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# Chapter 3

## Diversified Economy, Better Jobs

### Preamble

In the face of intensifying competition from global and neighbouring economies, the rise of protectionism and trade friction between China and the United States, Hong Kong is facing increasing challenges. We must strive for innovation to develop a high value-added and diversified economy, as well as capitalise on the opportunities presented by the national Belt and Road (B&R) Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) development for generating new impetus for the growth of those industries where we enjoy advantages.

The B&R Initiative is giving us a long-term promise of transnational and intercontinental connectivity and will add new impetus to our economy. In the coming year, the Government will continue to contribute to the Initiative across all areas of its wide-ranging connectivity, from policy co-ordination, financial integration, unimpeded trade and facilities connectivity to people-to-people bond. We will follow up on the 26 collaboration measures under the Arrangement which we entered into with the National Development and Reform Commission to advance Hong Kong's full participation and contribution to the B&R Initiative. We will, through continuous collaboration with the Mainland authorities as well as our partners in B&R related countries and regions, consolidate our unique advantages as both a key link and the best collaboration platform for the B&R development.

For Hong Kong, the importance of the development of the Greater Bay Area is far-reaching and transcends economic benefits. On 15 August this year, the Chief Executive attended the first plenary meeting of the leading group for the development of the Greater Bay Area as a member in Beijing. The meeting was led and convened by the Vice Premier of the State Council, Mr HAN Zheng, to discuss and plan for priority areas of work for the next stage of the Greater Bay Area's development. The leading group serves as a top-tier mechanism to co-ordinate and advance the development of the Greater Bay Area. Looking ahead, we will make good use of the Chief Executive's membership of the leading group and continue to leverage on Hong Kong's strengths to serve the needs of the country and grasp the economic, social and livelihood opportunities brought by the development of the Greater Bay Area to Hong Kong.

Regarding financial development, we will actively strengthen the protection of our monetary and financial systems and enhance our risk management and fund raising capacity. We will further modernise the regulatory framework, encourage enterprises to enrich their financial products and businesses, and strike an appropriate balance between market development and the protection of account holders, customers and investors.

The maritime industry is a major driving force and bedrock for supporting the development of Hong Kong's trade and logistics industries. With the continuous development of the B&R Initiative and the Greater Bay Area, we will seek to entrench Hong Kong's status as a high value-added maritime services centre and an important transshipment hub of the Asia-Pacific region. We will continue to serve as the best springboard for Mainland maritime companies seeking to "go global", and to provide facilitation for international maritime organisations to set up presence in Hong Kong and tap the Mainland market. We will implement tax relief proposals to promote

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marine insurance in Hong Kong, and have started exploring the feasibility of introducing tax measures to foster ship leasing business.

To reinforce Hong Kong's status as an international and regional aviation hub, we will continue to augment the passenger and cargo handling capacity of the Hong Kong International Airport. Measures include actively assisting the Airport Authority Hong Kong in implementing the Three-Runway System, upgrading the airport infrastructure, and developing intermodal facilities. The Government will also continue to actively study and implement various measures for optimising the management of Pearl River Delta airspace.

Innovation and technology is crucial to promoting economic development, raising the competitiveness of the city and the quality of living of its people. We will seize the opportunities arising from the development of the Greater Bay Area and turn Hong Kong into an international innovation and technology hub; press ahead at full steam with initiatives in the eight major areas set by the Chief Executive for promoting innovation and technology; and promote smart city development to enhance city management. We will continue to provide strong infrastructure and policy support. We will also strategically attract top innovation and technology institutions to set up operations in Hong Kong, thereby creating more quality job opportunities.

On creative industries, we will make good use of the \$1 billion injection into the CreateSmart Initiative obtained in this financial year to enhance Hong Kong's status as a creative capital in the region in collaboration with industry bodies. We also plan to inject \$1 billion into the Film Development Fund in the coming year to strengthen support for the film sector in developing a diversified talent pool, enhancing local film production, market expansion and building up local and overseas audiences.

With the advent of the fifth generation mobile service, we will assign the relevant spectrum in the coming year to operators to keep pace with the market and smart city development, thereby reinforcing Hong Kong's position as a telecommunications hub in the region. In addition, we will continue with the legislative review and amendment in relation to broadcasting and telecommunications.

Hong Kong relies on adequate and quality human resources to provide momentum for continued economic development. To tackle the challenges brought by an ageing population, the Government has introduced a series of initiatives to unleash the potential of the local labour force, enhance the quality of local talent and attract non-local talent. The Human Resources Planning Commission, chaired by the Chief Secretary for Administration, will undertake high-level co-ordination of human resources planning and development.

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# Policy Initiatives

## Finance

### Monetary Stability

- Risks and uncertainties in international monetary systems continue to rise. Geopolitical tensions, trade friction between China and the United States (US) and the pace of normalisation of US monetary policy will affect global capital flows. As a small and extremely open economy, a stable and credible monetary system is crucial. The Linked Exchange Rate System or “The Peg” is the cornerstone of Hong Kong’s monetary stability, which underpins the strength of the Hong Kong economy. It continues to be in the best interest of Hong Kong for now and in the foreseeable future. We will continue to do our utmost to safeguard the sound structure of our monetary system and maintain the confidence that Hong Kong and the international community have in our monetary system, thus enhancing the credibility of our monetary policy. (FSTB)

### Financial Safety

- Enhance the day-to-day communication among the regulators to ensure timely updating of contingency plans for unforeseen financial events as well as exchange of financial safety analyses and relevant risk prevention measures; and make full use of the existing consultation mechanisms and introduce new channels as necessary to exchange ideas and strategies on financial safety with the industry. (FSTB)

- Facilitate the Legislative Council’s scrutiny of the Financial Reporting Council (Amendment) Bill 2018, which aims to further enhance the independence of the existing regulatory regime for listed entity auditors from the audit profession so as to enhance investor protection and ensure that the regime is benchmarked against international standards and practices. (FSTB)
- Assist the Insurance Authority in preparing for the implementation of a new licensing regime for insurance intermediaries to replace the existing self-regulatory regime. (FSTB)
- Prepare legislation for the implementation of a risk-based capital regime for the insurance industry, which aims to align Hong Kong’s regulatory regime with international standards and make capital requirements more sensitive to the level of risk borne by insurance companies. (FSTB)
- Prepare legislation for the establishment of a policy holders’ protection scheme for protecting policy holders’ interests and stabilising the market in the event of insurer insolvency. (FSTB)
- Prepare legislation for the introduction of a statutory corporate rescue procedure and insolvent trading provisions to provide an option for companies in short-term financial difficulties to initiate the procedure with a view to reviving their business, instead of winding up the company immediately. (FSTB)

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## Finance Serving the Economy

- Develop Hong Kong into a broader and deeper platform for fund raising to cater for the new economy. Co-operation with the financial sector will be strengthened to enhance the role of the financial market in serving the real economy and to bring regulatory and compliance processes up to international standards while facilitating business. Meanwhile, we will promote diversification of the financial industry and will also explore ways to augment the scope of qualified financial institutions in providing financial services to the Government. (FSTB)

## International Financial Centre

- Collaborate with the regulator and professional bodies concerned to assist listed companies in establishing/reviewing their anti-bribery management systems and enhancing the disclosure of their anti-corruption measures. (ICAC) (New Initiative)
- Enhance Hong Kong's position as a major platform of capital raising and financing as well as a financial services hub for Mainland and overseas enterprises by capitalising on the opportunities brought by the development of the Greater Bay Area and the B&R Initiative. (FSTB)
- Continue with the efforts to promote investor education and enhance investor protection amidst the increasing innovation of the financial market and financial products. (FSTB)
- Implement the arrangement for automatic exchange of tax information and measures to tackle base erosion and profit shifting of enterprises to ensure that Hong Kong meets the international standards in relation to tax transparency and tax evasion prevention. (FSTB)

## **Offshore Renminbi Business Hub, International Asset Management Centre**

- Apart from making better use of the existing Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) framework, we will seize the opportunities arising from national strategies and promote Hong Kong as a financial services centre for B&R projects. We will encourage long-term funds to invest in and finance B&R infrastructure projects, promote Hong Kong's insurance and risk management platform to enterprises for cross-boundary business, and enhance regional co-operation between Hong Kong and the Mainland. (CEDB/FSTB)
- Continue to enhance access to the Mainland market for Hong Kong financial institutions through the existing platform for co-operation between the two places, which includes exploring further relaxation of shareholding restrictions on Hong Kong financial institutions to set up various types of joint venture securities companies and increase in the number of such companies to be set up on the Mainland. (FSTB)
- Reinforce the status of Hong Kong as a global hub for offshore Renminbi (RMB) business: deepen our financial co-operation with the Mainland and mutual financial market access between the two places in order to enrich the variety of RMB-denominated financial products in Hong Kong; and enhance our market infrastructure and financial platforms, with a view to strengthening our RMB business links with overseas markets and promoting Hong Kong's offshore RMB business. (FSTB)



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- Continue to consolidate our leading role as an asset and wealth management centre in the Asia-Pacific region and promote a more comprehensive development of Hong Kong's fund and asset management industry. Following the commencement of the open-ended fund company regime and the related profits tax exemption arrangement on 30 July 2018, the Government is working on the proposal to introduce a limited partnership regime in Hong Kong. The Government will also continue to promote mutual recognition of funds arrangements. (FSTB)

## **Fostering Development of the Financial Services Industry**

- Kick-off a two-year Ethics Promotion Campaign for the Insurance Industry to strengthen integrity and professional ethics amongst practitioners and entrench a probity culture in the industry, through the production of new training resources and a dedicated online training portal for the industry. (ICAC) [\(New Initiative\)](#)
- Support the work on the incorporation of the Financial Services Development Council (FSDC) as a company limited by guarantee. Provide the FSDC with the necessary resources to strengthen its capacity in conducting strategic studies, providing advice, fostering market development and nurturing talent, with a view to enhancing Hong Kong's competitiveness in the international financial market. (FSTB)
- Continue to implement the three-year Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector through offering internship opportunities to graduates and university students, providing financial subsidies to practitioners to attend training courses and conducting public education. The Government will review the cost-effectiveness of the initiatives and consider which of them warrant continuation, and if so, in what form. (FSTB)

## Financial Innovation

- Amend the Insurance Ordinance (Cap. 41) to allow for the formation of special purpose vehicles specifically for issuing insurance-linked securities in Hong Kong. (FSTB) [\(New Initiative\)](#)
- Continue to foster the development of financial technologies (Fintech) in Hong Kong through a five-pronged approach, namely promotion, facilitation, regulation, talent and funding. The Government will also proactively encourage the development of mobile payment channels, including the adoption of a common QR code standard for retail payment. While promoting financial innovation, we will also strive to protect the interest of the investing public. (FSTB)
- To demonstrate the Government's support for sustainable development and determination to combat climate change, and to promote the development of green finance in Hong Kong, the Government plans to launch a Government Green Bond Programme with a borrowing ceiling of \$100 billion, and is currently seeking the Legislative Council's authorisation to take forward the Programme so that the inaugural government green bond can be issued as soon as possible. The sum raised under the Programme will provide funding for the Government's public works projects with environmental benefits. A Green Bond Grant Scheme has also been launched by the Government to subsidise eligible green bond issuers in obtaining certification under the Green Finance Certification Scheme. (FSTB/ENB)

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## Transportation Services and Logistics

- Explore the feasibility of introducing tax concession measures to attract more ship leasing companies to set up presence and expand business in Hong Kong, thereby providing new impetus for the further development of Hong Kong's maritime industry. (THB) [\(New Initiative\)](#)
- Amend the Inland Revenue Ordinance (Cap. 112) to implement tax relief proposals for promoting the development of marine insurance and underwriting of specialty risks in Hong Kong. (FSTB) [\(New Initiative\)](#)
- Inject \$200 million into the Maritime and Aviation Training Fund to continue its operation and support the introduction of new schemes, so as to benefit more students and in-service practitioners of the maritime and aviation industries. (THB) [\(New Initiative\)](#)
- Further enhance the services of Hong Kong Shipping Registry (HKSR) by setting up Regional Desks in selected Government's overseas and Mainland offices to provide support to shipowners and promote HKSR. (THB) [\(New Initiative\)](#)

- To consolidate Hong Kong's position as an international maritime centre, the Government will, through the Hong Kong Maritime and Port Board, work with the industry to formulate holistic strategies. These include exploring and implementing trade facilitation measures for the maritime industry, nurturing maritime talent through the Maritime and Aviation Training Fund, organising visits and promotions for better communication and collaboration with the Mainland and overseas economies, actively driving and facilitating the development of our maritime industry and high-value-added maritime services, as well as encouraging renowned overseas and Mainland maritime enterprises to set up presence in Hong Kong. (THB)
- Engage independent professionals to advise on the feasibility of the relaxation of air draft restriction at Tsing Ma Bridge, so as to strike a balance between bridge and navigation safety, and facilitate the access of large container vessels to Hong Kong Port. The target is to complete the relevant study by mid-2019. (THB)
- Progressively implement port enhancement measures to maintain the competitiveness of Hong Kong Port, including the provision of additional terminal yard space and barge berths in phases to increase the container handling capacity of the Kwai Tsing Container Terminals and the better use of back-up land of the terminals. (THB)
- Facilitate the provision of high value-added third-party logistics services in Hong Kong by continuing to work with the departments concerned to identify suitable sites for the development of modern logistics facilities. (THB)

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- Continue to actively assist the Airport Authority Hong Kong in implementing the Three-Runway System at the Hong Kong International Airport (HKIA) and ensure the completion of Hong Kong-Zhuhai-Macao Bridge. Their ancillary facilities will also be fine-tuned. These initiatives will increase Hong Kong's air and land transport throughput, placing us in an advantageous position to embrace the business opportunities in shipping and logistics and to reinforce our status as an aviation hub and maritime centre. (THB)
  
  - Enhance HKIA's runway capacity before the implementation of the Three-Runway System by:
    - continuing to closely collaborate with the Civil Aviation Administration of China in airspace management with a view to progressively achieving the target capacity of the Three-Runway System of the HKIA; and
    - continuing to study and implement the latest air traffic management technologies so as to marginally enhance the capacity of the existing two runways of the HKIA to meet the imminent air traffic demand. (THB)
  
  - Foster Hong Kong as an international aviation training hub by:
    - strengthening collaboration with international aviation organisations and institutions in training and capacity building with a view to enhancing civil aviation capacity and safety awareness in the region; and
    - continuing to support the Hong Kong International Aviation Academy in nurturing local and regional talent in the aviation sector. (THB)

## **Tourism, Hotel, Retail and Catering Industries**

- Continue to implement the Development Blueprint for Hong Kong’s Tourism Industry by taking forward various tourism initiatives and measures in accordance with four development strategies, namely: to develop a diversified portfolio of visitor source markets for Hong Kong, with a focus on attracting high value-added overnight visitors; to nurture and develop tourism products and initiatives with local and international characteristics (including green tourism, in-depth local tourism, etc.); to develop smart tourism; and to upgrade the service quality of Hong Kong’s tourism industry. (CEDB)
  
- Continue to assist the tourism industry in grasping the opportunities brought by the B&R Initiative and the development of the Greater Bay Area, with measures including launching “multi-destination” tourism products, and supporting the Hong Kong Tourism Board in stepping up its promotion work in target source markets (including countries and regions along the B&R as well as cities in the Greater Bay Area). (CEDB)
  
- Continue to serve as promoter and facilitator through hosting various types of world-class events and attracting more mega events to be held in Hong Kong, with a view to developing Hong Kong into an events capital of Asia. (CEDB)
  
- Continue with the work of setting up a new regulatory regime for the travel industry, including providing necessary resources for the establishment and initial operation of the Travel Industry Authority. (CEDB)

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- Enhance the tourism appeal of Sham Shui Po and Wan Chai Districts and enrich visitors' experience through collaboration with the creative industries in staging creative tourism events that feature fashion parades, public art works, comic characters with local originality, and multimedia creative technology. (CEDB) [\(New Initiative\)](#)
  - Enhance the appeal of the Hong Kong Wetland Park as an eco-tourism attraction by upgrading its facilities to offer better visitors' experience of the wetland wildlife and habitats. (CEDB) [\(New Initiative\)](#)
  - Support the strategic repositioning of the Ocean Park to enhance the tourism appeal of the park and attract more high value-added overnight visitors to Hong Kong. (CEDB) [\(New Initiative\)](#)
  - Reinforce and enhance the status of Wan Chai North as a convention and exhibition hub in Asia by constructing a convention centre above the Exhibition Centre Station of the Shatin to Central Link upon the latter's completion, and redeveloping the sites of the three government towers in Wan Chai North and Kong Wan Fire Station for convention and exhibition, hotel and office uses. (CEDB) [\(New Initiative\)](#)

## Professional Services

- Continue to proactively strive for more liberalisation measures for our professional services when forging trade agreements with the Mainland and overseas governments. At the same time, we will allocate more resources to promote Hong Kong as a platform for providing professional services and a centre for dispute resolution services under the B&R Initiative. Through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and the Greater Bay Area development, we seek to enhance co-operation and assist the professional services sector in further opening up the Mainland market. (CEDB/DoJ/FSTB/DEVB/CMAB)
- Continue to discuss with the Mainland mutual recognition of professional qualifications and deepening of co-operation between Hong Kong and Qianhai, Nansha and Hengqin, according to the Agreement on Economic and Technical Co-operation under CEPA signed on 28 June 2017. (DEVB)
- Continue to take forward the Professional Services Advancement Support Scheme to support projects undertaken by trade and industry organisations, professional bodies and research institutes on exchanges, publicity and enhancement of professional standards, so as to assist Hong Kong's professional services sector in tapping business opportunities in external markets (including B&R related countries and regions and cities in the Greater Bay Area). (CEDB)



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- Making reference to Hong Kong's construction consultant companies participating in the country's foreign aid construction projects in Nepal and Cambodia, we will continue to pursue with the China International Development Cooperation Agency and the Ministry of Commerce for provision of further opportunities for Hong Kong's consultant companies to take part in more and different types of construction projects and expansion of their scope of work by allowing them to perform "full-range" Hong Kong-style services from project planning to completion. (DEVB)

## **International Legal and Dispute Resolution Services Centre in the Asia-Pacific Region**

- With the introduction of the Mediation Mechanism for Investment Disputes in the Investment Agreement made under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Hong Kong will provide training for mediators in handling international investment disputes with a view to building up a team of international investment dispute mediators in Asia to support resolution of investment disputes through mediation. (DoJ) [\(New Initiative\)](#)
- Encourage the development of online dispute resolution, and give policy support to the development of a B&R e-arbitration and e-mediation platform by non-governmental organisations so that Hong Kong will be able to provide efficient and cost-effective online dispute resolution services. In addition, we also give policy support to the development of a smart contract platform for use by enterprises of countries along the B&R in exploiting developments in LawTech to facilitate deal making and dispute resolution. (DoJ) [\(New Initiative\)](#)

- Study the desirability and means of establishing a Belt and Road Dispute Resolution Centre, and formulate a set of bespoke B&R dispute resolution rules for the resolution of disputes arising from B&R transactions which will be manifestly international and multilingual, to overcome geographical distances and language barriers that exist between the B&R economies. (DoJ) (New Initiative)
- Actively support legal professionals to enhance co-operation and exchanges with the Mainland and at the regional and international levels. (DoJ) (New Initiative)
- Promote Hong Kong as a regional capacity building centre for international law and dispute resolution through organising and co-organising international conferences and training programmes with international and local bodies. (DoJ) (New Initiative)
- Continue to enhance the overall co-ordination of the Department of Justice's work concerning mediation, arbitration, etc. through the Joint Dispute Resolution Strategy Office, and step up the promotion of Hong Kong's international legal and dispute resolution services as well as its status as a regional capacity building centre so that enterprises on the Mainland and in jurisdictions along the B&R will use such professional services of Hong Kong in their business development. (DoJ)
- In accordance with the Arbitration and Mediation Legislation (Third Party Funding) (Amendment) Ordinance 2017, the Authorized Body will issue a code of practice for third party funding after public consultation. (DoJ)

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- Provide mediation facilities in the vicinity of the West Kowloon Law Courts Building to encourage the use of mediation by members of the public to resolve suitable Small Claims Tribunal cases and other appropriate types of disputes through a pilot mediation scheme, with a view to promoting more extensive use of mediation to resolve disputes and enhancing public awareness of mediation as a means of dispute resolution. (DoJ)
  - Promote the use of evaluative mediation (in addition to facilitative mediation) for resolving appropriate types of disputes including those concerning intellectual property. (DoJ)
  - Enhance co-operation with the Mainland authorities, local legal profession, and arbitration and mediation institutions in Hong Kong to facilitate the provision of international legal and dispute resolution services on the Mainland by Hong Kong professionals, and strive to consolidate Hong Kong's position and competitiveness as a leading centre for international legal and dispute resolution services in the Asia-Pacific region under the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area. (DoJ)

- Create favourable environment and infrastructure so as to facilitate international legal and dispute resolution institutions (especially world-class institutions) to provide services or set up offices in Hong Kong. Measures include providing such institutions with space in the West Wing of the former Central Government Offices and the former French Mission Building. So far, 17 reputable local, regional and international institutions have confirmed acceptance of the space offered. Selection and space allocation work will continue, and space in the Legal Hub will be made available to selected institutions starting from around mid-2019. (DoJ)
  
- Continue to enhance promotion of Hong Kong's international legal and dispute resolution services through participation in meetings of international organisations and co-operation with international organisations such as the United Nations Commission on International Trade Law, as well as participation in the work of the Friends of the Chair group on Strengthening Economic and Legal Infrastructure under the Economic Committee of the Asia-Pacific Economic Cooperation (including its work plan on online dispute resolution). (DoJ)
  
- Continue to enhance legal co-operation in civil and commercial matters between Hong Kong and the Mainland, including seeking early introduction of a legislative bill to implement the Arrangement on Reciprocal Recognition and Enforcement of Civil Judgments in Matrimonial and Family Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region, early conclusion of an arrangement with the Mainland to broaden the mechanism for reciprocal recognition and enforcement of judgments in civil and commercial matters, and discussing the enhancement of the existing co-operation on service of judicial documents, etc. (DoJ)

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## Construction Industry

- Seize the opportunities brought by the B&R Initiative and the development of the Greater Bay Area, and continue to promote the strengths of the construction and related professional services sectors (including good knowledge of international construction standards, extensive experience in the areas of design, project management, infrastructure maintenance, etc.) to provide world-class professional services for the development of the cities in the Greater Bay Area, and to co-operate with the Greater Bay Area cities to jointly open up the infrastructure market of the B&R countries. (DEVB)
- Continue to collaborate with the Construction Industry Council and other key stakeholders to monitor the manpower situation in the construction industry and implement measures to maintain a construction workforce of sufficient strength and quality to meet the industry's manpower demand in the future. (DEVB)
- Continue to prepare the Construction Industry Security of Payment Bill and seek consensus of the industry stakeholders on the details. The new legislation aims to enhance the security of payment in construction-related contracts to improve cash flow of the supply chain in the construction industry. (DEVB)

## Uplifting Performance of Public Works Projects

- Enhance the project governance capability and implement strategic policy initiatives through expanding the establishment and functions of the Project Cost Management Office. (DEVB)  
(New Initiative)

- Establish the Centre of Excellence for Major Project Leaders to equip major project leaders with strategic and innovative minds and world-class leadership skills in the delivery of public works projects. (DEVB) (New Initiative)
- Collaborate with international organisations through exchanging expertise and experience and making reference to practices suitable for application in Hong Kong to enhance project governance. (DEVB) (New Initiative)
- Collaborate with the government bureaux/departments and public bodies concerned to assist public works contractors to enhance their corruption prevention awareness and capabilities, especially in the areas of integrity management system, control systems in site supervision and management of sub-contractors. (ICAC) (New Initiative)
- Continue to assist the Development Bureau and works departments in strengthening their corruption prevention measures for the quality control of major construction materials used in infrastructure projects and enhancing the corruption prevention awareness and capabilities of the practitioners. (ICAC)

## Promoting Hong Kong Construction 2.0

- Promote and lead the adoption of “Hong Kong Construction 2.0” advocating “innovation”, “professionalisation” and “revitalisation” in the construction industry to uplift the capacity and sustainability of the industry, thereby improving productivity, quality, safety and environmental performance. (DEVB) (New Initiative)

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- Implement the \$1 billion Construction Innovation and Technology Fund to encourage wider adoption of innovative technology to transform the construction industry, thus boosting the industry's capacity to meet construction demands. (DEVB) [\(New Initiative\)](#)

## **Adopting Innovative Construction Method**

- Promote in full scale off-site construction not only to enhance the productivity of the industry and cost-effectiveness of projects but also to achieve enhanced site supervision, thereby improving the quality of works and site safety. We will promote and lead the adoption of Modular Integrated Construction (MiC) in the construction industry so that most of the site operations will be completed by the manufacturing mode in off-site yards. We will also encourage wider use of prefabricated steel reinforcing bar products made by large-scale highly automated steel reinforcing bar prefabrication yards in the construction industry. (DEVB) [\(New Initiative\)](#)
- Continue to promote and lead the adoption of MiC in the construction industry. We will take the lead in piloting MiC in more public projects to further enhance the associated monitoring measures, provide funding support for the industry, consider the gross floor area concessions, as well as intend to study the feasibility of setting up local manufacturing facilities, for facilitating adoption of MiC in the construction industry. (DEVB)
- Major government capital works projects will continue to adopt Building Information Modelling technology. The Government will collaborate with the Construction Industry Council to strengthen training for professionals and develop relevant standards so as to promote the use of such technology in private construction projects. (DEVB)

## Innovation and Technology

- Establish at the Hong Kong Science Park two research clusters on healthcare technologies and artificial intelligence/robotics technologies. Proactively attract top local, Mainland and overseas universities, research institutions and technology enterprises in the two technology areas to join the clusters and undertake collaborative researches. (ITB) (New Initiative)
- Double the funding for the technology transfer offices of designated universities; funding provided to designated universities under the Technology Start-up Support Scheme for Universities; and funding provided to the State Key Laboratories and Hong Kong branches of Chinese National Engineering Research Centres. (ITB) (New Initiative)
- Organise a “City I&T Grand Challenge” to invite different sectors to provide technology-based solutions to livelihood issues. In addition to prize money, the winning solutions will be tried out in suitable public organisations with a view to implementing and refining the solutions. (ITB) (New Initiative)
- Support the Hong Kong Science and Technology Parks Corporation to develop research-related infrastructure and facilities to strengthen support for its tenants and incubatees. (ITB) (New Initiative)
- Implement a Technology Talent Admission Scheme to expedite and streamline the procedure for admitting technology talent. (ITB)



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- Enhance the Cyberport Incubation Programme and the Cyberport Creative Micro Fund, and introduce new schemes such as the Overseas/Mainland Market Development Support Scheme and the Easy Landing Scheme, to support Cyberport's start-ups and tenants. (ITB) (New Initiative)
  - Support Cyberport in promoting the development of e-sports in Hong Kong, including providing a dedicated e-sports competition venue, organising local and regional competitions and major events, launching training programmes and public promotion activities, supporting the industry and nurturing talent. (ITB) (New Initiative)
  - Actively develop the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop Area with a view to establishing a key base for co-operation in scientific research with related higher education, cultural and creative as well as other ancillary facilities in the Park, and continue to take forward the relevant infrastructure works. (ITB/DEVB)
  - Proactively participate in building the Greater Bay Area into an international innovation and technology (I&T) hub by leveraging Hong Kong's strengths in areas such as technology research and development and internationalisation. (ITB) (New Initiative)
  - Support the Hong Kong Science and Technology Parks Corporation on the construction of the InnoCell adjacent to the Science Park to provide residential units and ancillary facilities for tenants and incubatees of the Park. (ITB)
  - Support the 16 State Key Laboratories and six Hong Kong branches of the Chinese National Engineering Research Centres in conducting research and development activities in a diverse range of disciplines. (ITB)

- Promote venture capital funds' investment in local I&T start-ups through the Innovation and Technology Venture Fund. (ITB)
- Cyberport has set up a Smart-Space co-working space of around 20 000 square feet in Tsuen Wan under the Government's Space Sharing Scheme for Youth to provide further support for digital technology start-ups. The Smart-Space is now in operation. (ITB)
- Continue to facilitate trials of autonomous vehicles at appropriate locations. (THB)
- Commence a design and application study for the installation of in-vehicle units for better traffic management, tunnel toll payment, etc. Subject to the findings of the study and discussions with relevant stakeholders, we will explore the feasibility of installing in-vehicle units by owners of different types of vehicles on a voluntary basis. (THB)
- Install a new generation of on-street parking meters which provide parking space vacancy information and accept remote payment through mobile applications. (THB)
- Adopt a pro-innovation government procurement policy to help improve the delivery of public services, thereby facilitating I&T start-ups and small and medium-sized enterprises (SMEs) to take part in government procurement, contributing to the development of local I&T. (FSTB/ITB)
- Roll out initiatives in the Smart City Blueprint for Hong Kong, including the following key infrastructure projects for smart city development:

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- continuing to increase the number of free Wi-Fi hotspots through the “Wi-Fi Connected City” programme and other measures to enhance services for the convenience of both locals and visitors;
  - providing an “eID” for all Hong Kong residents free of charge, allowing them to use a single digital identity and authentication to conduct Government and commercial transactions online;
  - implementing a pilot Multi-functional Smart Lamppost scheme by putting up some 400 smart lampposts in four selected districts with high pedestrian flow, including Central/Admiralty, Causeway Bay/Wan Chai, Tsim Sha Tsui and Kwun Tong/Kai Tak Development Area; and
  - reforming the technology for e-Government systems development and building a big data analytics platform to support the adoption of cloud services and new information technology by government bureaux and departments, thereby enhancing operational efficiency and cyber security. (ITB)
- Enhance the GovHK portal by introducing artificial intelligence and chatbot functions to facilitate the search and use of e-Government services, and step up the implementation of e-Government with the application of eID. (ITB) (New Initiative)

- Establish a Smart Government Innovation Lab to co-ordinate and facilitate the promotion of Smart Government, including inviting the industry to submit proposals for information technology application and product suggestions for various public services, as well as arranging trials and technology testing for suitable proposals, thereby allowing government departments to effectively formulate innovative measures to improve public services and create more business opportunities for local start-ups and SMEs. (ITB) (New Initiative)
- Launch a pilot chatbot service at the 1823 call centre to answer public enquiries. (ITB) (New Initiative)
- Allocate an additional \$500 million for the TechConnect (block vote) to further promote the use of technology by government departments with a view to enhancing service quality. (ITB) (New Initiative)
- Continue to promote the adoption of e-commerce by SMEs. (ITB)
- Continue to subsidise, through the Innovation and Technology Fund for Better Living, I&T projects which will bring more convenient, more comfortable and safer living to the public or will address the needs of specific community groups. (ITB)
- Continue to encourage car park operators in Kowloon East to provide real-time parking vacancy information for the convenience of motorists, thereby also helping to reduce traffic. Currently, real-time information of over 65% of the hourly parking spaces in the area is available to the public. (DEVB)

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- Support the establishment of a Common Spatial Data Infrastructure portal, a geo-platform for the integration, exchange and sharing of geographic spatial data, to tie in with the development of a smart city. (DEVB)
  - Share the knowledge and experiences gained from carrying out the smart city-related proof-of-concept trials in Kowloon East with relevant government departments and stakeholders to facilitate wider application. (DEVB)
  - Continue to collaborate with different research and academic institutions, using Kowloon East as a test bed for studies on smart city-related technology. (DEVB)
  - Collaborate with airlines to promote the use and continuous improvement of “MyFlightWx”, a mobile application developed by the Hong Kong Observatory, which provides electronically latest inflight weather information to flight crew. (CEDB) ([New Initiative](#))

## **Re-industrialisation**

- Set up a \$2 billion Re-industrialisation Funding Scheme to fund manufacturers on a matching basis to set up smart production line in Hong Kong. (ITB) ([New Initiative](#))
- Provide \$2 billion to the Hong Kong Science and Technology Parks Corporation for developing facilities for advanced manufacturing in the Industrial Estates. (ITB) ([New Initiative](#))

- Implement a five-year Technology Talent Scheme, which comprises a Postdoctoral Hub programme to provide funding support for Innovation and Technology Fund recipients as well as incubatees and innovation and technology tenants of the Hong Kong Science and Technology Parks Corporation/Cyberport to recruit two postdoctoral talent for research and development work, and a Re-industrialisation and Technology Training Programme to subsidise local companies on a 2:1 matching basis for training their staff in advanced technologies, especially those related to Industry 4.0. (ITB)
- The Hong Kong Productivity Council jointly will set up an Invention Centre with the Fraunhofer Institute for Production Technology of Germany in October 2018 to accelerate the adoption of innovative industrial technologies by the industry, thereby promoting the development of smart industry. (ITB)
- Support the Hong Kong Science and Technology Parks Corporation on the Science Park expansion project and the development of an Advanced Manufacturing Centre and a Data Technology Hub in Tseung Kwan O Industrial Estate to promote re-industrialisation. (ITB)
- Commission the Hong Kong Science and Technology Parks Corporation to conduct a visionary study and a technical feasibility study on the development of an industrial estate near the Liantang/Heung Yuen Wai boundary control point. (ITB)

## Testing and Certification

- Support the development of the testing and certification industry and assist the industry in exploring business opportunities through the Hong Kong Council for Testing and Certification under a market-driven approach. (ITB)

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## Creative Industries

- Make good use of the new \$1 billion injection into the CreateSmart Initiative to further promote the development of creative industries, especially nurturing young talent, developing new markets and enhancing the community's understanding of creativity and design thinking. (CEDB)
- Continue to promote creativity and design thinking as problem-solving capability to the public, schools and enterprises, and within the Government, in collaboration with the Hong Kong Design Centre, Efficiency Office and Civil Service Training and Development Institute; and encourage use of design thinking in the government procurement process to further enhance efficiency and meet the public's needs. (CEDB)
- Actively explore, in collaboration with Hong Kong Design Centre, setting up an event space in Wan Chai to promote and enhance public appreciation of design and design thinking. (CEDB) [\(New Initiative\)](#)
- Continue to implement the Sham Shui Po Design and Fashion Project for nurturing of young designers (including fashion designers) and design start-ups and development of the local economy; and to collaborate with the Hong Kong Tourism Board to organise promotion activities with elements of fashion design in Sham Shui Po to enrich the tourism resources of the district. (CEDB)
- Provide an additional \$1 billion to the Film Development Fund (FDF) for the further development of local film industry by nurturing talent, enhancing local film production, expanding markets and building up local and overseas audiences. (CEDB) [\(New Initiative\)](#)

- Deepen collaboration with the film industry in organising training programmes and enhancing local and overseas internship and exchange programmes, with a view to nurturing talent for different professional segments of the film industry and diversifying the talent pool. (CEDB) [\(New Initiative\)](#)
- Refine the different film production-related and other relevant funding schemes and launch new initiatives under the FDF to strengthen support for the development of the film industry, having regard to market trends, development needs of the film industry and the effectiveness of the existing measures. (CEDB) [\(New Initiative\)](#)
- Report to the Legislative Council on the work relating to the Control of Obscene and Indecent Articles Ordinance as and when appropriate. (CEDB)

## Intellectual Property

- Enhance our intellectual property regime to meet Hong Kong's socio-economic needs:
  - pressing ahead with the establishment of an “original grant patent” system to support efforts to develop Hong Kong into a regional innovation and technology hub;
  - continuing the implementation of measures to strengthen Hong Kong's position as an intellectual property trading hub in the Asia-Pacific region;



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- amending the Trade Marks Ordinance for Hong Kong to implement the international registration system under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, with the aim of enabling businesses to save time and cost in obtaining and managing international trade mark registrations; and
  - amending the Copyright Ordinance to enhance the copyright exceptions to cater for the needs of persons with print disabilities, so as to meet the requirements under the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled. (CEDB)

## **Broadcasting and Telecommunications**

- Invite tenders for the subsidy scheme to extend fibre-based networks to villages in remote areas to enhance the coverage of higher speed fixed broadband network. (CEDB)
- Continue with the review of the Broadcasting Ordinance and the Telecommunications Ordinance, including:
  - introducing legislative amendments to facilitate the development and innovation of the broadcasting industry by implementing relaxation proposals identified in the review; and
  - reviewing the telecommunications regulatory framework to ensure that it dovetails with the latest developments in telecommunications technologies, so as to facilitate the operation of the industry, thereby consolidating Hong Kong's position as a regional telecommunications hub. (CEDB)

- Facilitate the development of the fifth generation (5G) public mobile service by making available radio spectrum in a timely manner and by implementing facilitation measures for opening up suitable government premises and public facilities for mobile network operators to roll out 5G networks. (CEDB) ([New Initiative](#))
- Re-assign the 200 MHz of spectrum in the 900 MHz and 1 800 MHz bands by the hybrid administrative and market-based approach to ensure smooth handover between operators upon expiry of the existing assignments in 2020 to 2021. (CEDB)
- Introduce legislative amendments to strengthen regulation of person-to-person telemarketing calls by establishing a statutory Do-not-call Register. (CEDB) ([New Initiative](#))

## **Agriculture and Fisheries Industry**

- Promote the sustainable development of local fisheries through various measures, including:
  - encouraging the industry to make good use of the \$500 million Sustainable Fisheries Development Fund;
  - continuing our efforts to proactively combat illegal fishing activities including trawling; and
  - designating new fish culture zone(s) and issuing new marine fish culture licences. (FHB) ([New Initiative](#))
- Continue to implement the New Agriculture Policy by adopting a more proactive approach to promote the modernisation and sustainable development of local agriculture. Major measures include:

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- establishing an Agricultural Park;
  - optimising the \$500 million Sustainable Agricultural Development Fund;
  - conducting the study on designating Agricultural Priority Areas;
  - strengthening support for the sector to help farmers move up the value chain through, inter alia marketing of products and brand building; and
  - promoting agriculture-related leisure and educational activities. (FHB)
- Continue the implementation of the Hong Kong Strategy and Action Plan on Antimicrobial Resistance, including conducting a study to devise an antimicrobial resistance surveillance plan for local livestock and fish farms, collecting information on antimicrobial use in locally produced food animals, and liaising with the veterinary sector to facilitate the use of the Sustainable Agricultural Development Fund and the Sustainable Fisheries Development Fund for providing veterinary support services for the livestock and fish farms. (FHB)
  - Continue our efforts to enhance the quality assurance of local agricultural and fisheries products to ensure food safety. (FHB)

## Improving Regulatory Infrastructure

- Consider introducing legislation to implement statutory cooling-off period for consumer contracts of certain services and launch a public consultation on the proposals. (CEDB) [\(New Initiative\)](#)

## The New Role of Government in Promoting Economic Development

### New Direction for Taxation

- Explore jointly with the relevant Mainland authorities the appropriate measures to reduce the tax burden of teachers and researchers who cross the boundary for work. The purpose is to promote the flow of scientific research talents between the Mainland and Hong Kong, thereby fostering the development of the Greater Bay Area into a global technology and innovation hub. (FSTB) (New Initiative)
- Provide super tax deduction for qualifying expenditure incurred by enterprises on research and development (R&D) in order to incentivise companies to increase investment in technological R&D activities. (ITB)
- Continue to expand Hong Kong's network of Comprehensive Avoidance of Double Taxation Agreements. (FSTB)

### Supporting Economic Development

- Invest in infrastructure development to improve people's livelihood, promote economic growth, create employment opportunities and enhance the long-term competitiveness of Hong Kong. (DEVB)

### Promoting Mainland and External Affairs

- Actively seek to forge free trade agreements and investment promotion and protection agreements with other economies, including B&R related countries and regions, thereby enhancing the trade, investment and people flow with the economies concerned, and opening up the B&R and other overseas markets for Hong Kong enterprises and professionals. (CEDB)

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- Continue to engage in policy dialogues and collaboration exchanges with the Mainland authorities, enabling the Government of the Hong Kong Special Administrative Region to act timely and in concert with them in promoting the B&R Initiative, thereby achieving complementary development with the Mainland and fuller integration into the overall national development. (CEDB)
  - Continue to organise the Belt and Road Summit and other large-scale exhibitions to promote and foster Hong Kong as an international commerce and trading platform for the B&R Initiative. (CEDB)
  - Follow up on the implementation of the measures set out in the “Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong’s Full Participation in and Contribution to the Belt and Road Initiative”, which was signed in December 2017, through the Belt and Road Joint Conference mechanism. (CEDB) [\(New Initiative\)](#)
  - Support the Hong Kong Trade Development Council in enhancing its Belt and Road Portal into a more comprehensive and current one-stop B&R platform, thereby facilitating enterprises in identifying and capturing business opportunities that best match their needs. (CEDB) [\(New Initiative\)](#)
  - Promote partnership by introducing collaboration and business matching opportunities to facilitate project interfacing between enterprises in Hong Kong and on the Mainland, and foster participation in B&R projects and development of economic and trade co-operation zones. (CEDB) [\(New Initiative\)](#)

- Enhance the capacity of the Hong Kong professional services sector under the B&R Initiative with a view to better equipping the professional services to capitalise on the opportunities and meet the challenges brought by the Initiative. (CEDB) ([New Initiative](#))
- Strengthen ties with the Mainland and B&R related countries and regions, with priority accorded to Member States of the Association of Southeast Asian Nations, through organising trade and professional missions, in particular with young entrepreneurs and start-ups, to these economies, and further reinforce government-to-government links with a view to exploring new collaboration opportunities under the B&R Initiative. (CEDB) ([New Initiative](#))
- Actively carry out preparatory work with a view to establishing the Economic and Trade Office (ETO) in Bangkok in early 2019. (CEDB)
- Continue to actively discuss with the countries concerned on the detailed arrangements of the proposals to set up new ETOs in Dubai, Moscow, Mumbai and Seoul respectively, so as to expand the overseas ETO network and further explore new business opportunities. (CEDB)
- Strengthen the promotion of Hong Kong as an ideal platform for “going global” and attracting foreign investment, collaborate more closely with the relevant bureaux as well as overseas and Mainland offices and organisations to identify and attract potential enterprises, including start-ups, to set up or expand their businesses in Hong Kong, and enhance the aftercare services for enterprises which have established operations in Hong Kong. (CEDB)

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- Set up a high-level Steering Committee for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area chaired by the Chief Executive, with membership comprising all Secretaries of Departments and Directors of Bureaux, to more efficiently steer, co-ordinate and take forward the development of the Greater Bay Area. (CMAB) (New Initiative)
  - Take forward the development of the Greater Bay Area pragmatically; refine, deepen and improve efforts continuously, especially in the development of a global technology and innovation hub; and enhance interconnectivity by fostering the flow of people, goods, capital and information within the Greater Bay Area. Set up a Guangdong-Hong Kong-Macao Greater Bay Area Development Office and create the post of Commissioner for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area to promote Hong Kong's participation in the Greater Bay Area development. (CMAB)
  - Seek to continuously enrich the content of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), with a view to securing better access to the Mainland market for Hong Kong businesses and promoting and facilitating trade and investment between the two places. (CEDB)
  - Work with the Mainland authorities through the CEPA Joint Working Group to assist Hong Kong businesses in using CEPA to tap into the Mainland market. (CEDB)
  - Actively explore with Mainland authorities the extension of the Single E-Lock Scheme to more clearance points in the Greater Bay Area, with a view to enhancing cross-boundary cargo flow and expediting cargo clearance. (CEDB) (New Initiative)

- Deepen regional co-operation through our co-operation mechanisms with the Pan-Pearl River Delta region, the Guangdong, Fujian and Sichuan Provinces, the municipalities of Beijing, Shanghai and Shenzhen and the Macao Special Administrative Region, and promote regional co-operation with other provinces and municipalities by adopting a pragmatic approach and launching initiatives once they are ready. (CMAB)
- Continue to liaise with the Guangdong Provincial Government as well as the municipal governments of Guangzhou, Zhuhai and Shenzhen under the principle of “one country, two systems” regarding their efforts in promoting the development of Nansha, Hengqin and Qianhai. (CMAB)
- Continue to foster economic, trade and cultural exchanges and co-operation between Hong Kong and Taiwan. (CMAB/CEDB/HAB)
- Enhance legal co-operation with Guangdong Province pursuant to the Framework Agreement on Hong Kong/Guangdong Co-operation. (DoJ)
- Support wine trading and distribution businesses in Hong Kong, riding on the growing demand across Asia. (CEDB)
- Press ahead with the development of the Trade Single Window, for rolling out in phases as soon as practicable, to provide a one-stop electronic platform for the lodging of import and export trade documents with the Government to expedite cargo clearance and further facilitate trade in Hong Kong. (CEDB)



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## Human Resources

### Training of Talent

- The Human Resources Planning Commission chaired by the Chief Secretary for Administration will review the manpower situation and challenges in Hong Kong, as well as co-ordinate and collate human resources-related studies and analyses, with a view to exploring viable strategies to enhance the competitiveness of our human capital. (CSO)

### Extending Working Life

- In line with the Government's arrangement of extending the retirement age of civil service new recruits, we encourage other employers, in particular public and subvented organisations, to implement appropriate measures according to their own circumstances to extend the working life of their employees. (All relevant bureaux)
- The Education Bureau has completed the consultation with the stakeholders in September 2018 and will proceed with the amendments to the relevant parts of the Education Ordinance (Cap. 279), Grant Schools Provident Fund Rules (Cap. 279C) and Subsidized Schools Provident Fund Rules (Cap. 279D) for extending the retirement age of new teacher recruits of aided schools to 65. (EDB)

## **Enhancing Employment Support for Elderly People and Others**

- Continue to target those social groups with special needs (including mature persons, new arrivals, ethnic minorities, persons with disabilities, persons recovered from work injuries and ex-offenders) in providing training. The Employees Retraining Board will launch various training and support services to cater for their needs and help them rejoin the job market. (LWB)
- Continue to provide employment support for job seekers with higher education, including Hong Kong students educated in tertiary institutions outside Hong Kong as well as persons from overseas with higher academic/professional qualifications who are interested in working in Hong Kong, through the Higher Education Employment Information e-Platform. (LWB)

## **Supporting Working Parents in Fulfilling Work and Family Commitments**

- Continue to make an annual provision of around \$240 million to support needy students to participate in after-school activities, including after-school support on learning, through schools and non-governmental organisations (NGOs). In addition, matching grants are provided through the Partnership Fund for the Disadvantaged to encourage the business sector to work with organisations and schools to implement more after-school learning and support programmes for primary and secondary school students from grassroots families under a dedicated portion of the fund. (EDB/LWB)

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- Provide in phases about 5 000 additional places of Extended Hours Service at aided child care centres and kindergarten-cum-child care centres in districts with high demand from 2015-16 onwards so that more pre-primary children in need (aged below six) can continue to receive extended hours of service in the same service units that they are attending, thereby alleviating the pressure on their working parents. (LWB)
  - Include child care centres as one of the types of social welfare services under the new phase of the Special Scheme on Privately Owned Sites for Welfare Uses. Besides, the Government will continue to explore the feasibility of providing in the new Government Complex in Tseung Kwan O, on a pilot basis, 100 NGO-operated child care places for staff members working there. (LWB)
  - Enhance the Employees Retraining Board's provision of training and employment services for women, including extending its First-Hire-Then-Train Pilot Programme to cover more industries and launching the Tailor-made Course for Part-timers Pilot Scheme, to cater for the family commitments of middle-aged women and homemakers, so as to help them rejoin the job market. (LWB)
  - Continue with the efforts in promoting family-friendly employment practices through various channels and a wide range of educational and publicity activities to encourage employers to help employees keep a balance between their work and family commitments. (LWB)

## Attracting Overseas Talent

- Continue with various talent admission schemes, which are subject to timely reviews, to encourage talent and entrepreneurs to come and stay in Hong Kong for expansion of our talent pool. (SB)
- The Labour and Welfare Bureau has, in co-ordination with relevant bureaux/departments, drawn up a Talent List to attract high-quality talent in a more effective manner to support Hong Kong's development as a high value-added and diversified economy. The Talent List was promulgated in August 2018. (LWB)