to young people to start their own businesses in the GBA.

Innovation and Technology Fund

The Innovation and Technology Fund (ITF) encourages and helps Hong Kong companies to take their technology to the next level and bring innovative ideas to their businesses. ITF supports R&D projects, prototype production, smart production lines, manufacturing upgrades and much more, with the aim of helping businesses to develop innovative ideas and advance their technology. There are various programmes / schemes under the ITF catering for different needs, for instance:

Partnership Research Programme:

Industry Sponsorship of at least 50% of the total project cost; Intellectual Property (IP) Rights Ownership for industry co-applicant if it contributes at least 50% of the total project cost.

R&D Cash Rebate Scheme:

Cash rebate equivalent to 40% of a company's contribution to qualified applied R&D projects.

Enterprise Support Scheme:

Maximum funding support up to HK\$10 million per approved in-house R&D project.

Guangdong-Hong Kong Technology Cooperation Funding Scheme:

Industry sponsorship of at least 10% of project cost for platform projects; Industry co-applicant sponsorship of at least 50% of project cost and owns project IP for collaborative projects.



Find out more about ITF funding programmes:



“

Hong Kong's simple tax system contains certain **favourable aspects** for I&T industry players. For companies carrying on business in Hong Kong with Hong Kong sourced profits, the statutory Profits Tax rate is 8.25% for the first HK\$2 million of assessable profits and 16.5% for the remainder. Tax loss can be carried forward without expiry years. Qualifying R&D expenditures can enjoy a super-deduction of up to 300%. Royalties paid to non-residents are generally subject to withholding tax at an effective withholding rate of 4.95%. There is no turnover tax. The standard Salaries Tax rate is only 15% which is also very attractive to overseas talent.

What's more, no withholding tax is levied on dividends and interest payable to non-residents which makes Hong Kong very attractive to investors.



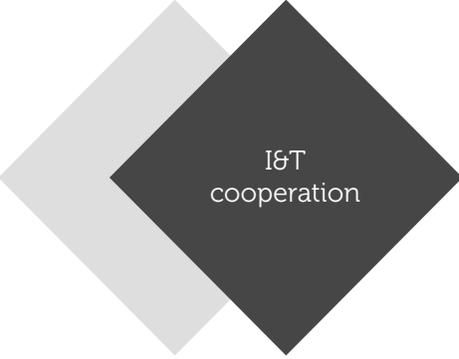
Gwenda Ho

Hong Kong TMT Industry Tax Leader
PwC

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How to capture opportunities in the GBA via Hong Kong?



I&T cooperation

Hong Kong's I&T cooperation with Mainland is encouraged

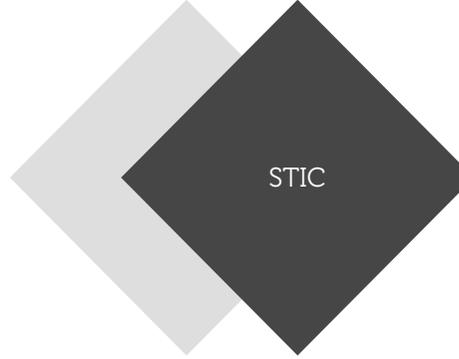
- The gradual implementation of new measures will bring more momentum to the scientific research sector in Hong Kong, contributing to I&T development in the country and assist in building the GBA into an international I&T hub.
- The GBA helps make businesses in the region more competitive with integrated local and global supply chains. I&T companies in Hong Kong can leverage their capabilities in research commercialisation to collaborate with GBA companies with advanced manufacturing.



Hong Kong 2030+

Hong Kong is the key "Towards a Planning Vision and Strategy Transcending 2030"

- The Northern Metropolis Development Strategy announced by the Hong Kong SAR Government encompasses new towns as well as various development nodes in different planning and development stages in the northern part of Hong Kong. This strategy will be key to facilitate Hong Kong's integration with Shenzhen and its connection with the Mainland cities of the GBA.
- The development strategy aims to make optimal use of the land in the North side of Hong Kong and South side of Shenzhen. This will provide about 150 hectares of additional land for I&T use, with a view to creating a critical mass of I&T facilities with greater economy of scale. The diversity of the I&T industries will be enhanced, creating more job opportunities.



STIC

The Guangzhou-Dongguan-Shenzhen Science and Technology Innovation Corridor (STIC) plays a catalytic role in the GBA

- Hong Kong universities are the key to contributing to the international talents in the GBA. HKU, CUHK, HKUST and CityU are setting up new campuses and research institutes in Shenzhen, Guangzhou and Dongguan, which strengthens the talent pool with an international exposure that can appeal to worldwide I&T and business resources.
- Universities, research institutions, venture capitalists and manufacturers are highly concentrated to form a strong I&T cluster and integrated supply chain.
- High-end technology talent will become more diversified, gathering in STIC, which will further strengthen the R&D capabilities in the region.

An Innovation Hub for GBA companies going digital

From a German industrial giant to a global technology company, Siemens has revamped its portfolio of businesses based on more resource-efficient factories, resilient supply chains, smarter buildings and grids, and more sustainable transportation. The company creates technology with purpose that adds real value for customers. It established its footprint in the GBA with the opening of its first Hong Kong office in 1911.

Leveraging Hong Kong's resources

Considering Hong Kong's competitive advantages, Siemens set up its Smart City Digital Hub in 2017 to help customers navigate their digital journey. The partnership with stakeholders such as Hong Kong Science and Technology Parks (HKSTP), Smart City Consortium (SCC), MTR, and CLP enabled Siemens to take Hong Kong as a starting point to develop digital solutions that tackle urban challenges. Focusing on smart energy, smart buildings and smart mobility, the Hub serves as an open lab to allow businesses, start-ups and digital talent to co-create through a network of an ecosystem.

The Hub has met with success by co-creating some proven digital solutions, such as an AI chiller plant, renewable lighting systems, smart facilities management system and Kerbside Loading and Unloading Bay Monitoring System. The aforesaid smart solutions not only accelerate the digital transformation of Hong Kong but also shape the future of smart cities that closely connect government, technological partners, businesses and startups.

Besides utilising the resources available in HKSTP, Hong Kong Productivity Council (HKPC) also invited Siemens

to realise its re-industrialisation vision. Siemens has been working closely with HKPC to support Hong Kong and GBA companies in the deployment of smart solutions to digitalise their plant and ultimately go for Industry 4.0.

New opportunities and potentials in the GBA

According to Elver, Hong Kong, as one of the world's densest cities, is facing the urban challenges that many cities in the GBA encounter, such as aging infrastructure, rising energy demand and complexity, traffic congestion and more extreme weather than ever. As such it is an ideal "living lab" for piloting some proof-of-concept that can demonstrate the value of innovations to build a better city. The GBA provides a unique opportunity for such concepts to be eventually scaled up to impact a much larger market and benefit everyone within the extended metropolis.

Besides easy access to cities in the GBA, Elver believes that Hong Kong has many other strengths of doing business that allow it to serve as a gateway to GBA opportunities. For example, Hong Kong's business-friendly environment, with a free economy, sound financial status and competitive tax policy, is a great incentive for companies. For tech companies like Siemens, a sound legal system and strong IP rights protection also build trust for innovation development before idea adoption. Another important element in building smarter cities is that Hong Kong has an abundance of high-end talent and professional services to provide extensive knowledge of global markets, especially the GBA.

To explore ways to tap into the GBA market, Siemens hosted the GBA Forum in 2019. This was the first of its



Digital transformation is essential to the development of the GBA initiative, especially with Covid-19 creating a paradigm shift in business. From 'world workshop' to 'world-class bay area', Hong Kong acts as an international innovation hub to scale up the 'cluster effect' of the GBA.



Erdal Elver

President and Chief Executive Officer,
Siemens Ltd.



kind by multinational companies and expanded cooperation with cross-GBA cities. The forum aimed to tap the full potential to boost the development of GBA through innovation, with several collaborations being signed during the forum.

In the near future, Siemens will focus on the digital landscape to accelerate smart city development in Hong Kong, as well as capture fast-growing, enormous GBA opportunities.

Fostering Innovation in Hong Kong

“ We look forward to the transformation of Hong Kong into an innovation city where technology improves life for everyone. ”



Simon Yu

President, Arrow's APAC components business

Founded in 1935, Arrow Electronics is a global provider of products, services and solutions to industrial and commercial users of electronic components and enterprise computing solutions. Arrow is a supply channel partner for more than 180,000 original equipment manufacturers, contract manufacturers and commercial customers. Through a global network of more than 300 locations serving over 85 countries, Arrow develops technology solutions that improve business and daily life. Hong Kong has served as the APAC headquarters of Arrow since the 1990s.

Hong Kong's value in innovation

In 2016, Arrow partnered with Hong Kong Science Park

to launch its Arrow Open Lab. Spanning over 6,000 square feet at the Hong Kong Science Park, Arrow Open Lab is equipped with state-of-the-art engineering equipment and testing modules, with an initial investment of more than US\$1.3 million. The lab is the first of its kind in the APAC region and is open to all technology entrepreneurs, companies, and organisations pursuing innovation and product development in Hong Kong.

What led to its creation was that Arrow noticed how Hong Kong technology startups and enterprises were good at understanding market demand, developing new ideas, IP research, product design, and software development. However, they usually lack support in engineering expertise, especially in areas such as wireless connectivity, sensing and controlling and system integration. Arrow saw an opportunity to bridge these shortcomings and accelerate the process of turning innovative ideas into sustainable businesses and marketing to overseas markets. As such, the aims of the Arrow Open Lab are to significantly enhance product design, shorten the development cycle and reduce costs.

The Arrow Open Lab has proven valuable to both Arrow and the Hong Kong technology sector, becoming a one-stop proof-of-concept design workshop and platform that helps enterprises save up to four months of development time and up to 25% of engineering design costs. As a trusted advisor, Arrow guides developers on how to improve their system design, and supports them throughout the development cycle from formulation and proof-of-design concept, component sourcing, rapid prototyping, and testing to system integration and pre-production verification.

New opportunities and potential in the GBA

According to Yu, Hong Kong acts as a strong hub for Arrow to further advance their business expansion into the GBA as well as the rest of Asia. Hong Kong has access to a diverse pool of both young and experienced talent, from engineering and finance professionals, to supply chain and operations experts.

To further unlock the opportunities in the GBA, Arrow is embarking on a new broad-sweeping co-incubation strategy that leverages the strengths of a combined network of industry and academic partners. Impactful partnerships of this kind will contribute significantly to building a thriving, competitive I&T ecosystem spanning Hong Kong and the GBA. The co-incubation programme features a brand-new Open Lab facility at Songshan Lake Xbot Park in Dongguan, Guangdong and complements an existing Open Lab at Science Park in Hong Kong.

The new Open Lab will occupy over 1,500 square feet of lab space, with access to an additional 10,000 square feet of communal workshop space, enabling local and international startups to design, develop and test their products in order to capture the region's huge potential market opportunity. Equipped with state-of-the-art engineering equipment and testing modules, the new Open Lab will boost companies wishing to accelerate the buildout of technology capabilities. Startups will also undertake a series of thematic hands-on training sessions covering microelectronics, sensor technology, connectivity, edge platform, IoT devices and more.

Financial services

The GBA Outline Development Plan presents great opportunities for the entire financial services industry in the GBA. The economies of Guangdong, Hong Kong and Macao represent a huge market.



Why Hong Kong?

Hong Kong has a clear edge in its close economic and business links with Mainland China. The 14th Five-Year Plan places great emphasis on financial market inter-operability in the GBA and, particularly, Hong Kong's role as a hub for RMB internationalisation and asset management. The GBA project has made tangible steps in the financial sector in recent years, including the notable achievements of the Stock Connect and Wealth Management Connect schemes. The beginning of cross-border recognition of professional qualifications; the multiple Central Bank Digital Currency (CBDC) Bridge (mBridge) project and the launch of various pilot finance products have added to the liberalisation in cross-border finance, as well as asset and wealth management.



Premier asset and wealth management centre:

Growth in this sector can be seen in 2020, with a 21% year-on-year increase in AUM (assets under management) to HK\$34,931 billion (US\$4,505 billion). Non-Hong Kong investors remained a major source of funding for the asset and wealth management business, accounting for 64% of the AUM. There are more than 450,000 high net worth households in the GBA with at least RMB6 million in investible assets according to statistics. Hong Kong's asset and wealth management market has become even more prominent since the launch of the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect schemes, as well as the GBA-specific Wealth Management Connect. All these liberalization measures bring new opportunities to investors and financial industry players.



International green finance: Net zero and carbon neutral commitments are rapidly growing, and ESG has become a foundation of investment mandates for every investment firm. The development of green and sustainable finance in Hong Kong means that the city can meet the strong demand for green investments from international institutional investors and the growing financing needs of mainland enterprises going green. The successful issuance of over US\$7 billion equivalent of green bonds under the Government Green Bond Programme demonstrates global investors' confidence in Hong Kong's green initiative. The Financial Secretary has announced further enhancements of its role as an international green finance hub, forming part of international best practice.



Global Offshore Renminbi (RMB) business hub: Hong Kong has the global no. 1 RMB pool¹.

The use of RMB by corporations has been steadily increasing, driven by growing need for trade settlement; improvements in price transparency; and more diversified cross-border cash pooling schemes and investment and hedging products. Hong Kong is renowned as the global hub for RMB trade settlement; RMB financing; RMB forex trading and asset management; and RMB clearing and settlement. The Shenzhen Municipal Government's RMB bond issuance in Hong Kong in 2021, the first by a municipal government outside Mainland, showcases Hong Kong as the premier platform for the Mainland to "go global".



Strong stock market: Hong Kong's stock market has been ranked as the world's No. 1 IPO venue for seven of the last twelve years². It attracts international institutional investors thanks to a wide variety of stock investments and high volumes of stocks traded. Currently, over 1,100 Mainland enterprises are listed in Hong Kong, with a combined market value of over US\$2 trillion, or over 60% of the total market capitalisation in Hong Kong.



Thriving fintech ecosystem: Hong Kong has more than 600 fintech companies, including 5 unicorns³, and is an ideal place for fintechs to raise funds and apply their technologies to the market. Welcomed by many fintech start-ups and financial institutions as a way of driving digitalisation, the Hong Kong Monetary Authority's "Fintech 2025" strategy aims to encourage the financial sector to adopt technology comprehensively by 2025. It will create next-generation data infrastructure, expand the fintech-savvy workforce, nurture the ecosystem with funding and policies, and prepare the ground for CBDCs at both wholesale and retail levels and the launch of Commercial Data Interchange (CDI).



#3 in the Global Financial Centres Index (GFCI) 30 Report

published on 24 March, 2022 by Z/Yen in the United Kingdom and the China Development Institute in Shenzhen. Hong Kong has remained top in various areas of competitiveness, including human capital, infrastructure, financial sector development, and reputation.



Insurance: Hong Kong is one of the most open insurance markets in the world, with the highest concentration of insurers and the highest insurance density in Asia.

The total premiums of new insurance in Hong Kong as of 2020 has amounted to HK\$133 billion⁴. Remarkable achievements and developments in Hong Kong and the GBA include⁵:

- establishing after-sales service centres in cooperation with Mainland and Macao counterparts;
- introducing unilateral recognition policy to allow third-party insurance coverage for Hong Kong vehicles entering Guangdong Province via the Hong Kong-Zhuhai-Macao Bridge;
- putting together a Specialty Risks Consortium (38 members now) to help match risk owners in the Mainland with professional service providers around the world for big-ticket investment projects; and
- the inaugural issuance of insurance-linked securities (ILS) in the form of a catastrophe bond (cat bond) of US\$30 million (2021).

[1] Source: Financial Service and Treasury Bureau (2021)

[2] Source: HKEX (2021)

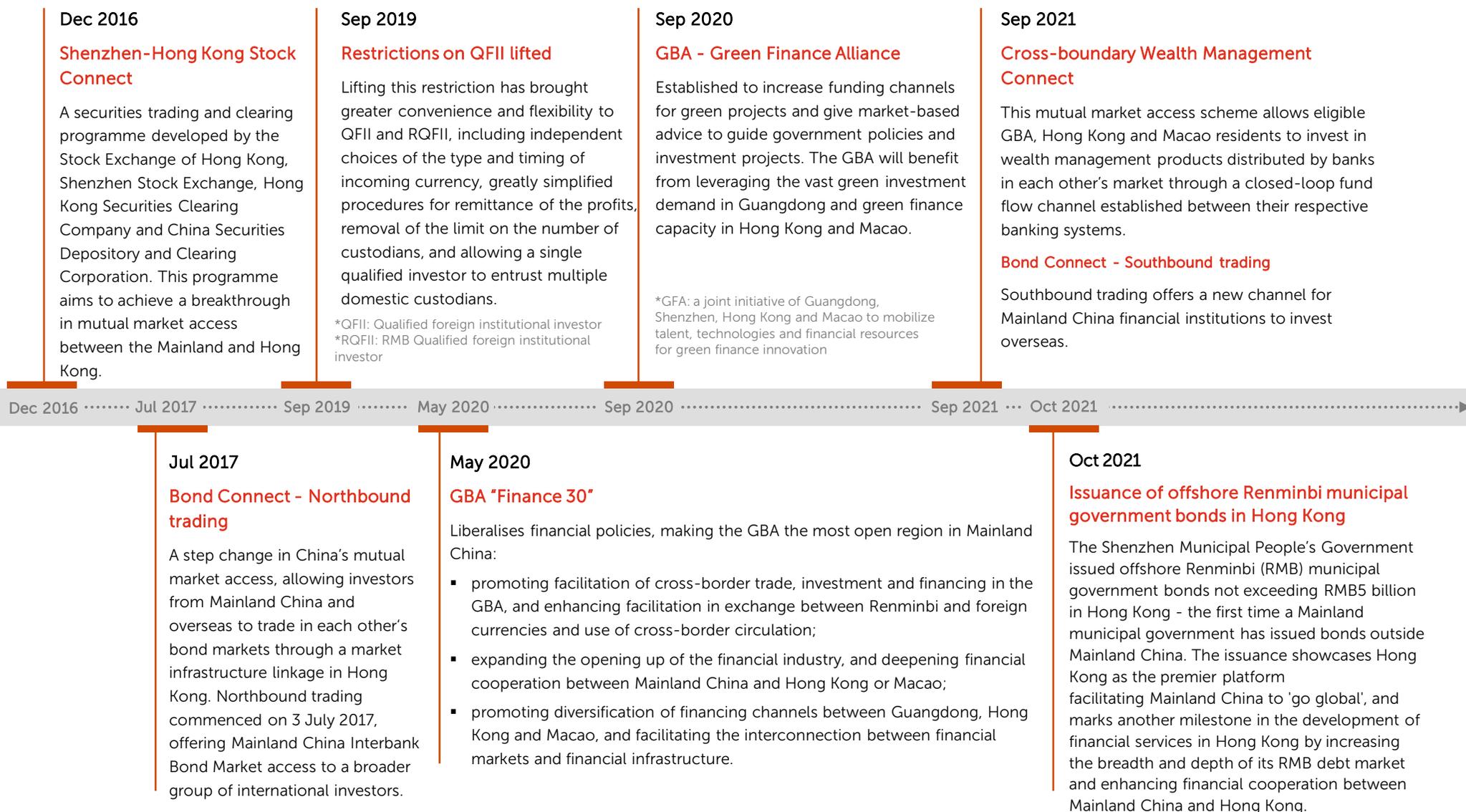
[3] Source: InvestHK (2020/21)

[4] Source: Insurance Authority (2021, Hong Kong)

[5] Source: Chief Executive's speech in Asian Insurance Forum 2021; Insurance Authority

How to capture opportunities in the GBA via Hong Kong?

Being one of the most open economic regions in China, the GBA has rapidly lifted restrictions on finance and investment. Since 2016, new open policies have further broadened the cross-border investment channels for GBA residents, promoted the interconnection of financial markets, and built a new pattern of high-level opening up for the integration of Guangdong, Hong Kong and Macao.



Greater Bay Area is a strategic priority



The GBA is a large potential market for us. We should be agile, dynamic, and thoughtful in making the most of these market opportunities; while also being patient with the gradual development of the financial services sector. More importantly, we shall embrace change in our service solutions and build our technology capability by taking advantage of the excellent I&T environment and talent in the GBA.



Anthony Lin

Chief Executive Officer of GBA,
Standard Chartered

Footnote: Standard Chartered GBA Centre, as one of key actions of Standard Chartered group's strategy of investing and developing GBA, was a project invested by Standard Chartered Bank and Standard Chartered Bank (Hongkong) Limited in August 2020. The project is to rent and build up 7 floors offices at Guangzhou International Commercial Centre (ICC), which will be an office location to hosting multiple legal entities, branches of Standard Chartered group. At present, Standard Chartered Global Business Services (Guangzhou) Co., Ltd and Standard Chartered (Guangzhou) Business Management Co., Ltd have operated at ICC. These two legal entities will provide global back office operation services, technology solutions and innovation services to Standard Chartered group and hold ICC property usage and provide property services respectively. In the future, other Standard Chartered legal entities and branches' move-in is under plan and preparation.

Standard Chartered is one of the oldest international banks in China with the set up of the first branch in 1858, starting from Shanghai and Hong Kong, and extending to other cities in the country. Currently, the Bank has a comprehensive business network in the GBA with around 90 branches in 6 cities, namely Hong Kong, Guangzhou, Shenzhen, Zhuhai, Macao and Foshan.

GBA is an important market and talent base

In 2020, Standard Chartered set up the Standard Chartered GBA Centre in Guangzhou, with a total investment of US\$40 million and an expected number of employees over 1,600 by end-2023. "We are fully committed to rolling out GBA initiatives and embracing GBA business as our strategic focus," said Anthony, who was appointed CEO for GBA in October 2020. "The role of a GBA CEO is symbolic. It reflects how important the market is to Standard Chartered. We are investing heavily to expand our business and groom talent in the GBA for our clients, ranging from corporates and institutions to affluent and high net worth individuals." Anthony introduced.

"The Standard Chartered GBA Centre supports the operations of both retail and corporate banking segments in the region, promote the development and application of innovative financial solutions, and strengthen the cross-boundary banking services. It is crucial to our continuing success, especially when we invest in R&D and bring our talents together," Anthony added.

Hong Kong as the super-connector between Mainland China and the world

Anthony remains highly confident in the role of Hong Kong as an international financial centre and its strategic importance to the growth of GBA. "As the

super-connector between Mainland China and the rest of the world, Hong Kong has robust financial infrastructure, sound legal system and great talent pool to meet the international business needs. While the GBA plays a key role to Mainland China's opening, we shall capitalise on our successful experience in Hong Kong and grasp the opportunities brought by various open-up policies in the financial sectors to reach out to more new customers in the Mainland cities," Anthony said.

Fast-growing market with huge opportunities

As a leading international bank with deep knowledge of China, Standard Chartered is well positioned to support Chinese companies going abroad, help international investors access Chinese onshore markets, promote RMB internationalisation, and provide seamless cross-boundary banking services for various clients in the region. "We are honoured to have participated in a number of exciting initiatives in the GBA. For example, Standard Chartered was a joint lead underwriter for the GBA development-themed Dim Sum bond issuance of the China Development Bank in June 2021. In November 2021, we helped Far Eastern Horizon issue a RMB150 million sustainable development Panda Bond in the China Inter-Bank Market. And in October 2021, we were one of the first banks successfully launching products under the Cross-boundary Wealth Management Connect Scheme. All these once again demonstrate that the GBA is such a vibrant market with huge business opportunities." Anthony remarked.

Insurance in Hong Kong empowered by the GBA

Sun Life Hong Kong was established in 1892, as a wholly-owned subsidiary of Sun Life Assurance Company of Canada. Sun Life Assurance Company of Canada is incorporated in Canada and is a direct, wholly-owned subsidiary of Sun Life Financial Inc. Listed on the Toronto, New York and Philippine stock exchanges, Sun Life provides a wide range of individual and group life, health and wealth products with a focus on providing top-quality protection and wealth management products to satisfy the needs of their individual and corporate clients.

New opportunities and potentials in the GBA

Sun Life has extensive presence in Mainland China since 2002, through a joint venture Sun Life Everbright, established with China Everbright. The joint venture has footprints across the country, operating in 24 provinces and municipal cities. Eyeing the robust development of the GBA, Tsoi envisages the GBA to be a future powerhouse for the development of the global insurance market in the next 10-15 years. Qianhai is offering substantial subsidies to attract companies and talent. New guidelines were issued by the Authority of Qianhai which provided a detailed account of the subsidies in order to support financial institutions setting up and operating in Qianhai. The Guangdong province is home to a considerable proportion of Mainland China's middle class, mass affluent and high-net-worth individuals. Tsoi backs up her beliefs with numbers, pointing out that the GBA contains only 5% of China's population and yet contributes to roughly 12% of China's GDP. The current market size of the 9 municipalities (USD 56 billion) in the region is similar to that of Hong Kong (USD 72 billion). Demand for

insurance is expected to rise, along with expanding wealth and purchasing power that help drive the growth of insurance premium. As such, Tsoi expects that total size of insurance premium of the GBA 9 cities could double by the end 2030.

The role of insurance in the GBA

The Hong Kong SAR Government, in an effort to promote the city as the centre for insurance-linked securities, recently released a new regulatory framework for the issuance of insurance-linked securities. As mitigating risks is the core value of insurance, effective use of insurance products can create market confidence for navigating the uncertainty of doing business in the GBA. There are also other works in progress by the Hong Kong SAR Government, such as introducing a unilateral recognition policy that will allow third-party insurance coverage for Hong Kong vehicles entering Guangdong Province via the Hong Kong-Zhuhai-Macao Bridge. The possibility of developing cross-boundary health policies and other innovative insurance products is also being considered, as it could greatly benefit those who regularly travel to and from the GBA.

Talent as a key to success

Most importantly, Tsoi sees finding the right talent as the biggest challenge that companies need to overcome to succeed in the GBA, including attracting and retaining top talent from around the world to contribute to the development and transformation of the insurance industry. Progress has been made in this aspect, as seen in new initiatives such as mutual recognition of legal professional qualifications between



The GBA is a national strategy of China, and I have observed that there are many favourable policies rolled out by the Government that are expected to continue.



Catherine Tsoi

Chief GBA Strategy Officer, Sun Life



Mainland and Hong Kong. Such progress is reflective of the relentless effort being put in place to attract investors and talent into the GBA.

Tsoi recommends companies should be open to acquiring talent with a slightly different profile, providing upskilling and reskilling opportunities, as well as encouraging talent mobility. Companies that are able to offer career prospects, development and training opportunities, will be better positioned in the quest for talent in the GBA. Through the participation in the GBA Youth Employment Scheme, there is also opportunity for companies to receive funding from the Hong Kong Government to help their employees broaden their horizons and explore new career paths in the GBA.

Money on the Go



Hong Kong is a significant Asian base from which CurrencyFair is targeting businesses and high net worth individuals.

Paul Byrne
Chief Executive Officer, Zai

A Rising Star in FinTech

Zai is a company formed from the merger of two brands: CurrencyFair and Assembly Payments. This new brand provides a wider set of integrated financial services to mid-market and enterprise-level business customers globally, including payments, FX, fraud management, reconciliation and more.

Zai has over 170 employees, growing to 450 by 2025, and is expanding its presence across APAC, Europe, the Middle-East, and the US.

Tapping Asia Markets through Hong Kong

CurrencyFair established its Hong Kong office as the company's Asian hub in 2019. "The Asian market has long been part of our growth strategy," explained Paul. "The Hong Kong SAR Government has been very supportive of the fintech sector, with funding support and new initiatives, together with exceptional infrastructure and very strong pro-business policies.

"In addition, the fact that most people in Hong Kong speak both English and Chinese makes it an ideal location for companies coming to Asia or setting up international operations. The robust legal and financial framework that Hong Kong has in place makes it highly appealing for both established and start-up businesses. Being able to access Mainland China in 30 minutes makes cross-border business easy and enables us to build relationships with our Mainland Chinese partners," he added.

Abundant resources and business partners in China

Soon after its move into Hong Kong, CurrencyFair also announced a partnership with Chinese business-to-business trade marketplace Buy-World. "Our partnership with Buy-World is a huge milestone in our bid to bring integrated financial services to individuals and businesses all over the world," Paul explained. "The payments solution we have created for this marketplace model will create significant savings and automation for Buy-World and their online traders. This business model brings an innovative way to connect Chinese suppliers with their foreign buyers."

Growing with China's GBA vision

For businessman Paul, Hong Kong is a significant Asian base from which CurrencyFair is targeting businesses and high net worth individuals who wish to make money transfers that are fast, secure and cheap across the GBA region and beyond.

Growth through Customer-focus

Paul points out, "Our vision with Zai is to boldly transform the future of financial services. It will build on the great successes we have already achieved as separate companies, empowering our customers with innovative services and products."

"Zai will continue our focus of being resolutely customer-centric, solving problems and adding value around our five core capabilities – payments, global payment accounts, supporting our partner ecosystem, lending and settlement, and payment services – addressing myriad growth opportunities in the US\$2 trillion revenue market for payments."

Business and professional services

The international trade and investment environment is becoming more complex - new industrial policies and regulatory regimes are emerging. When enterprises are tapping new markets, undergoing transformation, going abroad, or considering acquisitions or restructuring, the commercial and legal arrangements can be challenging. GBA enterprises are in great need of professional services to effectively deal with overseas-related business matters and to respond promptly to commercial disputes and other challenges.

Hong Kong's world-class business and professional services sector attracts talent from all over the world offering diversified professional service solutions. The GBA provides a bigger market and higher level collaboration in the modern services sector. All these factors will contribute to continuing success for industry players and support for sustained growth for enterprises in the region.



Why Hong Kong?

Hong Kong has a vibrant business professional services sector spanning professional, scientific and technical, legal, accounting, architectural and engineering services, among others.

Attracting and welcoming talent from all over the world

Hong Kong benefits from a large talent pool in these fields. The dynamic and open economy, highly international and diversified business culture, and the quality higher education system of Hong Kong have attracted and nurtured high calibre professionals, who are highly mobile and play an active role in Asian markets.

Professionals in Hong Kong with qualifications obtained locally or overseas are highly recognised. Most international professional organisations have set up offices in Hong Kong to support their members. The number of professional qualification holders has steadily increased in recent years.

These professionals find Hong Kong a welcoming place to start their careers, establish their business networks and open their firms. The close proximity to Mainland enterprises and increasing mutual recognition of cross-border professional qualifications in the GBA provide ample opportunities for these industry players. Top-tier global firms in law, architecture, accounting, consulting, HR and other fields establish regional headquarters in Hong Kong so as to expand into the GBA.



“First-mover” advantage for Hong Kong professionals under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

CEPA was the first free trade agreement concluded by Mainland China and Hong Kong. The first agreement was signed in 2003 and CEPA has continued to expand in content and scope over the years. The 2019 CEPA amendment introduced new liberalisation measures in several important services sectors, such as financial services, legal services, construction, testing and certification, television, motion pictures and tourism. Hong Kong service suppliers have benefited from the new measures regarding enterprise set-up and business development in the Mainland. Hong Kong professionals from specific fields are allowed to practice in the pilot areas of the Mainland, including Qianhai, Hengqin and Nansha Special Economic Zones; and qualified service providers from Hong Kong are allowed to serve the Mainland market.

Examples of facilitating measures for Hong Kong Service Suppliers in different service sectors to tap into the Mainland market:

Legal	<ul style="list-style-type: none"> Removal of minimum capital input ratio of the Hong Kong side in partnerships set up by Hong Kong and Mainland law firms.
Medical services	<ul style="list-style-type: none"> Allowing statutory healthcare professionals who are registered to practise in Hong Kong to provide short-term services in Mainland.
Accounting	<ul style="list-style-type: none"> Hong Kong accountants who have already qualified as Chinese Certified Public Accountants (CPAs) and practised in the Mainland (including partnership) are treated on par with Chinese CPAs in respect of the requirement for annual residency in the Mainland.
Construction and engineering	<ul style="list-style-type: none"> Hong Kong construction professionals can register and practise in the entire Mainland through mutual recognition of professional qualifications or examination; Renewal of expired agreements for mutual recognition of qualifications, including agreements for structural engineers, planners, building surveyors and architects.

Takeaway: Hong Kong’s business and professional service industry is world-class and highly diversified. Hong Kong is an important stepping stone for enterprises and talent to expand their businesses and develop their careers in Mainland, especially for business and professional services sectors.



Find more for “trade-in services” liberation under CEPA:

https://www.tid.gov.hk/english/cepa/legaltext/cep_a13_201812.html

How to capture opportunities in the GBA via Hong Kong?

The market in the GBA

The service industries in Guangzhou and Shenzhen are the most developed among the nine municipalities in the GBA.

- Guangzhou: In 2020, the added value of the services sector was 1,810 billion yuan, an increase of 2.5% from the previous year. The added value of financial services increased by 8.3%.
- Shenzhen: In 2020, the added value of the city's services sector was 1,308 billion yuan, a year-on-year increase of 6.4%. It accounted for 76.1% of the added value of the tertiary industry. The added value of financial services was 419 billion yuan, an increase of 9.1% year-on-year. The added value of telecommunications, software and IT was 288 billion yuan, an increase of 11.3% year-on-year.

Further liberalisation in the GBA

Shenzhen: Since 2020 the local government has announced various measures to encourage overseas professionals to practice in Shenzhen and the GBA. The main goals include (1) removing restrictions for overseas professional talent to attempt Mainland occupational examinations; (2) facilitating the occupational appraisal mechanism for overseas professional talent; (3) stipulating detailed measures to expedite overseas professional talent to practice locally.

- Since late 2021 Hong Kong and Macao residents with professional qualification in the following eleven areas can practice in Shenzhen after registration: finance, taxation, accounting, legal, construction, urban planning, cultural and tourism, medical and health care, marine services, education and safety-manufacturing services.
- In early 2022, Qianhai District promulgated a positive list to allow overseas qualified professional talent to practice in Shenzhen (and even other parts of the GBA or Mainland cities in certain industries) after registration. In total, twenty professions in six industries (tax, construction, urban planning, medical treatment, marine, and cultural and tourism services) were included.
- Shenzhen will further explore the mechanism to recognise internationally-recognised qualifications of various professional services.

Zhuhai: Since December 2020, tourism agencies registered in Hong Kong and Macao are allowed to provide tourist guide services in Hengqin District after registration with the relevant bureau.

Guangzhou: In February 2021 the GBA Development Leadership Group promulgated the Implementation Plan for Establishment of International Talent Special Zone (ITSZ) in Nansha District of Guangzhou. In ITSZ, international talent enjoy talent subsidies, housing support, project funding and optimized visa procedures. Other than providing awards and grants to talent, the zone will roll out numerous preferential policies to facilitate the inflow of talent in Guangdong Province.

“

The GBA Outline Development Plan emphasizes that the municipal cities shall leverage Hong Kong's renowned business and professional services and talent to further develop the service industries and manufacturing businesses in Mainland China. Local governments of each municipality have issued reforms. By early 2022, after one year of Shenzhen's pilot scheme, over 400 overseas professionals in various industries have already registered and started their practice in Shenzhen. This includes nearly 70 tax professionals from Hong Kong and Macao; nearly 40 doctors from Hong Kong, and over 320 construction and urban planning professionals from Hong Kong.

In the past, tax professionals had to pass exams in Mainland China in order to practice. Now the examination is replaced by a registration mechanism. It is a very encouraging development that international qualifications are now recognised. All professionals should stay-tuned for updates so as to expand their business.

”



Jeremy Choi
Hong Kong Partner
PwC Hong Kong | Former President of the
Taxation Institute of Hong Kong

Hong Kong is the GBA's powerhouse

With the GBA initiative, the cities in the region shall collaborate more to achieve common goals. The GBA will generate tremendous growth and brings opportunities to all business sectors. As a professional firm, we shall mobilise our people and resources in the region to unleash their full potential, continuously build our expertise and enhance our competitiveness.



Michael Kwok
East Asia Region Chair, Arup

Arup is a world class firm of designers, planners, engineers, architects, consultants and technical specialists. Started in London in 1946, Arup now operates 89 offices in 33 countries and has over 16,000 staffs. Arup has offices in Hong Kong, Macao, Shenzhen and Guangzhou within the GBA region as well as in Shanghai, Beijing, and other cities. Michael Kwok is a member of Arup Group Board and has served as East Asia Region Chair since 2017. A civil / structural engineer by profession with more than 35 years of project experience in the region, Michael plays a key role in developing Arup's business and operation in Mainland China, leading some of the most innovative urban projects across the territory.

Seize market opportunities through Hong Kong

Hong Kong is the regional headquarter of Arup's East Asia Region. The city is an important knowledge hub for connecting the west and east, attracting international talent, and accumulating cross-border experiences to better serve multinational corporations. "Arup has taken advantage of its early access to the Hong Kong market - with business presence of up to 45 years. Given our years of experience in Hong Kong, our high-quality services as well as our understanding of the Chinese culture, we managed to achieve rewarding growth in Mainland China market. We embarked on our journey in Mainland China more than 35 years ago, from participating mainly international investors' projects to now regularly working on projects for local government and domestic companies. The continuous liberalisation of market access and recognition of international professionals have provided tremendous opportunities for professional firms like us." Michael says.

One of the goals in the GBA Development Outline is to enhance the connectivity of the cities within the region. Hence new infrastructure and mega projects are emerging.

"It is exciting to experience the fast-growing pace in Mainland China market while it is also challenging to meet the increasing demand of clients. Arup is honoured to have worked on many landmark projects in the GBA, such as China Resources Headquarters in Shenzhen; the Canton Tower in Guangzhou, and the world's longest sea crossing-Hong Kong-Zhuhai-Macao Bridge. The agility of the Hong Kong workforce to embrace changes, high work efficiency, effective problem-solving skills and their mobility to work on cross-border projects, together with strong collaboration with the

Mainland's workforce, are the key factors of our success. We appreciate more interactions between the cities on both sides of the border and it in turn brings in more creativity and meaningful outputs", Michael added.

Prospect in the GBA for consulting business

Mainland China's urbanisation journey requires a smart, sustainable, green and resilient approach and GBA is an essential region to roll out city-cluster strategies. Both the State Council's announcement of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone - Expansion Plan and Hong Kong Government's Northern Metropolis Development Strategy provide insights on the future collaboration of both sides and open up more opportunities for Hong Kong professionals.

As a beneficiary of the "Interim Guidelines for the Management of Hong Kong Engineering Construction Consultant Enterprises and Professionals Starting Business and Practising in the GBA Cities", Arup recently became the first Hong Kong engineering consulting firm that obtained the practice certificate from the Department of Housing and Urban-Rural Development of Guangdong Province. It allows the firm to directly participate in projects in the nine GBA cities in the Mainland. The scheme also allows consulting firms on the two government lists, as well as professionals registered with relevant registration boards in Hong Kong, to be able to directly provide services in the GBA by obtaining equivalent qualifications in the Mainland through a simple registration system. "Arup is happy to witness the rapid development of the GBA and plays an active role in supporting such growth. I recommend all young professionals to come to the GBA and consider pursuing career opportunities there", according to Michael.

Hong Kong as a Global Expansion Strategy

Presence in Hong Kong - 30 years and beyond

King & Wood Mallesons (KWM) is a global law firm with over 2,000 lawyers in 30 globally. In October 2020, KWM celebrated its 30th anniversary in Hong Kong. KWM was Hong Kong's first international law firm to be licensed to practice local, Mainland, English, US and Australian laws. It has come a long way by becoming the largest international law firm in the city with over 200 Hong Kong, Mainland and internationally-qualified lawyers.

KWM has 14 offices in Mainland China and has participated in many inbound and outbound investment projects, especially relating to Belt and Road Initiatives (BRI) in recent years. Two KWM project partners are just about to complete a one-year secondment at the Asian Infrastructure Investment Bank. Moreover, a cross-office team has been formed to provide BRI clients with all the expertise and cultural knowledge required for these complex projects.

A closer cooperation with Mainland China

From the perspective of a dispute resolution lawyer, thanks to two written agreements made between the Mainland and Hong Kong SAR governments, Hong Kong forms an absolutely unique base for BRI clients doing business with parties in Mainland China.

Firstly, the unique "Arrangement Concerning Mutual Assistance in Court-ordered Interim Measures for Arbitrations" allows parties who choose to arbitrate by selecting one of the approved arbitration institutions in the Mainland or Hong Kong to apply for interim measures in each other's jurisdiction in aid of those arbitrations. This provides BRI parties, regardless of their

nationality, with a unique form of asset protection unavailable in any other arbitral jurisdiction.

Paul Starr, head of KWM's disputes resolution team in Hong Kong, has worked with his Shanghai office to successfully freeze USD 360M worth of assets in the Mainland, via the Shanghai Financial Court, in aid of a Hong Kong qualifying arbitration, which is the first case.

The second vital agreement is "the Arrangement concerning Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong", which means that a BRI party who obtains a Hong Kong arbitration award can readily obtain its recognition in the Mainland, where for example the opponent's principal assets may be held. The Arrangement ensures that a local court cannot refuse enforcement, but must apply to the Supreme People's Court in Beijing. This provides a very important stick for any local court, and the statistics for the upholding of Hong Kong arbitration awards are excellent.

Hong Kong as a crucial strategy

Turning to Hong Kong itself, there are situations where arbitrating parties need assistance from local courts. Hong Kong boasts a common law system, with judges capable of hearing cases in English, and most importantly with one of the finest courts of final appeal in the world, populated by visiting Judges at the top of their field in the Common wealth jurisdictions where they live and work. Current members of the CFA include Law Lords from England and former Chief Justices from Australia and Canada.



KWM established the KWM International Centre in Shenzhen in 2018, which uniquely connects their Hong Kong, Shenzhen, Guangzhou, Sanya and Haikou offices to provide an integrated KWM offering for Hong Kong and international clients as they explore opportunities in the GBA.



KWM believes that Hong Kong will play a key role given its strategic position as an international trade, finance and transportation hub with increasingly closer connections with the key GBA cities. The KWM International Centre established in 2018 uniquely connects their Hong Kong, Shenzhen, Guangzhou and Hainan (Sanya and Haikou) offices to provide an integrated KWM offering for Hong Kong and international clients as they explore opportunities in the GBA.

Under the post-COVID New Normal, KWM will continue to accompany their clients to their BRI locations of choice, and work with them on site to achieve the best possible outcomes.

Hong Kong – an ideal location for sustainable business growth



The maturity of Hong Kong's ESG regulatory framework and its trend of ESG investing make it an important region with best practices, which can be adopted in Mainland China and more widely across international markets.



James Chen (General Manager) and his team,
Dun & Bradstreet

Dun & Bradstreet, a global market leader in data and analytics headquartered in the United States, was founded in 1841 with offices located all over the world.

Footing for sustainable business growth

Capitalising on increased market awareness of sustainable investment, Dun & Bradstreet offers a suite of solutions to help companies integrate ESG elements into their business. "ESG (Environmental, Social and Governance) is becoming a key focus area for many successful businesses in the future. As more people engage in ESG investing, there is a rising demand for services such as ESG ratings, analytics and data coverage in the market," says James Chen, General Manager of Dun & Bradstreet Hong Kong.

Dun & Bradstreet has set up a specialist team in Hong Kong in 2020 with the aim to help corporations navigate ESG integration and achieve sustainable business growth.

Tapping ESG opportunities in Mainland China via Hong Kong

"Hong Kong's position as a trading hub in Asia is essential for us to understand businesses' supply chains in greater granularity". James considers Hong Kong as an ideal location for developing ESG solutions. "With financing, infrastructure development and risk control in Hong Kong being unique in Asia, it is a key strategic location for us."

According to James, there is an increasing demand for ESG solutions in the Mainland as the Government places more emphasis on green financing. "Mainland

China is now one of the world's largest green bond issuers. Businesses in the GBA and those along the Belt and Road are seeking sustainable ways to mitigate risks and accelerate revenue growth. As a gateway to the Mainland, Hong Kong has a significant role to play in matching the Mainland's demand with the increasing international supply of capital." James pointed out.

Investing in Hong Kong is "investing in the future"

Hong Kong's long-established reputation as an international hub for business and jurisdiction, which is regarded by many to exhibit legal and contractual excellence, means it will always be important. The company sees the city continuously playing a crucial role in its operations as the GBA vision is rolled out.

Over the past 15 years, Dun & Bradstreet's Hong Kong office has been supporting the business data and analytic needs of its clients in the region as well as its global clients who would like to do business with Hong Kong companies and SMEs. It will continue to expand its data, products, technology and analytics offerings.

"We are investing in Hong Kong and our future here. From a business perspective, we are investing in people, skills, data and technology, which aligns with the key factors driving Hong Kong's economy, its companies, and its future," James concluded.

At the Forefront of GBA Expansion

Synpulse Management Consulting (Synpulse) is an established international management consulting company with 17 locations and over 700 employees worldwide. Since their founding in 1996, they have grown in size and capability, from a small Swiss company to a global management consultancy with offices covering all major financial markets. Synpulse partners with financial services institutions striving to succeed and stand out in a rapidly changing regulatory, technology, and customer environment.

Fast-paced expansion in Hong Kong

Synpulse entered the Hong Kong market in 2015 to be in closer proximity to their North Asian clients, and to explore opportunities in the region, with Hong Kong being a key international financial services hub.

Synpulse positioned themselves as a consultancy and technology firm with a laser focus on banking and insurance and as a one-stop shop across their clients' value chain. From assessing pain points to strategy development and implementation, Synpulse mainly engages with clients through change enablement, execution and stabilisation.

In just a little over five years, the results from entering Hong Kong have been positive. Synpulse's client list has grown from focusing mainly on large, international banking and insurance institutions to including several Mainland Chinese and Taiwanese banks. This incredible growth momentum in the Greater China region drives them to further strengthen their position and expand their presence into the GBA with their office in Shenzhen.

New strategies and opportunities in the GBA

Wettstein believes that Synpulse is in a good position to enter the GBA with the setup of their Shenzhen office as an extension of their Greater China operations.

Synpulse has put together a working group for GBA expansion plans, strategy and activities. They are in the process of building a team of highly experienced consultants with expertise in project management, business analysis, and implementation, and a team of designers, scientists, and engineers to deliver solutions both bespoke and as-a-service with cloud infrastructure set up and maintenance. Further plans include setting up an office in Qianhai, Shenzhen by the end of Q1 2022. By the end of 2022, they intend to build a team of 24 designers, engineers, and consultants.

There is also another opportunity to leverage the development of the Hong Kong-Shenzhen Innovation and Technology Park in Futian. After establishing a branch in Qianhai, Shenzhen, Synpulse targets to set up another office in Futian to help businesses operating in the GBA to accelerate their digital transformation journey. Synpulse wants to be part of the initiative to develop the GBA into an international I&T hub.

Hong Kong's unique role in GBA expansion

The in-depth experience of the Hong Kong market can provide insights to localise and meet GBA-specific market demands, says Wettstein. Synpulse can close the gaps in the market and meet the demand for Banking and Insurance solutions, especially in technology and platform knowledge for digitalisation.

As the Hong Kong and Mainland China financial markets continue to integrate significantly with the launch and growth of various connect schemes, there are many opportunities for consulting companies like Synpulse, especially with clients' subsidiaries in Mainland China. Mainland China's capabilities and competitiveness are widely recognised in the I&T space, and Mainland China's role in accelerating high-quality development of digital



I'm truly amazed by the development of the GBA in the six years since I moved to Hong Kong. I'm an avid runner, and I spend a lot of my spare time running and hiking mountains in Hong Kong. On a clear day, at the top of my favourite trail on Lantau peak, you get a fantastic view of the whole GBA – from Hong Kong, to Macao, Shenzhen and Zhuhai. I've watched those skyscrapers and bridges get built in days, and I still can't believe that all these changes have happened in just one single decade.



Salomon Wettstein

Managing Partner, Greater China
Synpulse Management Consulting



solutions within the Fintech industry is undeniable. As Synpulse continues to grow within the GBA and ramp up its technical and digital expertise with the launch of Synpulse8, their new design and engineering practice, the Synpulse Hong Kong office will serve as an anchor and springboard to more opportunities in the region. While Mainland China gradually opens up to foreign companies, Wettstein sees Hong Kong remaining as an important platform for international firms like Synpulse to navigate the North Asian market.

Case Study: Wesurance

A FinTech-fuelled platform bridging customers and insurers in the GBA market



Hong Kong is the ideal place for Wesurance, thanks to its world-class business environment, excellent financial and operational support and established technical infrastructure that encourage innovation and business on a global scale. We believe that the increasing demand for insurance from the people in the GBA can benefit all FinTech-related platforms.



Eddie Chang

Founder & CEO, Wesurance

Wesurance is a start-up founded in 2017 with the aim of connecting consumers and insurers, and of providing everyone with easy, accessible and affordable insurance. To achieve this mission, the company has drawn upon its strong FinTech background and its experience in the information and technology/ application development field. With operations in the United Kingdom, Singapore, Indonesia, Malaysia, Thailand and Hong Kong,

Wesurance currently employs eight staff in Hong Kong, seven in Shenzhen and four in the United Kingdom.

Fueled by advanced insurance technology

“It is not our customers’ job to look for insurance,” said Eddie Chang, founder and CEO of Wesurance. Positioned as Asia’s leading FinTech company specialising in the insurance industry, Wesurance is committed to incorporating advanced technologies to build up the world’s simplest digital insurance-to-go solutions for all insurance businesses. Understanding that not all businesses have the resources to digitalise, and may not be willing to pay for such a system, Wesurance’s solution-focused software helps insurers of all scales to grow their digital business and explore new business models that will benefit both consumers and insurers, thus improving customer experience and satisfaction. The company’s signature digital product, Digital Transformation Express (DTX), provides all the ingredients that insurers need to scale up their insurance business. It connects hundreds of insurers from different countries with consumers under a single business application programming interface. Chang feels that Hong Kong is the ideal place for Wesurance, thanks to its world-class business environment, excellent financial and operational support, and established technical infrastructure, which encourages innovation and businesses on a global scale.

Hong Kong – connectivity is the key

Chang is of the view that Hong Kong, as a world-class international metropolis, is well-positioned to be the core of the GBA. The city offers incomparable connections within the GBA, around Asia and even around the world. The Hong Kong section of the

Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) has greatly shortened the travelling time between Hong Kong and other cities in the GBA. The opening of the Hong Kong-Zhuhai-Macao Bridge has led to a surge in cross-boundary passenger traffic in recent years. Infrastructure enhancement has further improved Hong Kong’s proximity, as well as the ease of access to the GBA market. This is an important factor attracting Wesurance to establish a significant Hong Kong operation. “We believe that the increasing demand for insurance from the people in the GBA can benefit all FinTech-related platforms,” Chang said.

What to expect for the next stage

Wesurance’s tech-savvy growth strategy makes its setting up in Hong Kong a crucial step – not only for the company’s ambition to penetrate the GBA market, but also for its technological development.

Chang has a positive view of the GBA’s overall FinTech environment, but he also points out what FinTech businesses expect from Hong Kong’s regulators: “Hong Kong is a unique place. Financial innovation is an area that requires special attention from regulators, who must be vigilant. They need to ensure that new products and practices do not blunt the effectiveness of existing regulations or pose unanticipated risks to markets or institutions. The rule of law here should not only protect my business and family, but it should also include regulations supporting the development of the FinTech sector.”

Lifestyle

and creative industries

Businesses are grappling with rapidly-changing consumer behaviour and how these changes are going to impact their strategy and bottom-line over the longer term. Thanks to China's domestic market and the upgrading of consumer behaviour, the demand for high quality lifestyle-related products and services is still increasing. In particular, the GBA market promises a population with higher disposable incomes and consumers with diverse needs.



Why Hong Kong?

How to capture opportunities in the GBA via Hong Kong?

Hong Kong: an East-meets-West Centre for International Cultural Exchange

Hong Kong acts as a gateway to Mainland China and the wider Asia Pacific region. The Hong Kong SAR Government seizes upon Hong Kong's unique creative atmosphere, where Chinese and Western cultures meet, to position Hong Kong as Asia's city of culture and creativity.

Hong Kong will work in five ways to realise its new cultural positioning¹:

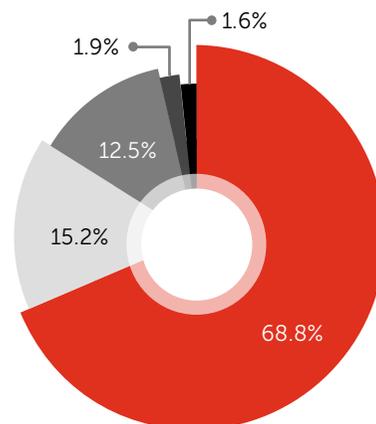
1. developing world-class cultural facilities and a dynamic cultural environment;
2. strengthening connections with overseas arts and culture organisations;
3. enhancing cultural exchange and co-operation with Mainland;
4. leveraging technology; and
5. nurturing talent.

Cultural and creative industries

Hong Kong's cultural and creative industries comprise a set of knowledge-based activities that deploy creativity and intellectual capital as primary inputs, as well as deliver goods and services with cultural, artistic and creative content. Hong Kong houses a plethora of multinational creative companies, spanning art and culture, design, media, entertainment, gaming, advertising, film, music and beyond.

CCI's contributions to Hong Kong's GDP in 2019 were as follows²:

- Value-added **HK\$129.3 billion**, 4.7% of Hong Kong's total GDP
- **Employing over 237,000**, or 6.2% of Hong Kong's total workforce
- **Exports** (selected cultural and creative goods) **HK\$ 571.3 billion**, contributing 14.3% of total exports of goods



- Audio-visual and interactive media goods
- Visual arts and design goods
- Performing arts and celebration goods
- Antiques and crafts goods
- Publishing goods

- [1] The Chief Executive's 2021 Policy Address
[2] Census and Statistics Department: The Cultural and Creative Industries in Hong Kong, October 2021
[3] Art Basel Hong Kong 2021 Show Report



Find more on Hong Kong's creative industries:
InvestHK's Creative Industries: Driving Innovation and Future Growth



As an international creative and cultural hub, Hong Kong organises plenty of international fairs and events every year to facilitate cultural exchange. To name a few:



<https://www.bodw.com/en>

- The Business of Design Week (BODW) is Asia's flagship event on design, innovation and branding, held annually in Hong Kong.
- bodw+ is an interactive design knowledge platform that promotes and celebrates design excellence, which inspires and engages the local and international design community.
- It is Asia's leading online design portal providing evergreen content, featuring the latest insights on seminal design trends and exclusive interviews with creative leaders and emerging talents.



<https://www.artbasel.com/hong-kong>

- Art Basel Hong Kong takes place in Hong Kong every year featuring a strong line-up of galleries from Hong Kong and overseas, presenting a wide scope of work and strong sales across all levels of markets throughout the duration of the fair.³



<https://www.mplus.org.hk/en/>

- M+ is a part of the West Kowloon Cultural District. It is Asia's first global museum of contemporary visual culture with collections from multiple locations within Asia and beyond encompassing visual art, design and architecture, and moving image, while offering a creative interactive experience. The M+ building includes 33 galleries and other display spaces.

Why Hong Kong?

How to capture opportunities in the GBA via Hong Kong?

Retail and E-commerce

Hong Kong is famed as a showcase for international brands and as a global sourcing hub, which plays a vital role in the consumer market and the global supply chain. With extremely efficient logistics and customs clearance services, no sales tax and import tax for most products, top quality design and creativity, and highly skilled procurement, retail and IT workforce, Hong Kong's retail and e-commerce industries are flourishing.



The GBA Outline Development Plan suggests the region should deepen cooperation in the areas of education, culture, tourism, and social insurance. It should jointly create a quality life circle with high-quality public services, which is liveable, business-friendly and accessible. This will create tremendous demand for lifestyle-related industries. More innovative service solutions and customised experiences for the GBA market are the winning factors. The ongoing "consumption upgrade" policy in Mainland China will provide vital opportunities.



Michael Cheng

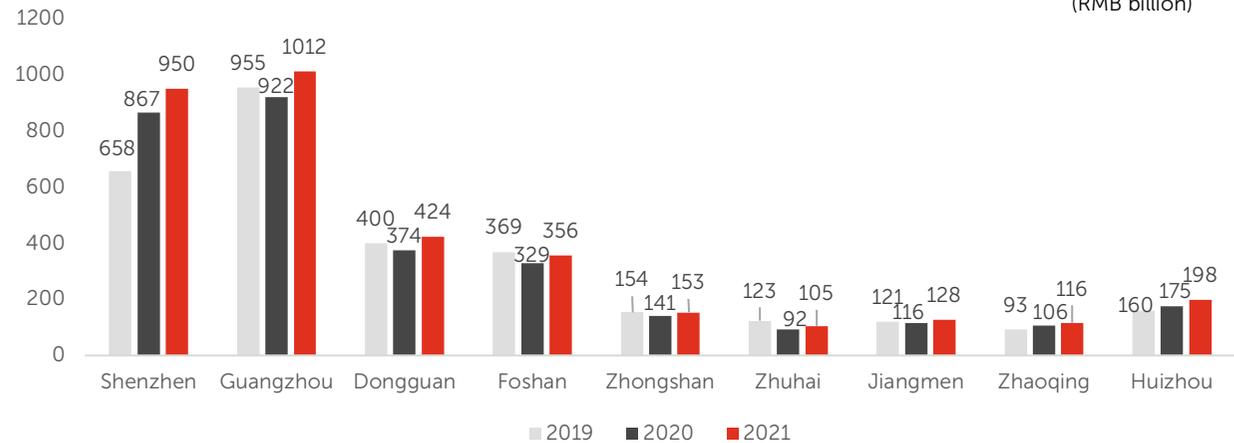
Consumer Markets Leader
Asia Pacific, Mainland China and Hong Kong, PwC



Mainland GBA cities are a vibrant consumer market with the largest GDP, purchasing power and retail sales value of consumer goods in Mainland China. Businesses in Hong Kong will benefit from the extensive and seamless network connecting with the world and the economic strength of the GBA.

2021 Retail sales of consumer goods in the Mainland GBA cities

(RMB billion)



Source: Bureau of Statistics of various cities

Consumers in the GBA are concerned about:



Upgrading their personal image



Pursuing a smart lifestyle



Increasing their everyday enjoyment



Prioritising quality, instead of low prices



Rising health awareness

Source: HKTDC's statistics

- Via Hong Kong, the consumers in Mainland China are within easy reach; via Hong Kong, the global customers become your potential buyers.
- There are many different models to enter Mainland China via Hong Kong, and selecting the most suitable model is vital for companies to succeed.

Why Hong Kong?

How to capture opportunities in the GBA via Hong Kong?

Hong Kong is a great location for companies to capture opportunities in Mainland China, and takes a leading position to leverage the specialised capabilities in other GBA cities.

Hong Kong as IP Hub and Listing Vehicle for R&D Carried Out in Shenzhen

While Shenzhen and Dongguan's R&D and prototyping abilities are leveraged by businesses for innovative solution development, Hong Kong's robust legal system helps protect their IP. Hong Kong's unique advantages in financial services help businesses gain international recognition and capital when they choose to go public.

Hong Kong as a Sourcing and Trading Centre

The GBA is one of the leading manufacturing centres in the world. Hong Kong businesses are ideal partners for international investors and companies looking to utilise the manufacturing expertise of the GBA.

Hong Kong's Unique Logistics Connections in the GBA

Hong Kong's free port status and world-class customs clearance are sustainable and considerable advantages to shorten transit time. In particular, the Single eLock Scheme (SELS) launched by Hong Kong expedites the flow of transshipment cargo and streamlines cross-border clearance to and from the GBA.

Benefits of Storing Products in a Hong Kong Warehouse

With the rapid development of the eCommerce market, Mainland China has entered the era of "48-hour delivery". To meet the high expectation of Mainland Chinese consumers, overseas brands can set up a distribution centre in or near Mainland China to fulfil the last mile delivery, such as in Hong Kong.

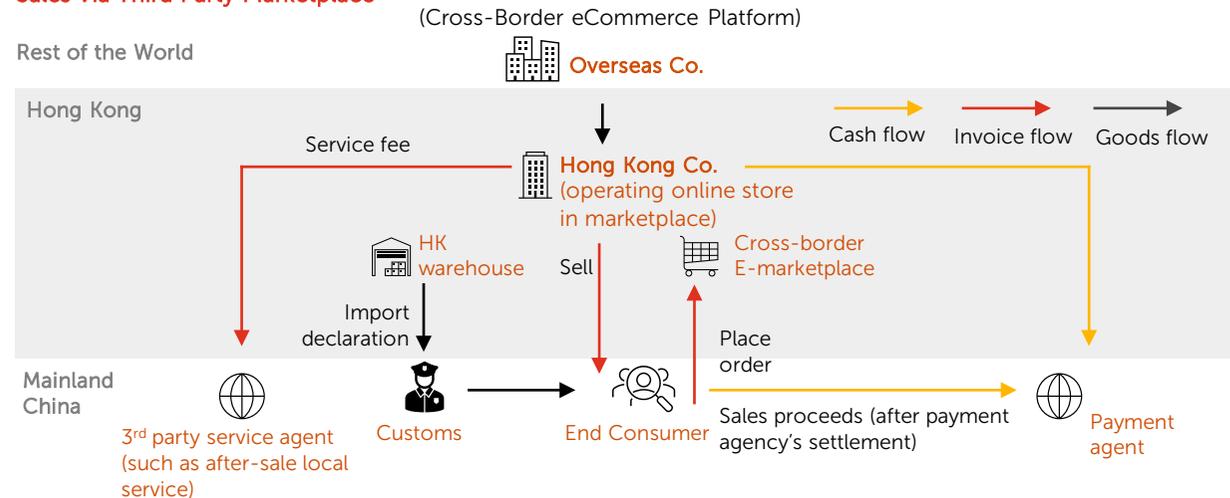
Hong Kong offers fast, smooth and simple access to Mainland China via e-commerce

Setting up a Hong Kong company to conduct cross border B2C e-commerce in Mainland China provides relatively unrestricted market access, with an end-to-end pipeline of operational efficiency and capabilities similar to global e-commerce giants. Specifically, Hong Kong companies leveraging Mainland China's cross border e-commerce trade policies and third party market places have the following advantages:

- Reduced cost and time to establish and operate an entity / offshore store in Mainland China – can simply use Hong Kong as the merchandiser working with third party marketplace
- Fewer complications in getting various licenses (such as Internet Content Provider license) in Mainland China
- Faster access to Mainland China (i.e. relaxed requirements for customs, importation and sales returns procedures)
- Enhanced competitiveness by enjoying reduced Mainland China import taxes (i.e. 0% customs duty, 0% consumption tax and 30% off the normal import VAT rate for qualified e-commerce imports)

Below depicts one of the common business models to conduct e-commerce retail in Mainland China:

Sales Via Third Party Marketplace



Find more on Hong Kong's e-commerce:

InvestHK's Consumer Products: Finding success in Asia's eCommerce Gateway and Beyond



Why Hong Kong?

How to capture opportunities in the GBA via Hong Kong?

Tourism

The GBA cities promote innovation and development of tourism services, which aims to provide more diversified travel experiences and to attract more visitors to travel to the GBA through Hong Kong.

- Attractions in leisure, restaurants and entertainments abound in Hong Kong. 218 Michelin star restaurants (2021) and hundreds of hotels offer a wide variety of cuisines and styles across all price ranges.
- There are plenty of excursions and tours in Hong Kong, both locally and internationally. There are multiple means, including international flights, cruises, high speed trains, as well as road transport, that allow for travel from Hong Kong to many destinations.
- Hong Kong UNESCO Global Geopark, fishing villages and old towns attract many tourists to experience the wild coastlines and ancient formations.
- In the GBA, Macao is renowned for casinos and scenery spots. Hengqin District collaborates with Macao in the areas of tourism, exhibitions and cultural exchange. Mainland cities of the GBA have abundant tourist attractions within 2-3 hours of travel from Hong Kong.

Food

Hong Kong is renowned for its food, satisfying customers in Hong Kong, the GBA and beyond. As a cosmopolitan city, Hong Kong has a diverse array of Chinese and western cuisines, coupled with high income local residents who enjoy gourmet food and a culture of service excellence. The unrivalled transportation infrastructure makes Hong Kong an ideal location to showcase a new and exciting food and beverage concept.

Hong Kong's food services in 2020¹:

Total receipts of
food service industry
HK\$114.3 bn

Industry value added
HK\$31.0 bn

- **Food and beverage trading:** the industry benefits from simple tax regime, excellent cold-chain logistics, warehousing infrastructure and efficient customs clearance system.
- **Green eating:** there is a huge potential to grow exponentially and enable a sustainable plant-based eating habit.
- **Digital food delivery platforms:** they are very popular in Hong Kong, given its internet infrastructure and with consumers fashioning a diverse food culture.

[1] Census and Statistics Department of Hong Kong SAR: Key Statistics on Business Performance and Operating Characteristics of the Import/Export, Wholesale and Retail Trades, and Accommodation and Food Services Sectors in 2020



Find more on food services in Hong Kong:



How to capture opportunities in the GBA via Hong Kong?



Throughout the past decades, Hong Kong has continuously evolved and proven itself to be a world-class city for trading businesses. With accumulated expertise in supply chains, a geo-strategic location close to both Mainland China and nearby Asian countries, as well as access to sophisticated infrastructure, Hong Kong is well-positioned as a gateway for multinational companies looking to explore/expand emerging opportunities in APAC.

With a worldwide reputation for quality, agility, flexibility as well as a regional base for some of the largest sourcing and logistics companies in the world, Hong Kong can certainly be leveraged to facilitate and propel rising GBA initiatives and success.



Jenny Tsao

Consumer Markets Tax Leader
Mainland China and Hong Kong, PwC



Sports

Hong Kong hosts many international sports events every year, for instance:

- The Hong Kong Marathon
- Track Cycling Nations Cup Hong Kong
- The Hong Kong Sevens (Rugby)
- The FIVB Volleyball Nations League
- The Hong Kong Open (Golf), etc.

Hong Kong is also a hotspot for outdoor activities such as trail running, cycling and water sports. Numerous sports clubs and international sports associations are based in Hong Kong and promote a full range of sports training, coaching and related services. You can find all kinds of sports activities in Hong Kong.

The Kai Tak Sports Park (KTSP), Hong Kong's first major multi-purpose sports and entertainment complex, is set to open in 2023. The main stadium provides 50,000 seating capacity, the first of its kind in Hong Kong. The venue opens up opportunities for all sorts of entertainment, live events and festivals servicing the local demand for entertainment content and differentiated experiences.

Guangdong, Hong Kong and Macao will hold the 15th National Games together in 2025. The GBA will deepen collaborations to host large-scale multi-sport events and promote a better lifestyle for the citizens in the region.

Wellness

Affluent consumers in Hong Kong and the GBA have great demands for wellness products and services, including healthcare, beauty, elderly services, go-green lifestyle and spiritual. Consumers in Hong Kong embrace new experiences, and are willing to pay premium prices for quality products and services. Trends in Hong Kong also influence consumer behaviour in Mainland China in a positive way. For example, international companies can start their footprint in Hong Kong to understand the needs of Chinese consumers before considering further expansion into the Mainland market.

As a new wellness market ecosystem emerges in Hong Kong, new business ideas require seeding and broader financing. Hong Kong is a free economy where companies can find various financing supports from numerous financial institutions and business partners. IPOs in Hong Kong are also a popular choice for many worldwide business, including many health-tech companies.



Find more on tourism in the GBA via Hong Kong:
<https://www.discoverhongkong.com/anz/greater-bay-area.html>



Case Study: Paul Lafayet

Get a head start in the niche market of French gourmet experiences in Asia

With the aims of introducing the authentic taste of French patisserie and of popularising the fine gourmet experience in Hong Kong and Mainland China, the Younes family chose to establish their very first Paul Lafayet flagship shop in Hong Kong in 2010 – back when fine patisserie in Hong Kong was limited to a few 5-star hotels.

Over the past decade, the company has expanded dramatically. Currently, it has nine boutiques in Hong Kong and four in Shenzhen and Shanghai, employing 120 staff in total.

Hong Kong and GBA-focused from Day One

The Younes had travelled extensively between Europe and Asia in the 1990s and witnessed the booming opportunities offered in Hong Kong and Mainland China. Back then, as today, Hong Kong was considered the first stop for entrepreneurs seeking to do business in Mainland China. Mr. Toni Younes, founder and CEO of Paul Lafayet, was of the same view when he saw a gap in the market for easily-accessible fine French pastries. He made a prompt decision and opened up the very first Paul Lafayet flagship shop in 2010 at the K11 Art Mall in Tsim Sha Tsui.

From Day One, Mr. Toni Younes and his son, Co-Founder and Business Development Manager, Christophe Younes, wanted to make a chain for Hong Kong and Mainland China consumers. After over ten years of development, Paul Lafayet has set up nine boutiques in Hong Kong and four in the Mainland cities of Shenzhen and Shanghai. 10-15 more boutiques are expected to be established in the GBA, including Macao, Shenzhen and Guangzhou, as part of Paul Lafayet's Mainland China expansion plan, as soon as the border is opened.

Hong Kong – a central kitchen serving the GBA

The perishable nature of baked goods means that it is vital for the products to reach their destinations quickly. Exacting standards of quality and exclusive market positioning require the French chefs of Paul Lafayet to make fresh pastries every day in an artisanal way. To tap into the broader market in the Mainland, Paul Lafayet is leveraging Hong Kong's prime location within the GBA, as well as its robust infrastructure and efficient transport networks, to deliver baked goods from their central kitchen in Hong Kong around the region. This saves the need to establish additional kitchens, while also ensuring quality control. "We can deliver directly from Hong Kong to Shenzhen and Macao because it is just one hour from here. This is a key advantage of being based in Hong Kong," said Mr. Toni Younes.

Changing tastes creates opportunity for authenticity

Currently, the company has 120 staff, of which 86 are in Hong Kong and 34 are based in the Mainland. This includes two French chefs in its central kitchen to share French know-how with the local team and to ensure the authenticity of its pastries. As baking expertise is the lifeblood of its operations, Paul Lafayet shuttles its French chefs and teams between Hong Kong and the Mainland for regular training.

In its earliest days, InvestHK introduced Paul Lafayet to landlords in Hong Kong to facilitate the establishment of its first boutique. In addition, InvestHK connected the company with different partners in the city who organised events that provided exposure to the Paul



We leverage the robust infrastructure and efficient transportation networks in the GBA to deliver baked goods from our central kitchen in Hong Kong around the region. This saves on our need to establish additional kitchens while also ensuring quality control.



Toni Younes
Founder and CEO, Paul Lafayet

Lafayet brand alongside established luxury names. Building on these solid relationships, Paul Lafayet is now poised to expand from Hong Kong to the GBA and beyond.

Creating culture in a corporate space

“

There is no doubt that the GBA, where various cultures are mixed and new cultures are born, will attract attention around the world. Being involved in the development of such a global city (Hong Kong) is a valuable asset to me.

”



Sugimura Nobuya

Hong Kong Branch Manager, Nomura Co., Ltd.

Nomura Co., Ltd. creates spaces for cultural facilities such as museums, public areas, commercial facilities and corporate showrooms, as well as exhibitions and events. In recent years, this has also encompassed performance spaces and digital content production. The firm acts as a one-stop service hub, spanning planning and design to construction.

Over 35 years of history in Hong Kong

Nomura's Hong Kong branch was incorporated in 1985 and is directly managed by its headquarters in Japan,

which was founded in 1892. The company then used Hong Kong as a base to establish Nomura (Beijing) Co. Ltd. in 2004, a fully independent subsidiary to operate in Mainland China, with regional offices in Beijing, Shanghai, Chengdu and Shenzhen.

Over the years, apart from facilitating communications with Japan, Hong Kong's convenient infrastructure and environment has also act as a gateway to the Mainland market. Hong Kong's location is strategically ideal, especially for communicating seamlessly with local customers who are conducting projects in Mainland China.

Hong Kong's network for creative industries

At present, Nomura's Hong Kong branch employs seven people, with around 100 staff in its Mainland subsidiary. Resources are being focused on expansion from Hong Kong into areas within the GBA, such as Shenzhen and Guangzhou, with the ultimate goal of being able to provide the same range of services for its GBA clients as it offers in Japan.

The landscape of Hong Kong for the creative industries has also certainly been a benefit to Nomura. Nomura is closely involved in social networking events and knowledge exchanges with the creative industry in Hong Kong.

The unique offerings and resources in Hong Kong allow Nomura to bring even newer experiences, while adding value for corporate and cultural brands throughout Hong Kong and the GBA.

New opportunities and potential in the GBA

Many of Nomura's clients recognise the potential of the GBA and are in the midst of entering or expanding their

regional businesses. As a one-stop space creation firm, Nomura – with its design team at its headquarters in Japan – expects an increase in planning and design services in the GBA region.

Nomura's presence in Shenzhen through its subsidiary has paid off, especially with the current limitations on travel between Hong Kong and the Mainland. Local employees in Shenzhen can work with designs in accordance with local construction regulations. Such global coverage of Nomura's staff in Japan, Hong Kong and the Mainland has created a vital advantage for Nomura's operations.

One of the starting points for Nomura's business development plan in the GBA is its specialisation in creating commercial spaces. In Hong Kong, Nomura was commissioned by Nissin Foods to handle the planning, interior design, construction and digital content production for "The CupNoodles Museum Hong Kong" project in Tsim Sha Tsui. The completion of this project has led to more potential opportunities in the GBA, as commercial spaces crafted by Nomura are more than just another marketplace: they act as corporate PR facilities that convey brand messages to customers.

Nomura has emphasised its ability to create spaces from the ground up and revitalise them, especially during the pandemic, to stimulate discussions about what is required in a physical space to attract customers. Its Japanese creative teams and specialists collaborate at the planning stage to form a space from multiple angles, providing an experience and value that can only be enjoyed in that space.

Case Study: Michael Young Studio

A Centre for design and expansion

Michael Young Studio (MYS) designs products for clients, with its diversified portfolio ranging from designing brand logos and marketing graphics to displays at trade shows around the world and branded stores in Europe and Asia. Headquartered in Hong Kong, MYS has a representative office in Belgium, and is currently setting up an office in Shekou, Shenzhen.

An unregrettable early decision

When Michael Young came to Hong Kong to set up a studio in 2006, he was already an established designer in Europe and Japan, with 14 years of experience under his belt. He wanted to expand internationally and he needed a base where business decisions were to be made. Fifteen years have since gone by, with Young experiencing tremendous growth in Hong Kong. He became known in the industry as a sophisticated minimalist, acclaimed for his elegant, pared-down aesthetic design. This inspired many young designers and local companies and earned numerous international design awards.

The future for MYS is bright, as concise systems have been developed to support the design business, while joint ventures are currently being discussed to set up Michael Young Retail. This will be an additional arm to its design business that combines design and eCommerce. MYS has a ten-year plan to further build its brand in Hong Kong in parallel with the restructuring of its resources to support its eCommerce business.

Hong Kong - an international base

MYS intends to maintain its Hong Kong office as its base for many years to come, supporting its ongoing international plans and design innovation. Hong Kong is

a location that undergoes constant artistic transformation and industrial redesign, which incentivises many in the design industry. Furthermore, its pragmatic approach to tax and the access it gives to Asian manufacturers who are open to experimentation also make Hong Kong appealing to MYS. According to Young, Asian manufacturers have a passion for proving that they can do something in a new way, bringing many unbelievable designs to life. The city itself is also an inspiration: Hong Kong's diversity of colours, textures and architecture offers constant stimulation, and a dynamic that designers can connect to and explore. The result of MYS's success is work that transcends design by harnessing some of the highest and most innovative manufacturing skills fuelled by the creative landscape of Hong Kong.

New opportunities and potential in the GBA

According to Young, the vast scale of the GBA provides a promising future for MYS and the design industry as a whole. Apart from MYS opening its first office in Shenzhen to serve more clients in the region, Michael Young also served as the curator and art director of Shenzhen International Industrial Design Festival 2020. This was a place to bring together big players in the design industry for idea exchange and collaboration, promoting a vision that can inspire a new generation to change and innovate, thus shaping the future of the design industry.



I certainly intend to spend my time in Hong Kong, as it remains one of the greatest locations for my design business.



Michael Young

Director, Michael Young Studio





Aviation

The steady and rapid development of Mainland China's economy is reflected in air traffic. This growth will continue and create significant opportunities in all sectors of the aviation industry. Hong Kong airport has been ranked no.1 in cargo from 2010 to 2019 consecutively and ranked no.1 again in 2021. Hong Kong is dedicated to consolidating its status as an international aviation hub. Its superior connectivity with the Mainland and deepening collaboration with the cities of the GBA are stimulating the region's economy and trade. Are you capturing these opportunities?



Why Hong Kong?

With its geographical advantages, managerial expertise and vast pool of aviation talent, Hong Kong has established an extensive international aviation network, laying the foundation for the Hong Kong International Airport (HKIA) to become international aviation hub. The construction of the Three Runway System to increase capacity is a strategic investment to enhance the competitiveness of the HKIA. This project is also a key infrastructure project to enable a "city airport" to transform into an "Airport City". The commissioning of the Third Runway is targeted for 2022 and the full completion of the Three Runway System is scheduled for 2024. The Airport Authority Hong Kong has also undertaken various projects to improve the efficiency of the airport and overall passenger experience. These initiatives are proceeding at full speed with various high-end logistics projects in view of the rapid development of cross-boundary e-commerce in the region.



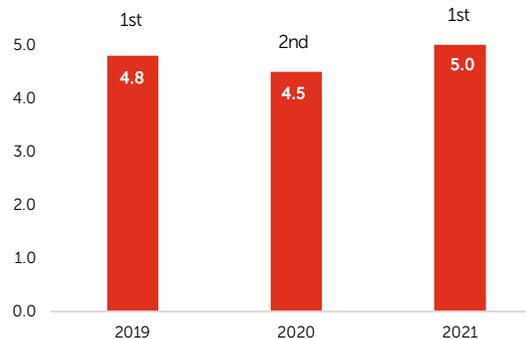
Awards for HKIA in 2021

- Asia's Leading Airport 2021 – by World Travel Awards
- Airport Health Accreditation – by Airports Council International
- Top Asian Airport Efficiency Excellence – by Air Transport Research Society
- Gold Recognition ("Over 25 million passengers per annum" category) - ACI-Asia Pacific

Source: HKIA's website

Currently, there are seven civil airports in operation in the GBA. Of those, Hong Kong International Airport, Guangzhou Baiyun International Airport and Shenzhen Bao'an International Airport together handled a combined passenger traffic of nearly 101.49 million and cargo of over 7.71 million tons in 2020. **Hong Kong airport has been ranked no.1 in cargo from 2010 to 2019 consecutively and ranked no.1 again with over 5 million tonnes of cargo in 2021.**

Total Air Cargo Volume (Million Tonnes) and Global Rankings of HKIA 2019-2021



Source: HKIA Website, Airports Council International (ACI)

Key Facts and Performance of the HKIA

Flight handling capacity	Air Cargo
68 flights per hour at peak hours	5 million tonnes in 2021
Connection	Airport Site Area
220 destinations worldwide	1,255 hectares

HKIA is a connecting hub

- 5 Half of the world's population live within 5 hours' flying time from HKIA
- 9 Ferries at SkyPier arrive at 9 ports in the GBA and Macao in 30-90 minutes
- 110 Coaches connect HKIA with over 110 Mainland cities/towns
- 300 SkyLimo (Mainland Limousines) operates a fleet of about 300 vehicles serving HKIA and the GBA

Source: HKIA's website



How to capture opportunities in the GBA via Hong Kong?

Air traffic in the GBA is expected to grow exponentially, while the competition among the five major airports has intensified due to close geographic proximity. Inter-airport coordination within the GBA will be the key to efficiently managing the growth in air traffic. Airport expansion projects will be inevitable in order to meet burgeoning air traffic demand.

Hong Kong sharpened its competitive edge in aviation finance by introducing a concessionary tax regime in 2017. Under this, qualified lessors and leasing managers are entitled to reduced profits tax rate at 8.25%. The ecosystem of the aviation industry is in good shape.



Spencer Chong
China Tax Markets Leader PwC China

Driven by strong demand, there is a huge potential for the development of the aviation industry in the GBA. Therefore, Mainland China aims to finish the building of a world-class cluster of airports in the GBA by 2025 in order to meet the burgeoning air traffic demand. The three

major international airport hubs serve as global gateways, playing a leading role in the overall development of airport infrastructure in the GBA. Macao International Airport and Zhuhai Jinwan Airport have reached the level of "ten-million transportation".

Airports in Zhanjiang, Foshan, Huizhou, Jieyang and Meizhou are also in the midst of rapid development. There are numerous projects in the pipeline or soon to be complete, such as Hong Kong's Third Runway due to be commissioned in 2022; the opening of T2 at Guangzhou Baiyun International Airport in 2020 and T3 expansion plan finishing by 2025; as well as the construction of Yuexi International Airport. Developments in civil aviation infrastructure are moving at speed and reaching new heights. Guangdong province spans over 800 km from east to west, with Guangzhou-Shenzhen-Hong Kong located at its centre. The decentralised locations of small and medium-sized airports alleviate to some degree the pressure of domestic flights on the three international airport hubs. It also creates a conducive atmosphere for the growth of regional airlines.

Currently, the small and medium-sized airports in the GBA have a lower usage rate and lack the presence of domestic flag carriers. With the government's tremendous support in employing ARJ21 (Advanced Regional Jet for 21st Century) regional carriers, the GBA is well-poised to nurture the growth of the regional aviation market.

Aviation and transportation in the GBA developing full speed

According to the General Aviation Airport Plan of Guangdong (2020-2035) issued by the Government of Guangdong Province, by 2025 the province will have 32 airports, with airport density reaching 1.8 per 10,000 km². By 2035, there will be 57 airports in the GBA with the airport density reaching 3.2 per 10,000 km².

Implementation Opinions formulated by the State Post Bureau sets forth various goals up to 2035 to develop the postal industry and enhance the airmail

service industry in the GBA. Measures include deepening postal service collaboration across cities in the GBA, further establishing cold-chain storage facilities, upgrading intermodal transport networks, and policies to expedite international postal services, etc.

The Notice of Construction Plan of Intercity High-Speed Rail in the GBA issued by the National Development and Reform Commission announced that there are intercity high-speed rail projects under way for a rail network in the GBA of 4,700 km by 2025 and 5,700 km by 2035, covering 100% of the cities of county level and above.

Cultivate growth of related industries

Airlines are a capital and technology-intensive business, with a long operations chain and many complementary businesses. The numerous airlines in the GBA and their development will drive growth in the region in many ways. Firstly, it will gather passenger flow and cargo logistics to address the demand in transportation and thus create consumption. Secondly, there will be more investment and financing opportunities to enhance capital flow. This will create employment opportunities in different fields, such as aircraft leasing, aircraft repairs and maintenance, regional aviation training, air cargo handling, maritime, port development and logistics, and technical training. Lastly, it will promote the development of related services and manufacturing.

Seizing opportunities in aviation leasing

The aircraft leasing tax regimes in Hong Kong and Nansha District, Guangzhou, are well structured and innovative. Investment entities such as aircraft leasing companies, aviation industry funds, aircraft investment banks, and asset management companies will benefit from a competitive tax regime and accessibility to global trading brought by the GBA.

Case Study: China Aircraft Leasing Group Holdings Limited

Hong Kong as an aircraft leasing hub

China Aircraft Leasing Group Holdings Limited ("CALC"), a one-stop full life-cycle solutions provider for global airlines, is listed on the Hong Kong Stock Exchange.



Value-added service provider

China Aircraft Leasing Group Holdings Limited ("CALC") was established in 2006 with its headquarters in Hong Kong. The Group has over 150 employees, with offices located in Ireland, Malaysia, Singapore and Mainland China, as well as delivery centres in the United States and France. CALC has also established a Shenzhen office for IT infrastructure development, given the strength of IT talent in that city.

The Group is engaged in two main business areas: new aircraft leasing and aging aircraft disassembly and recycling. CALC's scope of business includes regular operations, such as aircraft operating leasing, purchase and leaseback, and structured financing. It also offers value-added services, such as fleet planning, fleet replacement package deals, aircraft disassembly and component sales.

Hong Kong's strength as an aviation hub and international financial centre

As a homegrown lessor in Hong Kong, CALC has the privilege of enjoying both onshore China and overseas platforms for aircraft transactions and financing, thanks to the unique "super connector" positioning of the city. "We see Hong Kong's role as a leasing hub for the future more promising than ever as business and transactions gravitate increasingly towards aviation markets in Asia. The recovery from the pandemic in Mainland China will see it emerge as the world's biggest market in a few years. This prospect is further secured by endorsements from the Chinese government and policies that support and reinforce the "One Country, Two Systems" competitive advantage of Hong Kong and the city's strategic status as an international aviation hub, as well as the international gateway to the GBA", said Mike Poon, the CEO of CALC.

Leveraging Hong Kong's strength in aviation financing and leasing industry

Hong Kong has taken bold steps in introducing a new taxation regime in the aviation and financial industries. Hong Kong is on track to establish itself as a leading aviation leasing and financing hub with its sophisticated financing platform for equity finance and debt finance.

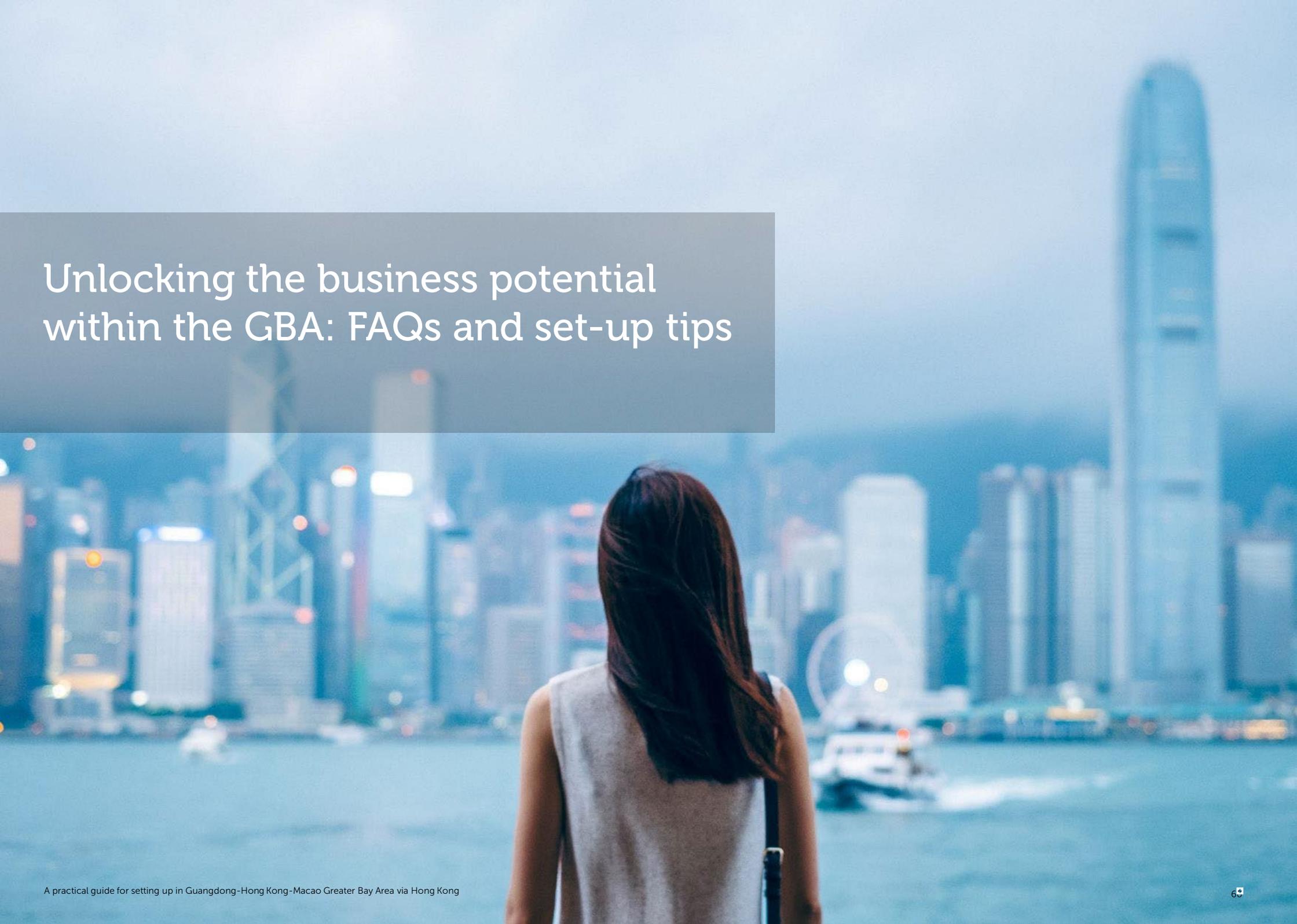
Looking ahead, we see the huge development opportunities in Hong Kong for future aviation market amid Mainland China's rapidly growing domestic and international aviation expansion, including the needs for developing different aviation financing products, in addition to providing value-added leasing services. We expect more aviation financiers to emerge from Hong Kong and Mainland China to capture this potentially lucrative business.

Mainland China will lead the aviation market

A series of financial incentives and support are provided for platform companies and project companies conducting aviation finance business in many regions in Mainland, including the Nansha New Area of the China (Guangdong) Pilot Free Trade Zone. There, CALC completed its first old aircraft portfolio cross-border transaction by way of "bid, auction and listing" at a public platform run by Guangzhou Enterprises Mergers and Acquisitions Services.

Talking about the future growth momentum of the Mainland aviation industry, Mike pointed out that the rapid recovery of Chinese domestic air travel highlights the country's economic vitality and resilience. "By 2040, the Mainland's fleet will reach close to 10,000 aircraft, making it the largest single civil aviation market in the world", according to Mike. Over the next 20 years, China also expects to create a commercial aviation services market valued at around 1.8 trillion U.S. dollars, according to another forecast from Boeing. "We have seen increasing demand for diversified solutions for new and old aircraft from the world's first-tier airlines during the pandemic. CALC will continue to utilise its professional one-stop aircraft fleet services to render support to our airline clients", he added.

In conclusion, airlines want stronger, leaner balance sheets. Investors need more efficient and cheap financing. Leasing companies are looking for an easier remarketing structure. Governments want to break free from the rebate-heavy model for sustainable growth. The need and opportunity for innovation is apparent, and it lies not only in aircraft leasing and financing but also in almost every aspect of the industry chain.



Unlocking the business potential within the GBA: FAQs and set-up tips

Q1: What are the popular business models to leverage the GBA city advantages?

Each GBA city is positioned distinctively. The availability of resources (such as talents, land, capital, technology, infrastructure, etc.) and the cost of production vary from city to city. Corporations can conduct location studies to match the business needs with the competitive advantages of each city; explore new ways of working to mobilise talents and resources in the region; and take advantage of the trade, finance and service liberalisation policies in the GBA to capture new market and create new solutions. Some popular models can be found as below:

Hong Kong



Trading & Sourcing Hub;
Treasury Hub

1



Listing Vehicle; IP Hub;
Headquarters

2



Regional Headquarters;
Service Hub

3

GBA
Mainland
cities



Manufacturing Base



R&D, Innovation Centre



Shared Service Centre,
Data Centre

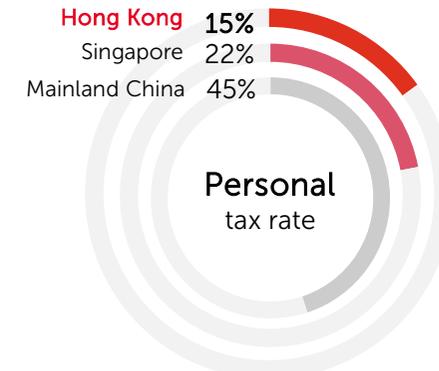
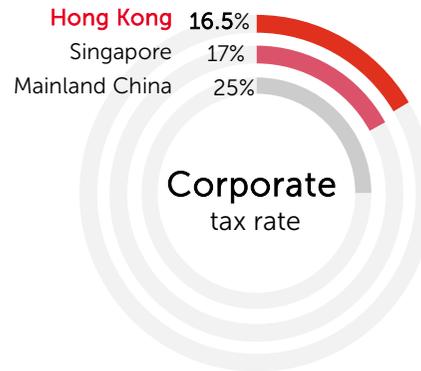
Q2: Why Hong Kong? How can I set up business in Hong Kong?

Procedures for setting up a company in Hong Kong are quick and simple, with low setup cost.



- Hong Kong ranked **3rd** globally on the **ease of doing business**, out of 190 economies
- In terms of **the ease of starting a business**, Hong Kong ranked **5th** globally in 190 economies

- 1** Decide the type of entity (e.g. Limited Liability Company, Branch, Representative Office, Partnership, Sole Proprietorship)
- 2** Choose a name. At least 1 director is required. A non-Hong Kong resident can be appointed as a director
- 3** Submit the required dossier to Companies Registry and Business Registration Office. Online application for business registration is also available
- 4** Collect Certificate of incorporation and Business Registration Certificate
- 5** Obtain other permits or licenses required for specified industries/products



2-Tiered Profits Tax Rates

16.5%

Profits above HK\$2M

8.25%

First HK\$2M of profits

Territorial Tax System

Non-Hong Kong sourced profits are exempt from profits tax (i.e. offshore claim)

Simple Tax System

NO

- Capital Gain Tax
- Estate Duty
- VAT/GST
- Withholding tax on dividend and interest

Q3: What kinds of government grants are there in Hong Kong?

Over the years, the Hong Kong SAR Government has implemented measures to improve the business environment. Various Government funding schemes have been created to assist companies to achieve a wide variety of goals, from innovation to improving their operations. For most schemes, the main requirement is to be incorporated or registered in Hong Kong under the company ordinance. There are over 40 different government grants offered in Hong Kong. Below are some of the most commonly sought after/applicable schemes. Grants may also be enhanced by the Hong Kong Government from time to time, which is why it is recommended to keep up with the latest developments.



Dorothy Lee

Partner, Operations Excellence Solutions, PwC Hong Kong

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

Objective:

This scheme is designed for companies to expand their marketing and sales overseas, as well as to enhance their operational efficiency and productivity.

Overview:

- Funding of HK\$ 6,000,000 per company
- 1:1 matching fund basis
- Project duration < 24 months

Technology Voucher Programme (TVP)

Objective:

This scheme is designed for companies that are looking to purchase technology services and solutions that are able to improve productivity or upgrade and transform their business processes.

Overview:

- Funding of HK\$ 600,000 per company
- 3 (government) : 1 (company) matching fund basis
- Project duration < 12 months

What do we need to prepare in order to apply for government funding?

Companies should make sure that they meet the eligibility requirements of the relevant funding schemes. In support of the application, applicants should provide their business case, project plan (such as resources to be acquired and budgets for the expenditure) and proof of business substance in Hong

Enterprise Support Scheme (ESS)

Objective:

This scheme is for companies to conduct R&D in Hong Kong. Expenses relating to R&D, such as manpower, equipment and other direct expenses can be claimed.

Overview:

- Funding of HK\$ 10,000,000 per project
- 1:1 matching fund basis
- Project duration < 24 months

Reindustrialisation Funding Scheme (RFS)

Objective:

This scheme is for manufacturing companies that are looking to set up a new smart production line.

Overview:

- Funding of HK\$ 15,000,000 per project
- 1 (government) : 2 (company) matching fund basis
- Project duration < 24 months

Kong. The application proposal should be carefully drafted in order to meet the specific criteria under each funding objective.

Q4: What kinds of talent admission schemes are available in Hong Kong ?

Hong Kong has business friendly immigration policies. As such, visitors from over 170 countries/territories can enjoy visa-free entry to Hong Kong and stay for up to 180 days. There are also various talent admission schemes in Hong Kong to attract talent, professionals and entrepreneurs to live or work in Hong Kong. Three schemes which are most relevant to foreign nationals are set out below:

General Employment Policy (GEP)

Entrepreneurs

Overseas entrepreneurs who plan to establish or join in a business in Hong Kong and are able to make a substantial contribution to the economy of Hong Kong may apply under the GEP.

Applications will be favourably considered for start-up entrepreneurs who plan to establish or join in a start-up business supported by a government-backed programme.

Persons admitted will normally be granted an initial stay of 24 months on employment condition upon entry.

Professionals

Overseas professionals who possess special skills, knowledge or experience of value to and not readily available in Hong Kong may apply to come to work under the GEP. The GEP is **quota-free** and **non-sector specific**.

Persons admitted will normally be granted an initial stay of 24 months on employment condition, or in accordance with the duration of the employment contract (whichever is shorter), upon entry. Top-tier entrants may be granted more relaxed conditions of stay.

Quality Migrant Admission Scheme (QMAS)

QMAS is open to **highly skilled or talented people** who wish to settle in Hong Kong. There is no sectoral restriction under the QMAS and successful applicants are **not** required to have secured a job offer before entry into Hong Kong.

Top-tier General Points Test entrants may be granted more relaxed conditions of stay, Achievement-based Points Test entrants may be granted 8 years of stay upon entry.

Technology Talent Admission Scheme (TechTAS)

TechTAS provides a **fast-track** arrangement for eligible companies to admit non-local technology talent to undertake **research and development (R&D) work** for them in Hong Kong. Eligible companies would first have to apply for a quota.

Global Talent Attraction

To explore more on the talent pool in Hong Kong by InvestHK



Other Schemes

There are other admission schemes available for professionals from Mainland China, non-local graduates, and people with family roots in Hong Kong, etc.

Want to explore more?

Website of HK Immigration Department – Scan here for more information on admission schemes in Hong Kong.



People who successfully apply for a visa can bring their spouse and dependent children under the age of 18, provided they have sufficient funds and suitable accommodation. The limit on their stay is the same as the visa holder.

Q5: How to set up business in Mainland China?

In recent years the set-up procedures are much simplified than before.



- The incorporation of an entity in Mainland China shall be performed with the local municipal level government authorities and the detailed procedures may slightly vary for different municipals.

- Decide the entity type ^(Note 1), business scopes, capital size and currency, address, etc.
- Perform name search to pre-register the name; Apply for permission / approval with authorities ^(Note 2)
- Submit application documents to local organisation of the State Administration of Industry & Commerce (SAIC) ^(Note 3) and obtain business license
- Engrave various types of company chops ^(Note 4)
- Perform post-establishment registration with tax bureau, customs office, bank etc. and open bank account
- Obtain post-establishment permits or license for specified industries ^(Note 2)

Notes:

- Form of entities set up by foreign investors** - Depending on the types of business to be carried out in the mainland and other commercial and regulatory factors, entities that can be set up by foreign investors generally include: (1) representative office – whose business scopes are limited to liaison activities for overseas head office; (2) limited liability companies such as wholly-foreign owned enterprise, sino-equity joint venture, sino-cooperative joint venture, or joint stock company; (3) partnership.
- Pre-establishment permission / approval or post-establishment permits and license- may be required In certain industries.
- Approval authority level - Approval from upper level SAIC (e.g. provincial level or state level) is required for investment size more than USD 300 million or for special industries.
- Company chops – various types of chops are compulsory and represent genuine authority in endorsing on legal documents, business contracts, etc.

Common questions for forming and operating a limited liability company in Mainland China

Minimum requirement for number of shareholders	1
Any minimum capital requirement and contribution time?	No (commercial decision to meet the needs of operating funds)
Any minimum number for director?	1 (if no board of directors is formed) or 3 (if a board is formed)
Any requirement for resident director?	No
Any restriction in business scopes? Shall I set business scopes in any documents?	Yes, registered business scopes shall follow the SAIC's prescribed scopes; some scopes are restricted or prohibited for foreign investors (need to check with the Special Measures for Access of Foreign Investment, the Foreign Investments Security Review Measures and other relevant regulations)
	 <Negative List for Market Access (2022 Version)>
What are the necessary officers to be appointed and registered with SAIC?	Legal representative (one); Director(s); Supervisor; General manager; Ultimate controller
Any requirement for having an office in Mainland China?	Registered address shall be the same as the place of business operation
Any requirement to prepare financial statements and shall these be audited by external auditors?	Prepare financial statements to support periodic tax filings; external audit is necessary for foreign-invested entities
What are the compulsory annual compliance requirements?	Yes (1) file annual declaration (2) perform tax filings (3) contribute to social insurances and housing funds for employees
Official language for registration and regulatory matters?	Chinese only

Q6: What to prepare for forming a company in Mainland China?

Choose an appropriate form of entities in Mainland China

- representative office; wholly-owned foreign enterprise; equity or cooperative joint venture; partnership; others
- check legal requirements and feasibility of the proposed business activities and exit strategy

Plan for the shareholding and financing structures

- take into account legal, tax, financing and commercial implications; prepare financial forecast if applicable

Appoint necessary officers and legal representative

- directors; supervisors; legal representative; general manager; finance in-charge person; tax in-charge person; etc.
- understand the respective responsibilities of each role and compliances (work visa, residence permit, tax, social insurance, housing fund, others)

Design business model and transaction flows

- that take into account legal, tax, financing and commercial requirements, including transfer pricing issue for related party transactions

Design business scopes and comply with rules

- confirm designated business scopes and any pre-establishment or post-establishment license requirements

Prepare employee deployment arrangement

- legal requirements, tax and social insurance costs for hiring local and expatriate employees; evaluate different hiring options and compensation package

Open bank accounts for the company

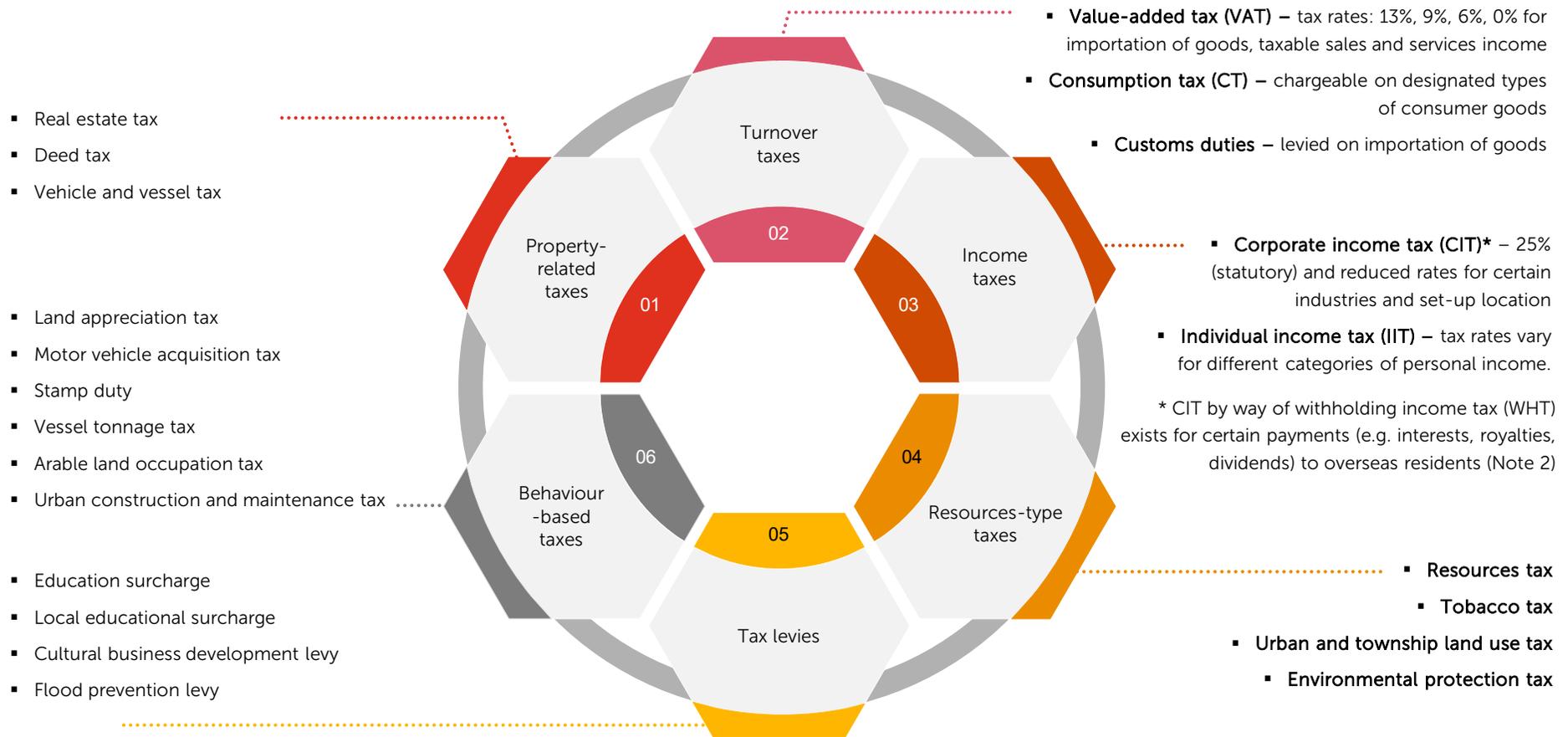
- with at least 2 accounts including basic account and capital account
- legal representatives shall be present at the bank in person in general circumstances

Design asset profile and arrangement

- acquisition of land use right and buildings and relevant legal and tax considerations; lease of properties and relevant obligations
- purchase, licensing or other arrangements of intellectual properties (IP) and relevant legal and tax implications; proper registration and protection of IP

Q7: What is the tax regime in Mainland China?

There are 18 types of tax in Mainland China in 5 categories. In addition, there are various kinds of tax levies. VAT invoice management and tax withholding mechanism are also important responsibilities to fulfil. The most common types are highlighted as below (Note 1).



Note 1: CIT, VAT and SD are the major tax types that most Chinese companies will incur. IIT responsibilities would exist for making payments to taxable individuals. Various kinds of tax incentives may be available under the national and local policies.

Note 2: WHT rate on dividends, interests and royalties payable by a Chinese enterprise to an overseas non-resident enterprise is 10%. If the non-resident recipient is a Hong Kong resident enterprise and qualifies as the beneficial owner of the subject income, the WHT rate can be reduced according to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.

Q8: What kinds of preferential tax treatments available in Mainland China? Why GBA?

Corporate Income Tax (CIT) incentives (extracts)

- 1. Industry-specific (reduced tax rate or tax holiday)**
 - High and new technology enterprise
 - Software and IC design enterprise
 - Technology-advanced outsourcing enterprise
 - Qualified enterprise engaged in pollution prevention and control
 - Qualified enterprise engaged in public infrastructure projects
- 2. Location-based – reduced tax rate (@15%) for enterprises set up in specific regions and engaged in encouraged industries**
 - *Qianhai (in Shenzhen) and Hengqin (in Zhuhai)*
 - Linggang (in Shanghai)
 - West region
 - Hainan Free Trade Port
 - Pingtan (in Fujian province)
- 3. Qualified small and thin-profit enterprise (reduced tax rate)**
- 4. Reduction or exemption for designated types of income**
- 5. Super-deduction of R&D expenses** - tax deduction up to 200% of actual amount incurred
- 6. CIT deferral treatment for restructuring**

Individual Income Tax (IIT) incentives (extracts) (applicable to certain types of taxable income)

- 1. GBA IIT talent subsidy**
 - *A subsidy, calculated based on the difference in annual IIT burden between the Mainland and Hong Kong (i.e.15%) is provided to qualified overseas (including Hong Kong, Macao, and Taiwan) high-end talents and talents in short supply who work **in the 9 municipalities in the GBA** from 1 January 2019 to 31 December 2023.*
- 2. Other IIT incentives**
 - *Hengqin (in Zhuhai) and Hainan Free Trade Port: Both overseas and domestic high-end talents and talents in short supply who work in Hengqin would be able to enjoy IIT exemption for the portion of IIT exceeding an effective tax rate of 15%.*
 - *Hengqin: In addition to the above, Macao residents who work in Hengqin can enjoy IIT exemption if the actual China IIT burden in Mainland China is higher than that in Macao.*
 - Hainan Free Trade Port: In the future individuals who reside in Hainan for ≥ 183 days in a year can apply the progressive IIT rates would be 3%, 10% and 15% on their comprehensive income.

VAT incentives

- Zero-rated treatment or VAT exemption may be applied for qualified services and sales

Other types of tax incentives

- Available for designated types of transactions and taxpayers

Advantages for using Hong Kong as the platform for investing to the Mainland:

- *Under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("Double Tax Arrangement"), a qualified Hong Kong enterprise can enjoy reduced withholding income tax (WHT) rate for dividends, interests and royalties receivable from Mainland enterprises. The Double Tax Arrangement also has other provisions to address the avoidance of double taxation issues and offer preferential tax treatments for cross-border transactions.*

Tips

- Most tax incentives can be enjoyed on a self-assessment basis. Some may be subject to record-filing with and subsequent examination by tax authorities.



Note 1: Italic fonts are tax incentives specifically available for companies set up in the GBA and for talents working in the GBA.
Note 2: Tax incentive policies in Mainland China may change from time to time. The above is a highlight of major types of tax incentives and is not an exhaustive list.

Q9: What kinds of facilitation measures are available to companies and talents doing business in GBA mainland cities?

1

Headquarters policies: Local governments encourage corporations to set up their regional headquarters, R&D headquarters, headquarters of integrated functions, etc. Government grants can be applied to subsidise rental expenses, office purchase expenditure and company set-up, etc. Financial rewards are available with reference to headquarters' economic contributions and other factors.

2

Industry-specific policies: To drive industry behaviour, subsidy to fund R&D projects; financial rewards for registering IPs; subsidy for upgrading manufacturing facilities; subsidies for loan interests or low-interest rate loans; financial awards for successful IPO or M&As; etc. can be applied.

3

MNEs policies: Some cities may promulgate policies or rules to encourage the set-up of MNEs. For instance, Guangdong Province renewed its foreign investment policy in 2021 and announced that one-off award up to RMB 100 million is granted to qualified new MNE investment.

4

Talent policies: Local governments attract and retain talents by launching various kinds of "talent projects" and improving urban planning; enhancing infrastructures; providing low-rent housing premises, tax rebates, grants and non-financial supportive measures. There are also awards and subsidies to encourage entrepreneurship and talents who brings with a group of talents / working teams to start their business.

5

Tips: Facilitation measures announced by different levels of government units (such as provincial, municipal or district levels) are subject to revisions from time to time. Some application procedures require external reports to substantiate the financial performance and other qualifications of the applicants. Companies and individuals are encouraged to understand the latest requirements to prepare for applications.

Notes: The list is not exhaustive.