

Motion Debate on “Developing Hong Kong into a regional professional services hub”

Progress Report

Background

At the sitting of the Legislative Council (LegCo) of 5 May 2021, the motion on “Developing Hong Kong into a regional professional services hub” moved by Ir Dr Hon LO Wai-kiwok as amended by Hon Tony TSE was passed (full text of the passed motion at **Annex**). This report sets out the follow-up actions taken by the Administration in respect of the motion.

Latest Progress

Mutual recognition of professional qualifications and enterprise qualities between Hong Kong and the Mainland

Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

2. Under the framework of CEPA, the relevant policy bureaux and departments are all along committed to facilitating Hong Kong’s professional services to enter the Mainland market with preferential treatments, including allowing the relevant professionals to sit for examinations, register, practise and set up enterprises on the Mainland, as well as encouraging mutual recognition of professional qualifications by the professional bodies from both sides, in order to deepen the economic and trade cooperation between the two places. So far, mutual recognition arrangements have been made for the professional qualifications of the securities and futures, accounting, real estate, construction and related engineering sectors. The Government will continue to seek to establish mechanisms for mutual recognition of professional qualifications in more sectors with the Mainland.

3. Besides, the amended CEPA Agreement on Trade in Services has been implemented since June 2020, introducing new liberalisation measures in a number of important services sectors such as legal services, construction and related engineering services, financial services, testing and certification, television and motion pictures. The

new measures make it easier for Hong Kong service suppliers to set up enterprises and develop business on the Mainland, allow more Hong Kong professionals to obtain qualifications to practise on the Mainland and more Hong Kong's quality services to be provided to the Mainland market. The liberalisation measures take various forms, including removing or relaxing restrictions on equity shareholding, capital requirements and business scope in the establishment of enterprises; relaxing qualification requirements for provision of services by Hong Kong professionals; and relaxing the geographical and other restrictions for the exports of Hong Kong services to the Mainland market. In addition to liberalisation measures implemented on a Mainland-wide basis, a number of new liberalisation measures have been introduced by the amendment agreement for pilot implementation in Guangdong Province so as to tie in with the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).

4. On the basis of existing CEPA, the Government will seek to promote closer economic and trade cooperation with the Mainland, and continue to discuss with the Mainland authorities new subjects for cooperation and new liberalisation measures, including further expansion of mutual recognition of professional qualifications between the two places. We will continue to seek more room and opportunities for business development for the trade on the Mainland, so as to enable Hong Kong enterprises and professionals to better complement the country's economic development during the 14th Five-Year Plan period and grasp the business opportunities brought by the "dual circulation" strategy.

Legal sector

5. In 2020, the legal departments from the Mainland, the HKSAR and Macao SAR endorsed the proposal to set up a GBA Mediation Platform. The GBA Mediation Platform would be an authoritative platform for high-level exchange and cooperation and would discharge the role of a standard-setting body with a view to promoting the wider use of mediation within the GBA. In this regard, the GBA Mediation Platform would study the setting up of a unified mediators' accreditation system and the relevant standard, and study and formulate the best practices of mediation rules for cross-border disputes and the best standards of professional ethics for mediators.

6. In June 2017, the HKSAR Government and the Ministry of Commerce signed an investment agreement under the framework of

CEPA (“CEPA Investment Agreement”) providing for promotion and protection of investments between the two places. The CEPA Investment Agreement provides a “Mediation Mechanism for Investment Disputes” which deals with disputes arising from an alleged breach of the substantive obligations of the CEPA Investment Agreement by one side’s government causing loss to an investor of the other side. Under the Mediation Mechanism for Investment Disputes, the Mainland and Hong Kong have mutually agreed the respectively designated mediation institutions and mediators. The mediation rules applicable to the respective designated mediation institutions have also been implemented.

7. For legal service, the GBA Legal Professional Examination originally scheduled to be held on 30 January 2021 has been postponed due to COVID-19 pandemic. The Ministry of Justice announced on 24 June that the examination would be held on 31 July, with a new examination venue to be set up in Hong Kong in addition to Shenzhen and Zhuhai. As Hong Kong legal practitioners who have enrolled in the examination are required to have accumulated legal practice experience of five years or above, those who have passed the examination only need to complete the intensive training organised by the Guangdong Lawyers’ Association and pass the assessment before they may apply to practise as lawyers in the GBA and be issued with a lawyer’s practice certificate (GBA) by the Guangdong Department of Justice.

Architectural and engineering sectors

8. Under the framework of CEPA, mutual recognition agreements have been signed between the Mainland and Hong Kong for six professional disciplines in the construction and related engineering sectors, including general practice surveyors, architects, structural engineers, planners, quantity surveyors and building surveyors. Through the mutual recognition arrangements, more than 1 600 Hong Kong professionals have acquired the corresponding professional qualifications on the Mainland. The Development Bureau (DEVB) will continue to liaise with the relevant Mainland authorities to explore the expansion of the scope of mutual recognition of professional qualifications.

9. Separately, the construction and related engineering professional institutions/associations in Hong Kong welcome the proposal of mutual recognition of membership of the relevant institutions/associations in

the two places. They wish to exchange with the relevant professional institutions/associations on the Mainland to deepen mutual understanding and explore the feasibility of the proposal. The DEVB will liaise closely with the Ministry of Housing and Urban-Rural Development to facilitate the communication work of the professional institutions/associations in the two places.

10. As for recognition of equivalent enterprise qualities, with the concerted effort of the DEVB and the relevant Mainland authorities, the Mainland implemented on 1 January 2021 the “*Interim Guidelines for the Management of Hong Kong Engineering Construction Consultant Enterprises and Professionals Starting Business and Practising in the Guangdong-Hong Kong-Macao Greater Bay Area Cities*” (Interim Guidelines). Under the Interim Guidelines, eligible enterprises and professionals can acquire corresponding qualities/qualifications on the Mainland by way of simple registration and provide services in Mainland cities of the GBA directly. Qianhai of Shenzhen and Hengqin of Zhuhai have also launched similar facilitation measures like the Interim Guidelines of the GBA, allowing eligible construction and related engineering enterprises and professionals in Hong Kong to take part in the construction development of the two Free Trade Zones after completion of the registration process.

11. The above-mentioned measures are one-way measures offered by the Mainland to the Hong Kong enterprises, which are well received by the local construction and related engineering sectors. As at 23 June 2021, there are 30, 20 and 21 Hong Kong enterprises registered in the GBA, Qianhai and Hengqin respectively.

Insurance and accounting sectors

12. For the insurance sector, the Central Government has removed the eligibility requirement on years of operating experience for Hong Kong service suppliers to establish insurance loss adjusting companies on the Mainland since November 2019, which encourages more enterprises with distinctive expertise to expand their business to the Mainland. Besides, the Insurance Authority (IA) is liaising with the China Banking and Insurance Regulatory Commission for further extension of the preferential treatment that under the "China Risk Oriented Solvency System" (C-ROSS), the capital requirement on Mainland insurers would be reduced when they cede business to qualified Hong Kong professional reinsurers. This will help provide a sound foundation for Hong Kong to participate and assist in the Belt and

Road Initiative, and the IA is striving to regularize the preferential treatment.

13. In relation to the accounting profession, the mutual examination paper exemption arrangement between Hong Kong and the Mainland continues to be in force to facilitate Hong Kong certified public accountants to obtain the qualification for practice in the Mainland.

Hong Kong enterprises and professional personnel's participation in construction projects on the Mainland

14. To attract more Hong Kong enterprises and professionals to participate in the development of the GBA, the DEVB is in discussion with the relevant Mainland authorities to explore the launch of some construction projects in the GBA for bidding by Hong Kong enterprises under a pilot scheme. In this connection, the DEVB and Qianhai Authority held a forum in May 2021 for representatives of Hong Kong enterprises to brief them some construction projects in Qianhai that can be opened for bidding by relevant Hong Kong enterprises. The DEVB will further explore with the Qianhai Authority to launch suitable construction projects for trial adoption of the Hong Kong mode of project management with a view to boosting the high quality construction works on the Mainland.

GBA Youth Employment Scheme and Funding Scheme for Youth Entrepreneurship in the GBA

GBA Youth Employment Scheme

15. To encourage and assist young people in Hong Kong to seize the development opportunities in the GBA, the Government launched the Greater Bay Area Youth Employment Scheme in January 2021 to encourage enterprises with operation in both Hong Kong and GBA Mainland cities to recruit and deploy university/ tertiary institution graduates in Hong Kong to work in GBA Mainland cities. As at 23 June, over 370 enterprises offered more than 2 800 job vacancies. The Government has set up a dedicated website for the scheme and the vacancies received under the scheme have been uploaded to the website after vetting. The website also links to the Labour Department's Interactive Employment Service website to facilitate eligible graduates to search and apply for suitable jobs. Based on a recent survey, the projected number of job applications should exceed 17 000. Enterprises having successfully recruited eligible graduates may submit

preliminary applications for allowance after the graduates have reported for duty. As at 23 June, the Scheme Secretariat has received 310 preliminary applications for allowance.

16. The Government has launched a series of publicity activities, including advertising in newspapers, recruitment magazines, recruitment websites and major modes of public transport; launching radio Announcements in the Public Interest; promoting the scheme on different websites, mobile apps and online search tools; staging large-scale physical and online job fairs to provide a convenient and effective platform for recruitment and job application; contacting universities and degree-awarding institutions to enlist their support to the scheme and co-organising online briefing sessions with the universities. The Government will continue to publicise and promote the scheme, encourage more graduates to participate in the scheme and introduce measures to facilitate them to work in GBA Mainland cities.

Funding Scheme for Youth Entrepreneurship in the GBA

17. The Home Affairs Bureau has rolled out the Funding Scheme for Youth Entrepreneurship in the GBA under the Youth Development Fund, with a view to providing young entrepreneurs with capital subsidy as well as entrepreneurial support and incubation services, including helping them settle in entrepreneurial bases in the GBA. All interested Hong Kong young people meeting the eligibility criteria, including young professionals, may apply for funding support to start their businesses in Hong Kong and GBA Mainland cities according to their development needs. The list of non-governmental organisations (NGOs) funded by the Scheme was announced in February 2021. About \$130 million has been granted for 16 NGOs to implement youth entrepreneurship projects, providing capital subsidy to about 230 youth start-ups (involving more than 800 Hong Kong young entrepreneurs) and rendering entrepreneurial support and incubation services to about 4 000 young people. The funded NGOs are progressively rolling out their youth entrepreneurship projects and recruitment efforts, which so far have met with positive response. To date, 10 funded NGOs have received a total of more than 1 800 applications, while the other 6 NGOs are currently accepting or will soon accept applications.

Enterprises and professional services industries in Hong Kong and the Mainland to ‘go global’

Belt and Road Initiative

18. The Government has been giving full play to our position as the professional services hub in promoting the Hong Kong community in grasping the various opportunities arising from the Belt and Road Initiative. To further promote exchanges and co-operation between state-owned enterprises (SoEs) and Hong Kong's professional services sector, following the organisation with the State-owned Assets Supervision and Administration Commission of the State Council an online high-level roundtable on "Fostering Hong Kong as Belt and Road Functional Platform together with State-owned Enterprises" on 8 January 2021, we launched the Mainland Enterprises Partnership Exchange and Interface Programme on 14 May 2021. The first sharing session under the Programme was organised on the same day, which was attended by about 100 representatives from over 40 enterprises and professional services bodies. Around 50 business matching sessions involving seven SoE subsidiaries in Hong Kong and over 20 local professional services providers were organised on the day, enabling them to establish connections and partnerships for projects in future.

19. The annual Belt and Road Summit (the Summit), co-organised by the Government and Hong Kong Trade Development Council, is renowned as the largest and most important Belt and Road business and investment platform for the Mainland, overseas and Hong Kong enterprises. The sixth Belt and Road Summit is being planned for September 2021, at which discussions will focus on how business and professional services sector may tap on Belt and Road-related opportunities brought about by the national development strategy of "dual circulation" and the Regional Comprehensive Economic Partnership by capitalising on the GBA development, thereby facilitating professional services providers who join the Summit to seize such opportunities.

Green and Sustainable Finance Grant Scheme and the cross-boundary wealth management connect pilot scheme

20. The Government launched a new Green and Sustainable Finance Grant Scheme in May 2021, providing subsidy for eligible bond issuers and loan borrowers to cover their expenses on bond issuance and external review services. We will continue to promote Hong Kong as a premier financing platform, encouraging more GBA entities to make use of our platform for green and sustainable investment, financing and certification.

21. As regards the cross-boundary wealth management connect pilot scheme, the Guangdong regulators consulted the public in May 2021 on the implementation guidelines of the scheme. The Hong Kong Monetary Authority will continue to follow up with the relevant authorities with a view to rolling out the scheme as soon as practicable to promote the development of local wealth management market.

Maintaining close communication with the relevant professional bodies

Legal sector

22. The Department of Justice (DoJ) is working closely with the stakeholders in formulating and implementing various initiatives to promote arbitration. The Advisory Committee on Promotion of Arbitration was set up to consider, advise on and co-ordinate on-going and new initiatives and overall strategies for the promotion of Hong Kong arbitration services. It also serves as a forum for the discussion of issues concerning the promotion of Hong Kong as a leading arbitration hub in the Asia-Pacific region. The Advisory Committee on Promotion of Arbitration includes representatives from the legal, arbitration and relevant sectors in Hong Kong. The DoJ has also been liaising with arbitral institutions regularly to monitor the implementation of various initiatives in relation to arbitration.

23. The DoJ holds regular meetings with the Steering Committee on Mediation to explore and discuss issues relating to the promotion and development of mediation in Hong Kong. The members of the Steering Committee on Mediation include key stakeholders from the legal and mediation sectors.

24. The DoJ maintains close partnership with various legal professional bodies including the Law Society of Hong Kong and the Hong Kong Bar Association by holding regular meetings to better understand the industry needs and to explore and discuss new initiatives.

Construction sector

25. The DEVB has all along been maintaining close communication with the relevant professional institutions/associations of the construction sector on issues relating to the promotion of professional services to the Mainland. Meetings or briefing sessions are held from time to time with these professional institutions/associations to introduce and explain new policies and facilitation measures that the

Mainland is going to launch such as the mutual recognition arrangement mentioned above so as to gauge their views on such policies/measures and allow them to better prepare for the new opportunities. The DEVB will continue to maintain close liaison with these professional bodies.

Insurance sector

26. Together with the IA, the Government has been in close liaison with the industry (including relevant professional bodies) for the timely formulation of appropriate measures to facilitate the sustainable development of the Hong Kong insurance industry. Following industry consultation and approval by the Legislative Council, the Government has implemented a series of measures in the first half of 2021 to support market development, including the implementation of profits tax concession for marine and specialty insurance business, expanding the scope of insurable risks of captive insurance companies, rolling out a new regulatory regime and a subsidy scheme to facilitate the issuance of insurance-linked securities, and enhancing the supervision framework for insurance groups. In future, the Government and the IA will maintain active communication with the industry, with a view to strengthening Hong Kong's position as a global risk management centre.

Department of Justice

Commerce and Economic Development Bureau

Development Bureau

Financial Services and the Treasury Bureau

Home Affairs Bureau

Labour and Welfare Bureau

July 2021

Council meeting of 5 May 2021

**Ir Dr Hon LO Wai-kwok's motion on
“Developing Hong Kong into a regional professional services hub”**

Motion as amended by Hon Tony TSE

That, to seize the opportunities brought by the domestic and international ‘dual circulation’ strategy put forward by the country, this Council urges the Government to act appropriately having regard to the circumstances, by meeting the keen demand for professional services arising from the Belt and Road Initiative as well as the development of the Guangdong-Hong Kong-Macao Greater Bay Area and capitalizing on Hong Kong’s unique advantage of ‘one country, two systems’ and its international experience and network, to formulate complementary policies and measures to develop Hong Kong into a regional professional services hub, so as to seek more development opportunities for a wide range of professional personnel as well as large, medium and small enterprises in Hong Kong; specific measures are as follows:

- (1) perfecting the mechanism for mutual recognition of professional qualifications and enterprise qualities between Hong Kong and the Mainland by including more Hong Kong professional sectors and enterprises currently not recognized by the Mainland in the scope of mutual recognition;
- (2) striving for opening up more construction projects on the Mainland for participation by Hong Kong enterprises and professional personnel;
- (3) in respect of the proposed Greater Bay Area Youth Employment Scheme and Funding Scheme for Youth Entrepreneurship in the Greater Bay Area, catering for the needs of Hong Kong young professional personnel and quasi-professional personnel such that their relevant professional work experience on the Mainland can be recognized in Hong Kong;
- (4) implementing expeditiously the proposal on leveraging the international experience and professional strengths of Hong

Kong to enhance the competitiveness of enterprises and professional services industries in Hong Kong and the Mainland to 'go global'; and

- (5) maintaining close communication with the relevant Hong Kong professional bodies in formulating and implementing the above measures to avoid 'making a cart behind closed doors' and having non-professional personnel leading the professional personnel.