



THE HONG KONG
UNIVERSITY OF SCIENCE
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HKUST LI & FUNG
SUPPLY CHAIN INSTITUTE

Developing Hong Kong into a High Value-added Supply Chain Service Centre

Reshaping Hong Kong's Overall Competitive Advantages



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Introduction

Mr John Lee, the Chief Executive of the Hong Kong Special Administrative Region (HKSAR), stated in the *2024 Policy Address*, “Hong Kong is home to a deep pool of talents and extensive networks in offshore trading and supply chain management, including production chain management, export credit risk management, trade financing, marketing, testing and certification, accounting and other professional services.”¹ This positions Hong Kong as “the prime destination for Mainland and overseas enterprises setting up international headquarters to manage offshore trading and supply chain businesses”.² The HKSAR government will enhance high value-added supply chain services to attract Mainland enterprises to set up international or regional headquarters in Hong Kong and provide comprehensive professional services to assist them in expanding overseas.

In recent years, the HKSAR government has also been actively developing the city into an international innovation and technology centre, with a particular focus on attracting technology enterprises from the Mainland and abroad. Compared with traditional manufacturers and trading companies, these technology enterprises have distinct service demands when they are going global. They do not simply view Hong Kong as a platform for international trade and investment. While these companies value Hong Kong's key strengths in finance, legal, accounting, and trade finance, they place greater emphasis on the city's advantages in fundamental research and development (R&D), technology adaptation, international standards and certification, internationalized scenarios, and intellectual property (IP) protection.

Our research also finds that many Mainland technology enterprises are embedding themselves into Hong Kong's local markets, products, and service ecosystems. In doing so, they are helping drive the transformation of Hong Kong's service offerings from traditional advantageous services towards innovation-driven, high value-added services.

Furthermore, rising geopolitical tensions have heightened global concerns over supply chain security. Against this backdrop, Hong Kong, with its unique advantages, is playing an increasingly important strategic role in supporting China's high-quality development of the “international circulation”. China's 15th Five-Year Plan also incorporates, for the first time,

¹ Paragraph 60 of the *2024 Policy Address*.

² Paragraph 59 of the *2024 Policy Address*.

support for Hong Kong in developing into a high value-added supply chain service centre. This further highlights Hong Kong's significant role in China's supply chain strategy and its ability to serve the country.

Building on established supply chain theories, this report examines the key concepts and essential elements for Hong Kong to establish itself as a high value-added supply chain service centre. It analyzes the evolving environment facing Hong Kong from three perspectives: global supply chain trends, the globalization of Chinese enterprises, and Hong Kong's competitive landscape. Adopting an innovative perspective that aims to reshape Hong Kong's competitive advantages through providing technology-related support for China's "international circulation", the report further enriches the functions of Hong Kong as a high value-added supply chain service centre. Drawing on the experiences of Shanghai, Singapore, and Dubai, it also proposes strategic directions for Hong Kong's development as such a supply chain service centre.

I. Basic Concepts of Supply Chains

(I) Supply Chain

Professor Ding Junfa, a renowned Chinese scholar in circulation economics and a leading expert in logistics and supply chain management, defines a supply chain in the *China Supply Chain Research* series, to which Li & Fung contributed, as an organizational structure that "is client-oriented, aimed at improving quality and efficiency, and leverages resource integration to achieve efficient collaboration across the entire process of product design, sourcing, production, sales, and service". A supply chain also refers to the networked structure formed by all upstream and downstream enterprises within a country or region, industry, or enterprise in the process of delivering products and services.

In *Supply Chain Management: The Li & Fung Experience (First Edition)* (2003), the Li & Fung Research Centre (later Fung Business Intelligence and now the HKUST Li & Fung Supply Chain Institute) provided a detailed analysis of the concept of supply chain from an enterprise perspective and summarized the concept into three key dimensions:

(1) A supply chain begins with customer demand and encompasses all activities from product design, sourcing of raw materials, production to wholesale and retailing, including transportation and warehousing, ultimately delivering the product to end users.

China Supply Chain Research series



Supply Chain Management: The Li & Fung Experience (First Edition)



(2) Supply chain stakeholders include various organizations, upstream and downstream enterprises, and departments within firms. A supply chain is therefore defined by the interactions among these stakeholders, including collaboration across enterprises and cross-functional cooperation within an enterprise.

(3) Supply chain operations can be understood through the “four flows” of the supply chain. Information flows drive workflows; workflows determine physical flows; and all these flows are enabled and supported by financial flows. These flows are closely integrated throughout the supply chain.

(II) Global Supply Chain

A global supply chain refers to a transnational organizational network centred on a core product or service, consisting of suppliers, manufacturers, distributors, retailers, and end users located across different countries and regions. It is characterized by global coordination, end-to-end integration, and efficient collaboration. It encompasses the entire process from product R&D, sourcing and transportation of raw materials, and the production and distribution of intermediate and finished goods, to final consumption.³

Simply put, a global supply chain is the extension and integration of supply chain activities on a worldwide scale. It requires enterprises to manage and coordinate supply chain operations from a global perspective and across multiple countries and regions.

(III) Supply Chain Management

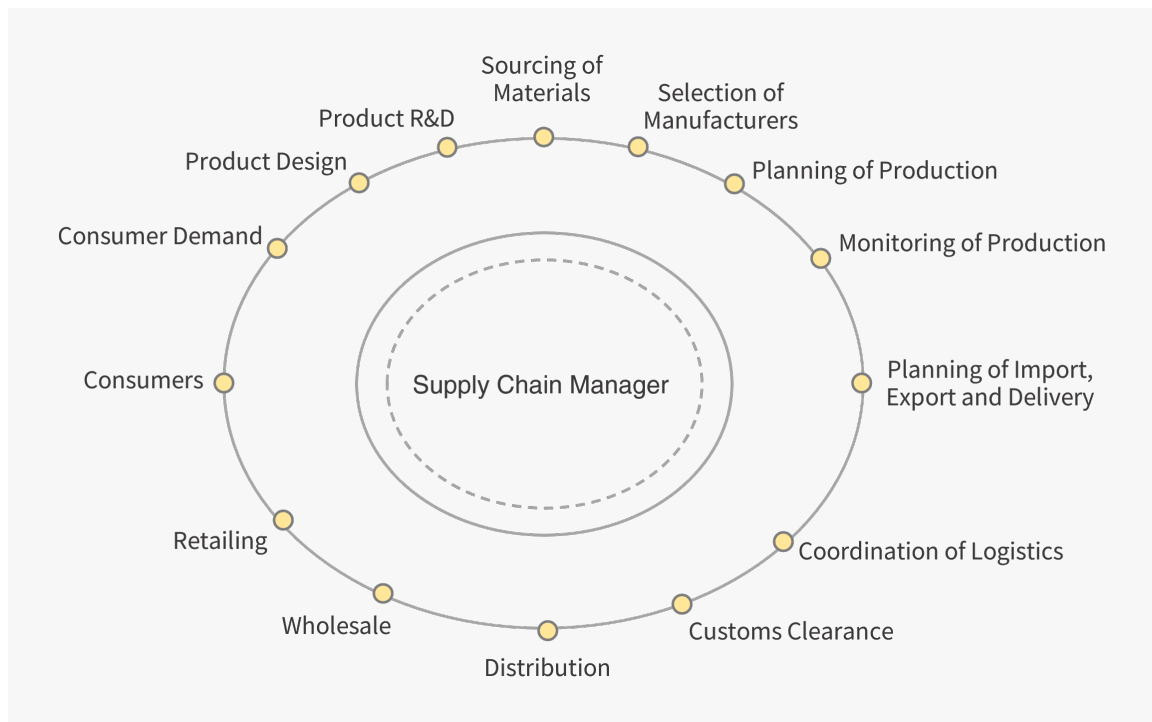
Supply chain management is a management concept that can be applied across all aspects of business operations. According to the Supply Chain Operations Reference (SCOR) model developed by the Supply Chain Council, a comprehensive supply chain management system consists of the management of five key processes: plan, source, make, delivery, and return.

In *Supply Chain Management: The Li & Fung Experience (First Edition)* (2003), the Li & Fung Research Centre identified seven key concepts of supply chain management (see Figure 1):

1. Customer-centric and market demand-driven.
2. Close partnership among enterprises, with shared risks and shared benefits.
3. Cost reduction across sourcing, warehousing, transportation, and other supply chain functions.
4. Focus on core business with core competencies while outsourcing non-core activities.
5. Shortening lead times and aligning production as closely as possible with real-time demand.
6. Designing, executing, reviewing, and improving workflows, physical flows, information flows, and financial flows.
7. Leveraging information systems to optimize supply chain operations.

³ China Council for the Promotion of International Trade, *Global Supply Chain Promotion Report (2023)* (in Chinese), Social Sciences Academic Press (China), 2024.

Figure 1: Li & Fung's Supply Chain Management Model



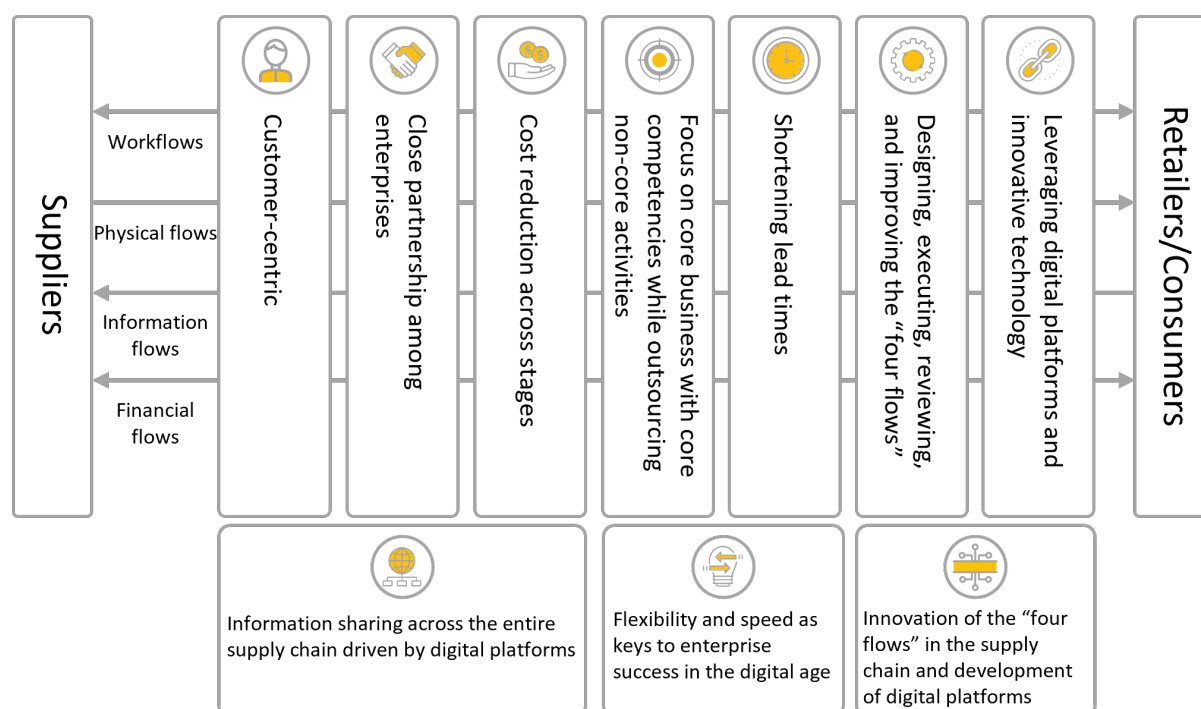
In *Innovating Supply Chain Management: The Fung Group Experience (Third Edition)* (2021), Fung Business Intelligence further argued that supply chain management of the future will place greater emphasis on data mining and analytics, which will enable enterprises to better understand the market, make informed decisions, and enhance overall supply chain value.

Innovating Supply Chain Management: The Fung Group Experience (Third Edition)



In the digital era, the new connotations of the seven key concepts of supply chain management are illustrated in Figure 2 below:

Figure 2: Seven Key Concepts of Digital Supply Chain Management



(IV) High Value-added Supply Chain Service Centre

1. Definition

We define a high value-added supply chain service centre as a hub dedicated to helping domestic and international enterprises to manage their global supply chains and cross-border operations more effectively by providing a broad range of high value-added services.

2. Hong Kong as a High Value-added Supply Chain Service Centre: Connotations and Elements

As a high value-added supply chain service centre, Hong Kong leverages the unique institutional advantages of the "One Country, Two Systems" framework, supported by the free flow of factors of production, the free-port policy, a common law legal system, and an extensive global economic and trade network, while integrating its multi-modal sea, land, and air logistics infrastructure and advanced digital trade infrastructure. It provides high value-added services in areas such as supply chain orchestration and operations, trade finance, export credit risk management, product testing and certification, international marketing and brand management, accounting, legal, R&D and technical services, IP services, tech financing, and digital services. Through these capabilities, Hong Kong can offer comprehensive, one-stop, end-to-end, and professional supply chain solutions for both Mainland and international enterprises engaged in cross-border operations.

In our view, a successful high value-added supply chain service centre should possess the following essential elements:

1. A free, open, and internationalized business environment;
2. A mature and robust legal system, supported by widely recognized international legal and dispute resolution services;
3. Efficient and well-developed sea, land, and air logistics infrastructure;
4. International financial services and convenient trade financing channels;
5. Globally oriented professional services and multidisciplinary talent;
6. Advanced digital infrastructure;
7. Deep regional connectivity and efficient cross-border movement of factors of production; and
8. The ability to aggregate global resources and service capabilities.

3. Significance of Developing Hong Kong into a High Value-added Supply Chain Service Centre for Supporting Mainland Enterprises to Go Global via Hong Kong

Demand Side: Driving the Development of High Value-added Industries and Supporting Hong Kong's Strategic Transformation

It has become a trend for Mainland enterprises to leverage Hong Kong as an international platform to go global. According to a survey conducted by Invest Hong Kong (InvestHK) and the Census and Statistics Department, the number of regional headquarters/offices in Hong Kong with parent companies based in the Mainland had reached 3,090 as of June 2025—nearly doubling since 2018.⁴

These companies not only make extensive use of the city's traditional strengths in finance, trade, shipping, and aviation services, but also generate growing demand for high value-added services such as innovation and technology, risk management, legal and arbitration services, and IP services. This creates new business opportunities for a wide range of industries in Hong Kong.

Supply Side: Strengthening Industrial Foundation and Creating New Competitive Advantages for Hong Kong

The wave of Mainland enterprises going global is reflected not only in their demand for Hong Kong's services, but also in the fact that many of these companies have established a long-term presence in Hong Kong and integrated into the local economy.

This dual dynamic of “going global via Hong Kong” and “taking root in Hong Kong” has stimulated new business models and economic activities, facilitating the transformation of Hong Kong's industries. More importantly, it has enhanced Hong Kong's diverse competitiveness as an international city and injected new impetus into its economic development.

⁴ InvestHK, *Record High Numbers of Companies and Startups Affirm Hong Kong's Incomparable Business Advantages*, <https://www.investhk.gov.hk/en/news/record-high-numbers-of-companies-and-startups-affirm-hong-kong-s-incomparable-business-advantages/>.

Table 1: Examples of the Dual Dynamic of Mainland Enterprises in Hong Kong

Sector	Going Global via Hong Kong	Taking Root in Hong Kong
Finance	OneConnect Financial Technology, a subsidiary of Ping An Group, has used Hong Kong as a strategic gateway to expand globally, exporting its fintech solutions and operational experience to overseas markets.	OneConnect has provided electronic identity verification and AI-powered anti-fraud technologies for major Hong Kong banks, enhancing the banking sector's ability to combat fraud and strengthening Hong Kong's position as an international fintech hub.
Trade	Alibaba Group has leveraged Hong Kong's capital market for equity and bond financing, while using the city as a strategic base for its overseas technology and ecosystem development. Its cross-border B2B platform, Alibaba.com, integrates digital trade, smart logistics, cross-border payments, and compliance services to help Mainland enterprises transition from merely exporting products to building global business ecosystems.	Through its AI-enabled trade platform and business network connecting buyers and suppliers across more than 200 economies, Alibaba.com Hong Kong helps local SMEs to expand into overseas markets, achieve transaction compliance, and manage cross-border fulfillment, thus moving up in the value chain towards global sales. This not only supports the digital transformation of trade and the development of cross-border e-commerce ecosystem in Hong Kong, but also reinforces Hong Kong's role as an international trading hub and a "Super Connector".
Shipping and Aviation	Mainland autonomous vehicle companies such as UISEE and Westwell have utilized real-world operations at HKIA and container terminals to validate their unmanned driving solutions against stringent safety standards. These successful deployments have boosted customer confidence and facilitated their expansion into Southeast Asia, the Middle East, Europe, and other overseas markets.	UISEE operates a large-scale driverless fleet in regular operation at HKIA, improving operational efficiency and reducing labour costs. Westwell's autonomous trucks have been deployed at the Kwai Tsing Container Terminals, supporting Hong Kong's smart and green port development.
Innovation and Technology	Service robotics company Yunji Technology has established its international business headquarters and R&D centre in Hong Kong and utilized Hong Kong's capital market to support its expansion into overseas markets, including Southeast Asia.	Yunji's service robots have been deployed in domestic hotels, elderly care residences, hospitals, and factories, accelerating local adoption of service robotics. The company has also established a joint innovation laboratory with a Hong Kong university to advance AI-powered hospitality solutions.

Source: Compiled by HKUST Li & Fung Supply Chain Institute

Institutional Dimension: Driving Institutional Innovation in Hong Kong

The evolving needs of Mainland enterprises in their global expansion have also created pressure for Hong Kong to undertake institutional and regulatory innovations.

For example, Hong Kong has long served as a financing hub for Mainland enterprises. However, many high-growth technology companies were previously unable to meet the listing requirements of the Hong Kong stock market because they had not yet achieved profitability or sufficient revenue. In response, the HKSAR government enacted major listing framework reforms to help Mainland technology companies raise funds through listings in Hong Kong.

Specifically, the Hong Kong Stock Exchange (HKEX) introduced Chapter 18A of the Listing Rules in 2018 and subsequently Chapter 18C in 2023. These reforms created dedicated listing pathways for pre-revenue biotechnology companies and specialist technology companies, enabling these technology firms to get listed. As a result, Hong Kong has strengthened its position as a key fundraising hub for Mainland technology enterprises seeking to expand internationally.

Brief Summary

Based on the aforementioned changes, including new demand for domestic services, improved service offerings and competitiveness, and institutional innovations, Hong Kong will provide a better business environment for Mainland and international businesses, thereby increasing its value as a “global platform” and establishing itself as a two-way platform for connecting China with the world.

II. The Evolving Environment Facing Hong Kong’s Development as a High Value-added Supply Chain Service Centre

(I) Current Developments and Trends in Global Supply Chains

In recent years, supply chain security has risen to the top of national policy agendas among major economies, driven largely by geopolitical tensions and the impact of the COVID-19 pandemic. Protectionist and exclusionary tendencies in advanced economies—particularly efforts to “decouple” or “de-risk” supply chains involving China in technology sectors—have significantly impeded global supply chains.

Governments around the world have introduced a range of policy measures to enhance supply chain resilience. In June 2024, then US President Joe Biden signed an executive order establishing the White House Council on Supply Chain Resilience and mandating a quadrennial supply chain review of critical industries. In January 2025, the Office of

the United States Trade Representative released *Adapting Trade Policy for Supply Chain Resilience: Responding to Today's Global Economic Challenges*. The EU has promoted the development of critical supply chains through legislation. For example, the *Critical Raw Materials Act*, which came into force in May 2024, aims to streamline the approval process for strategic raw-material projects and ensure the supply of 34 critical raw materials and 17 strategic raw materials. Japan, the “early bird” of economic security legislation, enacted the *Economic Security Promotion Act* in 2022 to strengthen domestic production capabilities for critical materials and goods and reduce dependence on external supply chains. South Korea, Australia, Canada, and many other countries have likewise intensified their focus on supply chain security.

Today, the global supply chain landscape is undergoing profound transformation. Five major drivers are reshaping global supply chains.

1. Geopolitical Fragmentation: From Globalization to Regionalization

The International Monetary Fund (IMF) introduced the concept of “geoeconomic fragmentation” in 2023,⁵ highlighting the reversal of global economic integration. Trade, investment, technology, and finance are splitting into rival geopolitical blocs, with countries using tariffs, export controls, and local-content requirements to incentivize domestic production. Fragmentation within the global business and financial system has surged to multi-decade highs.⁶ As a result, global supply chains are shifting from an “efficiency-first” model towards a “resilience-first” model.

2. Supply Chain Diversification: The Slow but Irreversible “China+N” Trend

Companies are systematically relocating portions of their production capacity to Southeast Asia, South Asia, and Central America, giving rise to the “China+N” strategy. However, efforts by various countries to reduce dependence on China have, paradoxically, prompted Chinese enterprises to pursue deeper and more diversified global expansion.

3. Technological Transformation: AI Driving Supply Chain Intelligence

The convergence of artificial intelligence (AI), the Internet of Things (IoT), and blockchain technologies is transforming supply chain management. These technologies enable real-time tracking of logistics and inventories, facilitate advanced data analytics, improve visibility throughout supply chains, and strengthen risk forecasting capabilities. Together, they are driving profound changes in manufacturing processes and supply chain operations.

⁵ International Monetary Fund, *Geoeconomic Fragmentation and the Future of Multilateralism*, IMF Staff Discussion Note, SDN/23/01, January 2023, p.15, <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2023/01/11/Geo-Economic-Fragmentation-and-the-Future-of-Multilateralism-527266>.

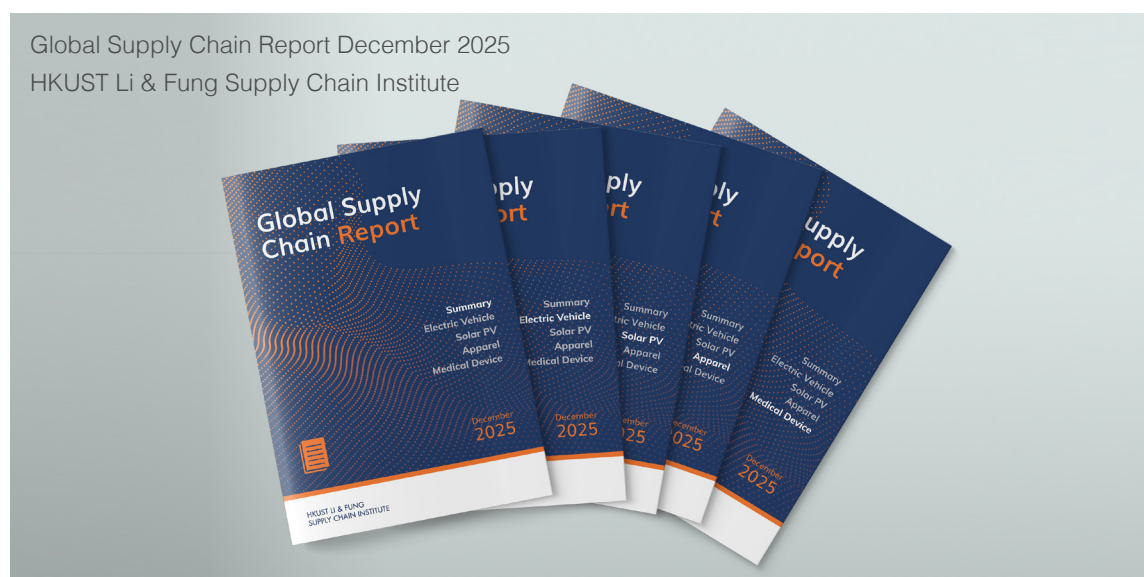
⁶ World Economic Forum, *Is Global Trade and Financial Fragmentation Here to Stay?* World Economic Forum, June 2026, <https://www.weforum.org/stories/2026/06/is-global-trade-and-financial-fragmentation-here-to-stay/>.

4. ESG Evolving from Aspiration to Regulatory Mandates: Sustainability as a Strategic Imperative

Environmental, social, and governance (ESG) considerations are increasingly influencing decisions on production locations and operational models. Manufacturing clusters are likely to further concentrate in countries and regions with strong governance frameworks, robust ESG standards, and well-established sustainability certification systems.

5. Globalization of Chinese Enterprises: From “Factory of the World” to Global Industrial Investor

China is increasingly building a supply network characterized by “global deployment and China’s orchestration”. Rather than diminishing China’s influence, the ongoing restructuring of global supply chains is accelerating the internationalization of Chinese industrial investment. The future of global supply chains is therefore likely to be shaped not by “decoupling”, but by more complex forms of economic interdependence, in which China continues to play a central role. (For further insights into the development trends of the global supply chains, please refer to the *Global Supply Chain Report December 2025* released by the HKUST Li & Fung Supply Chain Institute.)⁷



(II) China’s High-level Opening-up

As the world’s largest developing country, China has remained committed to promoting international cooperation in supply chains and contributing to the development of a global supply chain system that is secure, stable, efficient, open, inclusive, and mutually beneficial. Currently, China’s economy is entering a new stage characterized by high-quality development and the transition from traditional growth drivers to new ones. In this context, Hong Kong’s role in facilitating China’s international engagement and supporting international supply chain cooperation has become increasingly important.

⁷ <https://ustfsci.hkust.edu.hk/reports/global-supply-chain-report-dec-2025>.

1. Manufacturing Upgrading

In 2025, China's manufacturing value-added reached RMB 34.7 trillion, accounting for 25% of its GDP. China's manufacturing sector now contributes nearly 30% of global manufacturing value-added and China has remained the world's largest manufacturing economy for 15 consecutive years.

During the 15th Five-Year Plan period, China's manufacturing development will focus on intelligent, green, and integrated transformation, advancing four major areas of upgrading: revitalizing traditional industries, strengthening emerging industries, fostering future industries, and enhancing the resilience and self-reliance of industrial chains.

The transformation of China's manufacturing sector from massive scale ("being large") to high quality ("being strong") will depend on industrial upgrading driven by new quality productive forces. This entails moving away from a growth model characterized by low technological content, low value-added production, and scale-driven expansion, towards a knowledge- and technology-intensive development model that generates higher value-added through innovation and improvements in quality and productivity.

2. Weak Domestic Demand and Intensifying Domestic Competition

China's economy is currently at a critical stage marked by slower growth, structural adjustment, and the transition to new growth drivers. Against this backdrop, domestic demand remains subdued while involution-style competition within many industries has intensified, resulting in both supply-demand mismatches and idle production capacity.

In 2025, the capacity utilization rate of China's industrial enterprises above designated size fell to 74.4%, the lowest level since 2016, reflecting both idle capacity and weak demand. In May 2026, China's total retail sales of consumer goods amounted to RMB 4.109 trillion, representing a year-on-year decline of 0.6%—the first negative growth recorded since the end of the COVID-19 pandemic.

Weak domestic demand has been a key constraint on economic growth. Industries are increasingly characterized by intense price competition, elevated inventory levels, shrinking profit margins, leading to a pronounced phenomenon of involution-style competition.

3. The Irreversible Trend of the Globalization of Chinese Enterprises

The Chinese government supports the high-quality global expansion of Chinese enterprises, which promotes economic development and industrial upgrading in host countries while deepening China's economic ties with the rest of the world. Through this process, China seeks to create new opportunities for global development through its own continued growth.

By the end of 2025, Chinese investors had established more than 50,000 overseas enterprises across 190 countries and regions, and China's stock of outbound investment

had ranked among the world's top three for nine consecutive years.⁸ The restructuring of global supply chains and intensifying domestic competition have further accelerated the globalization of Chinese enterprises. According to a survey conducted by the Hong Kong Trade Development Council (HKTDC) in early 2026:

- 95% of surveyed Mainland enterprises plan to expand their overseas business within the next two years, indicating a strong and widespread commitment to going global.
- 94% identified Belt and Road economies as their primary destinations for their global expansion. Among them, 91% were focused on ASEAN economies to expand their sales, bolster their regional supply chains, and collaborate on scientific R&D—suggesting that Mainland enterprises are increasingly pursuing diversified global expansion strategies.

(III) Hong Kong Needs New Pathways for Economic Development

Hong Kong's traditional role as a trade intermediary faces intensifying competition and challenges. Internationally, Hong Kong faces intense competition from Singapore. Benefiting from its strategic geographical location, extensive network of free trade agreements, and stable business environment, Singapore has built comprehensive capabilities in offshore finance, entrepôt trade, international legal services, accounting, and other professional services. It has attracted significant Southeast Asia-oriented cross-border business activities and regional headquarters of multinational corporations, posing direct competition to Hong Kong.

Mainland cities have also been strengthening their economic competitiveness as China continues to pursue a higher level of opening-up. Both Shenzhen and Guangzhou have plans to develop into supply chain management centres. Meanwhile, Shanghai's 15th Five-Year Plan proposes strengthening its role in global supply chain management. Shanghai, together with relevant central government departments, has released an action plan to develop offshore finance as part of efforts to build Shanghai into an international financial centre, including proposals to enhance Shanghai's functions in the global allocation and risk management of RMB assets.

In addition, China is advancing the high-standard development of the Hainan Free Trade Port and various border economic cooperation zones, while actively cultivating new business models such as digital trade and cross-border e-commerce. Furthermore, the Mainland's professional service sectors—including international legal and arbitration, accounting, and IP—have become increasingly sophisticated. Mainland professional institutions are accelerating their global expansion, further intensifying competition with Hong Kong in areas that have traditionally been among the city's core strengths.

⁸ National Development and Reform Commission, *A Guide to the Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China* (in Chinese), p.343, People's Publishing House, 2026.

III. Developing High Value-added Supply Chain Services through Technology-oriented Combination of Existing and New Strengths

(I) Developing Hong Kong into a High Value-added Supply Chain Service Centre to Support High-quality Development of China's "International Circulation"

1. The Rising Trend of Mainland Enterprises Going Global

Against the backdrop of rising geopolitical tensions, increasing uncertainty stemming from trade frictions, and intensifying domestic market competition, global supply chains are undergoing significant restructuring. In response, Chinese enterprises are actively expanding their global operations and increasingly prioritize global expansion as a key mid-to long-term business strategy.

Leveraging its unique position of being "connected to the Mainland and linked to the world", Hong Kong continues to play a crucial role in servicing Mainland enterprises going global.

Table 2: Survey Results of "Go-global" Mainland Enterprises, 2026

Manufacturing enterprises			Service enterprises		
Sector	Eagerness to go global	Share of enterprises active in sector	Sector	Eagerness to go global	Share of enterprises active in sector
New energy equipment	98%	25%	Construction engineering	99%	15%
High tech products	96%	11%	Finance services	98%	9%
Electronic products, parts & components	95%	31%	Professional services	97%	12%
Consumer goods	94%	20%	Cross-border e-commerce	96%	16%
Medical & health	93%	10%	Digital technology	94%	34%
Other	95%	22%	Other	93%	21%
Total	n=1,008	n=964	Total	n=1,007	n=959

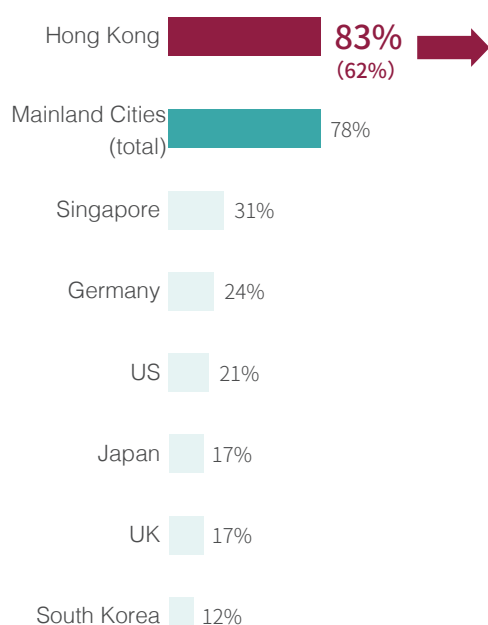
Source: 2026 HKTDC survey

Note: "Go-global" enterprises can choose more than one sector. "High tech products" do not include new energy and medical products; "Other" manufacturing sectors include industrial machinery and materials; "Professional services" include legal, accounting, and IP services; "Other" service sectors include medical & health services, and media & cultural services.

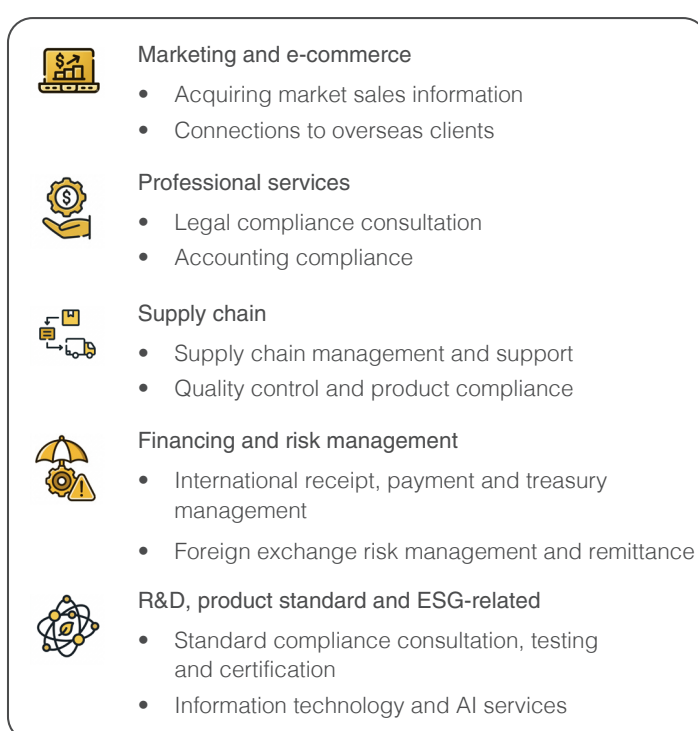
According to a survey conducted by the HKTDC in early 2026, 83% of surveyed Mainland enterprises indicated that they would utilize Hong Kong's services to address the various challenges associated with their international expansion, a significant increase from 62% in the 2023 survey. The services most sought after include marketing and e-commerce, professional services, R&D, product standard and ESG-related services, as well as financing and risk management. These findings clearly underscore Hong Kong's position as the preferred platform for Mainland enterprises seeking to expand overseas.

Figure 3: Survey Results on Service Support Required for “Go-global” Mainland Enterprises, 2026

Preferred Sources of “Go Global” Support



Nature of Service Support Required



Note: 2023 survey figures in brackets

Base: Enterprises planning to expand “go global” commitment (n=1,923)

Source: 2026 HKTDC survey

2. “Go-global” Enterprises Evolving from Traditional Manufacturers and Trading Companies to Technology Enterprises

Historically, Hong Kong has served as a gateway for traditional manufacturers and trading companies seeking to expand overseas. Leveraging its fundamental strengths as an international trade, financial, and shipping centre, as well as its broad range of professional services, Hong Kong has acted as a platform for international settlement, order management, trade finance, and supply chain management for trade and investment, thereby playing the role of a “Super Connector”.

In recent years, the HKSAR government has introduced a series of policy and regulatory innovations in areas such as biotechnology, specialist technology, the low-altitude economy, financial technology (fintech), drug registration frameworks, and global talent

attraction. Significant progress has also been made in collaboration with Mainland cities in the Guangdong–Hong Kong–Macao Greater Bay Area (Greater Bay Area), particularly in areas such as cross-border flows of research resources, regulatory alignment, and institutional coordination. These developments have attracted a growing number of Mainland technology enterprises to establish regional headquarters and R&D centres in Hong Kong. By leveraging Hong Kong’s international standards, regulatory framework, and real-world application scenarios, these companies are able to further expand into overseas markets. As a result, an increasingly distinctive globalization pathway has emerged, encompassing “R&D–Product Testing–Application Scenarios–Standards Alignment–International Market Expansion”.

A notable example is the autonomous vehicle sector. Hong Kong International Airport (HKIA) has deployed UISEE’s autonomous vehicles at scale in live operations, including electric baggage tractors, patrol cars, and shuttle buses operating with Level 4 autonomous technology. Besides UISEE, other Mainland autonomous driving technology companies such as Baidu and Westwell have also utilized operations at HKIA for real-world testing and validation, which facilitates their expansion into overseas markets, including Southeast Asia and the Middle East.

Table 3: Strategic Enterprises Attracted by the HKSAR Government

(From October 2023 to April 2026, the first to sixth batches of enterprises)

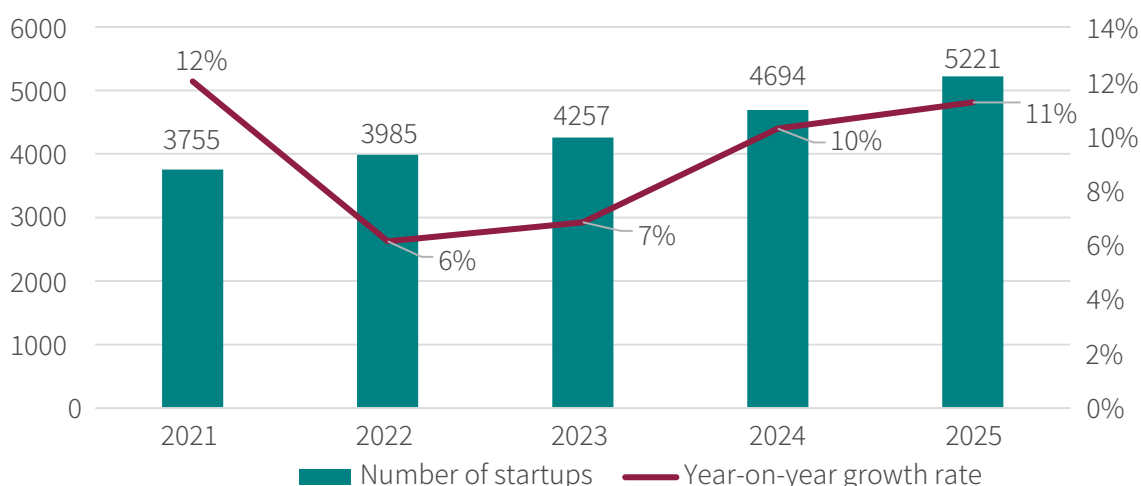
Industry	Total number of enterprises	Share	Number of Mainland enterprises	Share	Number of overseas enterprises	Share
Life and health technology	33	27.73%	16	17.58%	17	60.71%
AI and data science	34	28.57%	32	35.16%	2	7.14%
Fintech	19	15.97%	15	16.48%	4	14.29%
Advanced manufacturing and new energy technology	28	23.53%	25	27.47%	3	10.71%
Cultural and creative technology	5	4.20%	3	3.30%	2	7.14%
Total	119	100%	91	76.47%	28	23.53%

Source: Office for Attracting Strategic Enterprises (OASES) of the HKSAR government

Note: OASES has brought in over 120 strategic enterprises. The data above are based on 119 enterprises, as some enterprises are not willing to disclose their information.

According to an InvestHK survey on Hong Kong's startup ecosystem, the number of startups in Hong Kong continued to grow steadily in 2025, increasing by 11% year-on-year to 5,221 companies, representing a 39% increase compared with 2021. These startups employed a total of 19,753 staff, underscoring Hong Kong's status as a global startup hub.

Figure 4: Total Number of Startups in Hong Kong and Year-on-year Growth Rate (2021-2025)



Source: InvestHK⁹

In the wave of Mainland enterprises expanding overseas, particularly as technology SMEs accelerate their globalization, Hong Kong has gradually evolved from a traditional “Super Connector” into a “Super Value-adder” and “strategic partner”. Compared with traditional manufacturers and trading companies of the past, the core needs of today's high-growth technology companies seeking to go global have undergone a fundamental transformation.

Their needs now extend far beyond using Hong Kong merely as a platform for outbound investment, fund settlement, international trade, and logistics and transshipment. Instead, they are increasingly utilizing Hong Kong's strengths in R&D capabilities, capital market, international talent pool, internationalized application scenarios, standards testing and certification services, ESG-related services, IP services, and even pilot-production and small-scale manufacturing capabilities.

These evolving needs are reshaping the role of Hong Kong in supporting Mainland enterprises' international expansion and have raised new strategic questions for the city's development as a high value-added supply chain service centre.

⁹ <https://www.startmeup.hk/zh-hant/about-us/hong-kongs-startup-ecosystem/>.

Table 4: Comparison of “Go-global” Models and Needs between Traditional Companies and Technology Enterprises

Dimension	Traditional manufacturers and trading companies	Technology enterprises (hard tech, software, biotech, etc.)	Key differences
Needs of enterprises	Order management, outward investment, fund settlement, financing, logistics and transshipment, etc.	IPO financing, international talent, technology upgrade, product testing, scenario validation, standard certification, IP, etc.	The former focuses on trade and investment facilitation, while the latter emphasizes technology, standards, and capital operations.
Service offerings of Hong Kong	Finance (trade financing, fund settlement), trading and shipping services, supply chain management, simple tax system, absence of foreign exchange control, etc.	Chapters 18A and 18C of listing rules, basic R&D (multiple top universities, key laboratories, and application research centres), internationalized scenarios, fintech, AI, digital infrastructure (computing power), international talent, international certification, etc.	The former relies on foundational advantages of Hong Kong, while the latter leverages new infrastructure, technological services, international talent, and various institutional innovations, such as ongoing reforms in the capital market, fintech, and new drug registrations.

Source: Compiled by HKUST Li & Fung Supply Chain Institute

(II) Developing Hong Kong into a High Value-added Supply Chain Service Centre: Combining Foundational and New Advantages

1. Hong Kong’s Supply Chain Management Role Today

During the era of traditional trade, Hong Kong leveraged its status as a free port to attract and manage flows of goods, capital, and talent from around the world. This facilitated the rapid growth of its entrepôt trade, which, in turn, stimulated the development of a wide range of supporting industries, including shipping and logistics (such as freight transportation, ports, terminals, shipping agencies, and warehousing), finance (including banking, insurance, and leasing), as well as postal and telecommunications and legal services.

As a result, Hong Kong developed a distinctive economic structure centred on entrepôt trade, with a broad ecosystem of supporting service industries providing the necessary infrastructure and expertise to facilitate international trade.¹⁰

¹⁰ Wang Chunxin, *Hong Kong’s Economic Transformation and Economic Cooperation Between the Two Places* (in Chinese), p.4, Guangdong Economic Publishing House, 2019.

Key Foundational Advantages

(1) Strategic Location and Advanced Logistics Infrastructure

Hong Kong occupies a central position within the Asia-Pacific region and is served by extensive international shipping routes and a global aviation network connecting the world's major economies. It serves not only as a gateway linking the Mainland with Southeast Asia and the rest of the world, but also as a natural hub for East-West trade and cross-border flows of goods, capital, and talent. Hong Kong is served by more than 140 airlines, offering over 1,000 flights daily to more than 200 destinations worldwide. Most major cities in the Asia-Pacific region can be reached within four hours by air. These advantages provide a unique geographical foundation for the development of cross-border trade, high-end logistics, and global supply chain services in Hong Kong.

(2) An Open and Free Business Environment

Hong Kong adheres to the principles of free trade and open markets and has consistently been recognized as the world's freest economy. With no foreign exchange controls, Hong Kong provides businesses with efficient and flexible cross-border settlement and trade financing services. It is also the world's fourth-largest foreign exchange market.

(3) A Simple and Competitive Tax Regime

Hong Kong maintains a simple tax system based on a two-tier profits tax structure. It does not impose value-added tax, sales tax, capital gains tax, withholding tax on dividends or interest, or estate tax, making it one of the most business-friendly tax jurisdictions in the world.

(4) A Robust Legal System and a Globally Recognized Arbitration Centre

As a common law jurisdiction, Hong Kong possesses a well-established legal system and internationally aligned commercial laws that provide businesses with a fair, transparent, and reliable business environment. Hong Kong is a leading mediation and dispute-resolution centre in the Asia-Pacific region and has consistently ranked among the top five preferred seats for arbitration globally since 2015.

(5) A Strong Financial System and Diverse Financial Services

Hong Kong is one of the world's leading international financial centres, a major trade finance hub in Asia-Pacific, and the largest offshore Renminbi business hub globally. Financial institutions in Hong Kong provide "go-global" Mainland enterprises with a wide range of financial services, including bank lending, securities financing, foreign exchange settlement, trade finance, insurance, and Renminbi-related services.

(6) World-class Professional Services

Hong Kong possesses a deep pool of professionals in high-end services such as legal and arbitration, accounting, consulting, information services, and management. These capabilities make Hong Kong an ideal base for Mainland companies conducting international business and for multinational corporations establishing their China headquarters, while centralizing financial, information, and management functions.

(7) Strong Capabilities in Basic Research

Hong Kong possesses a world-class research base and strong capabilities in original innovation, providing the foundation necessary for achieving technological breakthroughs from “0 to 1”. Hong Kong is home to five universities ranked among the world’s top 100, making it the city with the highest concentration of top-tier universities globally—surpassing international metropolitan centres such as London, New York, and Tokyo. Hong Kong also hosts two medical schools ranked among the world’s top 40, sixteen State Key Laboratories, six Hong Kong branches of National Engineering Research Centres, and twenty-two joint laboratories established with the Chinese Academy of Sciences.

2. A High Value-added Supply Chain Service Centre in the Innovation and Technology Era

China’s 14th Five-Year Plan explicitly supports Hong Kong’s development as an international innovation and technology centre. In 2022, the HKSAR government released the *Hong Kong Innovation and Technology Development Blueprint*, providing strategic direction for the city’s innovation-driven transformation.

Driven by coordinated efforts in policy support, capital investment, infrastructure development, and industry collaboration, Hong Kong’s innovation and technology ecosystem has undergone a systemic upgrade. It is rapidly evolving towards a model characterized by deeper integration among industry, academia, and research, while simultaneously strengthening both internationalization and commercialization of technologies.

Key Advantages of Hong Kong’s Innovation and Technology Development

(1) Part of a Leading Global Innovation Cluster

The Greater Bay Area is one of China’s most open and economically dynamic regions. According to the Global Innovation Index 2025 published by the World Intellectual Property Organization (WIPO), the Shenzhen–Hong Kong–Guangzhou cluster surpassed the Tokyo–Yokohama cluster for the first time to become the world’s leading innovation cluster. The cities within the Greater Bay Area each possess distinct strengths and exhibit strong complementarities, making the region an important base for research, product development, and advanced manufacturing.

According to the Global Innovation Index 2025, Hong Kong ranked fifth in Asia and 15th among 139 economies worldwide. In addition, Hong Kong has consistently ranked among the world’s top ten economies in the World Digital Competitiveness Ranking published by the International Institute for Management Development (IMD), placing fourth out of 69 economies in 2025. These rankings demonstrate Hong Kong’s growing capabilities and achievements in innovation and technology.

Table 5: Hong Kong Rankings in Global Innovation Index and World Digital Competitiveness

Ranking	2021	2022	2023	2024	2025
Global Innovation Index	14/132	11/131	17/132	18/133	15/139
IMD World Digital Competitiveness	2/64	9/63	10/64	7/67	4/69

Source: Global Innovation Index; IMD World Digital Competitiveness

(2) Multiple HK\$10-billion Innovation Initiatives

The HKSAR government has introduced a series of major funding initiatives to strengthen the city’s innovation and technology ecosystem. These include a HK\$10-billion investment in the InnoHK Research Clusters, which focus on healthcare-related technologies and AI and robotics; a HK\$10-billion allocation for the Research, Academic and Industry Sectors One-plus Scheme (RAISe+); a HK\$10-billion *New Industrialisation Acceleration Scheme* (NIAS); and a HK\$10-billion Innovation and Technology Industry-Oriented Fund (ITIF).

In addition, the HKSAR government has launched a HK\$3-billion *Frontier Technology Research Support Scheme* (FTRSS), which provides matching funding to local universities to attract world-leading researchers to Hong Kong and conduct frontier research in areas such as AI.

(3) A Global Hub for High-calibre Talent

Supported by its open institutional framework, low-tax environment, and an efficient immigration policy, Hong Kong enjoys unparalleled advantages in attracting and retaining international talent, making it a global hub for highly skilled professionals. In the IMD World Talent Ranking 2025, Hong Kong ranked fourth globally and first in Asia.

Notably, Hong Kong has also emerged as a key talent hub for the Belt and Road Initiative. Students, professionals and entrepreneurs from Belt and Road economies are not only familiar with Hong Kong’s culture and business environment, but also possess local experience and networks in their home countries. As a result, they play an important role in facilitating two-way trade and investment collaboration between Hong Kong and Belt and Road economies.

(4) Advanced Digital Infrastructure

Benefiting from the free flow of data, mutual recognition of international standards, and the common law system, Hong Kong's digital infrastructure is both deeply connected to the Mainland's digital strategies—including the “East Data, West Computing” initiative and Greater Bay Area collaboration—and seamlessly integrated into the global digital ecosystem. This foundation provides secure, high-speed, and scalable support for cross-border finance, digital trade, AI R&D, and global supply chain management.

In terms of computing power which supports AI research and applications, Hong Kong currently possesses 5,000 PFLOPS of total computing capacity, including 3,000 PFLOPS provided by the Cyberport Artificial Intelligence Supercomputing Centre. Furthermore, the Sandy Ridge Data Facility Cluster project in the Northern Metropolis is now under construction and is expected to provide 180,000 PFLOPS of computing power by 2032—approximately 36 times Hong Kong's current capacity—significantly accelerating the development of Hong Kong's AI industry.

(5) A Strengthening AI Ecosystem

The Hong Kong AI Research and Development Institute, established by the HKSAR government, is expected to commence operations in the second half of 2026. The Institute will promote upstream AI research, facilitate downstream commercialization of research outcomes, and explore new application scenarios for AI. The institute will strengthen collaboration among industry, academia, and research institutions, support talent development, and enhance international cooperation, thereby further strengthening Hong Kong's overall AI ecosystem.

Other High Value-added Services Available to Enterprises

(6) Internationally Recognized Standards and Certification Systems

Hong Kong possesses a comprehensive quality standards and certification ecosystem. Centred on the Hong Kong Accreditation Service (HKAS), the city has established a three-tier accreditation framework covering laboratories, certification bodies, and inspection organizations. By operating in accordance with the international ISO/IEC 17000 series, the HKAS maintains mutual recognition agreements that allow its conformity assessment results to be accepted across more than 120 economies worldwide.

Hong Kong hosts both leading international and local institutions—including SGS, Bureau Veritas, Intertek, and the Hong Kong Quality Assurance Agency (HKQAA)—which provide a full range of services from ISO certification and product safety testing to the Hong Kong Q-Mark certification and ESG/carbon-neutrality certification.

(7) ESG Services Aligned with International Standards

Leveraging its common law framework and internationally recognized regulatory systems, Hong Kong's ESG services combine global credibility with compatibility for Mainland enterprises. As one of the first jurisdictions in the world to fully adopt the International Sustainability Standards Board Sustainability Disclosure Standards, Hong Kong has established disclosure, assurance, and regulatory frameworks fully aligned with international standards such as IFRS S2 and ISSA 5000.

The city hosts major regional offices for the global “Big Four” accounting firms, SGS, HKQAA, and other globally recognized institutions that offer end-to-end ESG services, including ESG reporting, carbon accounting, independent assurance, green bond issuance, and ESG fund management.

(8) An Internationalized Talent Development and Training System

Hong Kong's training ecosystem is highly internationalized and professionally oriented, keeping pace with global industry trends and market developments. Local universities, industry associations, and international professional organizations work closely together to offer advanced practical training programmes in finance, supply chain management, ESG, and digital technologies, which combine international industry experience with deep knowledge of the Mainland market. Supported by a well-developed qualifications framework and government-sponsored continuing education initiatives, these programmes are regularly updated to reflect international industry standards while incorporating Mainland business practices.

As a result, Hong Kong is well positioned to cultivate multidisciplinary professionals with cross-border operational capabilities and to provide Mainland practitioners with access to globally advanced business practices, thereby supporting the long-term development of high value-added service sectors.

(9) Innovative Financial Services

In addition to traditional lending and equity financing, Hong Kong is developing a suite of specialized financial instruments to support the upgrading and globalization of Mainland enterprises. For innovation and technology, this means venture capital funds and angel investor networks focused on tech startups in the Greater Bay Area. For trade, it means supply chain finance platforms that can provide working capital to small manufacturers based on real-time order and shipment data. For IP, it means IP-backed lending and patent securitization, allowing companies to monetize their intangible assets without selling them outright. For the green transition, it means green bonds, transition bonds, and carbon credit trading mechanisms. For advanced manufacturing, it means specialized credit lines and equipment leasing facilities for automation and robotics.¹¹

¹¹ For a detailed discussion, please refer to p.7 of research report *Hong Kong's Next Growth Pathway* published by 2022 Foundation, <https://2022foundation.com/article/detail/Hong-Kong-s-Next-Growth-Pathway>.

Hong Kong's Next Growth Pathway
2022 Foundation



Brief Summary

Anchored in China's national development strategy, Hong Kong's development as a high value-added supply chain service centre is driven by the evolving needs of Mainland enterprises expanding internationally. By combining its foundational strengths as an international trade, financial, and shipping centre with new capabilities in innovation and technology, digital infrastructure, international quality and standards, ESG compliance, and global talent development, Hong Kong can act as a platform that serves both traditional and technology-intensive industries.

For traditional manufacturers and trading companies, Hong Kong can continue to support cross-border trade, financing, logistics, and supply chain management. For technology-driven enterprises, it can offer high-end services including R&D, product testing, international certification, IP protection, green compliance, tech financing, and global talent acquisition.

In this way, Hong Kong can evolve from a simple trade intermediary into a comprehensive supply chain orchestrator linking China with the global market and covering the full chain of "R&D–Testing–Standards–Production–Financing–Compliance".

Throughout this transformation, Hong Kong will not only continue to serve as the "control tower" of global supply chains and coordinate international trade and logistics, but also upgrade into a strategic platform through which Mainland enterprises can manage cross-border capital flows, ensure regulatory compliance, achieve technological upgrading, build and manage global brands, and connect with international markets. This transition will underpin Hong Kong's evolution from a traditional "Super Connector" into a "Super Value-adder".

Leveraging the combination of Hong Kong's foundational advantages and new strengths, Mainland enterprises not only “go global via Hong Kong” but also establish regional headquarters in Hong Kong and develop sticky business and long-term presence here to engage in high value-added economic activities such as global treasury management, supply chain management, IP management and trading, R&D and design, and innovation, thus bringing long-term employment, stable tax revenues, and additional economic benefits to Hong Kong.¹²

IV. Benchmarking and Lessons from Major Global Business Hubs

(I) Shanghai: A Key Hub Serving China and Connecting the World

Shanghai's 15th Five-Year Plan proposes to “strengthen global supply chain management functions, support leading enterprises and chain master enterprises in enhancing supply chain integration, improve sourcing diversification, business matching, and sourcing and distribution capabilities”,¹³ so as to foster a closely upstream–downstream coordinated supply chain ecosystem.

Shanghai's core experience lies in combining institutional openness, digital and financial empowerment, industrial clustering, and strong government–market coordination to create a comprehensive ecosystem characterized by “headquarters concentration–resource allocation–global operations”.

Key Lessons from Shanghai

First, institutional openness to attract multinational headquarters.

Through institutional innovations in free trade zones and special regulatory zones, Shanghai has pioneered reforms in the cross-border flow of capital, data, and talent, creating a combination of “policy advantages and high-quality services” that attracts multinational corporations to establish regional and global headquarters.

Second, leveraging digital technologies to transform supply chain operations.

Shanghai has deeply embedded digital technologies throughout the supply chains. By facilitating data integration and intelligent decision-making, enterprises can reduce costs, improve responsiveness, and enhance operational efficiency. The city actively promotes the adoption of advanced technologies such as AI, IoT, and blockchain to accelerate the digitalization, intelligentization, and visibility of supply chains.

¹² 2022 Foundation, *Hong Kong's Next Growth Pathway*, p.5, 2026, <https://2022foundation.com/article/detail/Hong-Kong-s-Next-Growth-Pathway>.

¹³ Shanghai Municipality's 15th Five-Year Plan for National Economic and Social Development (in Chinese), 2026, <https://www.shanghai.gov.cn/nw12344/20260210/86c10a3ea525407e84d4d7354c8fcb4e.html>.

Third, the development of China's first integrated-data-based "Offshore Connect" platform.

The platform assists banks in verifying the authenticity of trade transactions by integrating customs declaration data from 20 overseas jurisdictions, information from more than 180 shipping companies and over 21,000 container ports and terminals worldwide, as well as air cargo data from 180 countries. It covers approximately 97% of global container shipping information and 50% of global air freight information.¹⁴

Fourth, effective collaboration between a proactive government and an efficient market.

The government provides strategic planning, policy support, infrastructure, and public services while cultivating supply chain management clusters. Enterprises, in turn, serve as the primary market participants engaging in global competition through market-oriented operations.

(II) Singapore: A Strategic Hub Serving ASEAN

Against the backdrop of ongoing global supply chain reconfiguration, companies are increasingly leveraging Southeast Asia—and Singapore in particular—to build diversified regional supply chain networks. The Singapore government is focusing on developing and transforming a world-class logistics industry while supporting multinational enterprises in establishing supply chain management centres to coordinate regional and global operations.

A series of effective policy initiatives has attracted multinational corporations such as Asahi, Agilent Technologies, Henkel, Meijer, Procter & Gamble (P&G), Schneider Electric, VF Corporation, and 3M to establish supply chain management centres in Singapore, enabling them to manage regional and even global supply chain operations from the city-state.¹⁵

Key Lessons from Singapore**First, a deep pool of supply chain talent.**

Singapore has more than 70,000 supply chain professionals, supported by 3,600 graduates annually with relevant skillsets. Leveraging Singapore's innovation ecosystem and support programmes provided by the Economic Development Board (EDB), companies are able to establish supply chain innovation teams or centres of excellence that continuously develop advanced technologies for sustainable and digital supply chain transformation.¹⁶

¹⁴ Shanghai Pudong New Area People's Government Office Document No. 49 of 2025, *Opinions of the Pudong Municipal Government Office on the Handling of Proposal No. 0934 from the Third Session of the 16th Pudong Municipal People's Congress* (in Chinese), 2026, https://www.pudong.gov.cn/jyta_bljggk/20260120/820745.html.

¹⁵ Singapore Economic Development Board, *Media Factsheet-Singapore Supply Chain Connect 2024*, 2024.

¹⁶ Singapore Economic Development Board, *What makes Singapore a trusted hub in global supply chains?* October 2024, <https://www.edb.gov.sg/en/business-insights/insights/what-makes-singapore-a-trusted-hub-in-global-supply-chains.html>.

Second, building an efficient world-class logistics hub.

Singapore's ability to attract multinational corporations stems from its reputation as a highly efficient and reliable logistics hub. Singapore ranked first globally in both the DHL Global Connectedness Index 2024 and the World Bank Logistics Performance Index 2023, reflecting its attractiveness as a supply chain management centre.

Third, the PACT programme.

Through government funding support, Singapore encourages multinational corporations to diversify their supplier base by collaborating with local SMEs. The Partnerships for Capability Transformation (PACT) programme promotes deep partnerships between large multinational firms and domestic SMEs, helping SMEs improve capabilities, integrate into the supply chains of multinational firms, achieve technological upgrading, and expand internationally.

Fourth, emphasis on digital supply chain infrastructure.

Singapore has established a highly integrated digital ecosystem connecting government regulators, traders, logistics providers, banks, and overseas customs authorities. Paper-based document submission, circulation, and verification processes have been largely eliminated, enabling "single data submission and multi-party sharing", end-to-end traceability, and automated verification across the supply chain.

(III) Dubai: A Key Hub Linking the Middle East, Europe, Asia, and Africa

Leveraging its strategic geographic location, open business environment, and highly internationalized logistics and financial systems, Dubai has emerged as a major logistics hub connecting Asia, Europe, and Africa in recent years.

Against the backdrop of regionalized global supply chains and the rapid rise of Global South markets, Dubai has evolved from a traditional logistics and transshipment centre into a regional hub for global supply chain management, trade finance, and multinational headquarters operations.

Key Lessons from Dubai**First, creating a seamless "port-free zone-aviation hub" logistics ecosystem.**

Through the integration of multimodal transport infrastructure and free zones, Dubai has attracted multinational enterprises to establish regional distribution centres and logistics operations in the city.

Second, the “headquarters economy + supply chain management” model.

Dubai has strengthened its position within global value chains by leveraging free zone policies, tax incentives, and an internationalized business environment to attract multinational corporations to establish regional headquarters serving the Middle East, South Asia, and Africa. This has generated clustering effects in supply chain management, sourcing and distribution, regional operations, and global asset management.

Third, deep integration of logistics and finance.

Dubai encourages enterprises to locate manufacturing, sourcing, logistics, and warehousing functions within free zones, which also serve as “regulatory sandboxes”, allowing new regulations to be piloted there before widespread implementation. Enterprises could also utilize the Dubai International Financial Centre (DIFC) for activities such as financing, asset management, insurance, investment, and family office management, which help them reduce financing costs and improve capital efficiency.

Fourth, developing a complete supply chain ecosystem rather than merely a logistics hub.

Unlike traditional port cities, Dubai places great emphasis on fostering collaboration among ports, logistics, finance, legal and arbitration, insurance, digital technology, and professional service sectors. As a result, companies operating in Dubai not only benefit from cargo distribution capabilities but also gain access to supply chain finance, trade financing, legal and compliance services, risk management solutions, and cross-border investment support. This comprehensive ecosystem significantly enhances enterprises’ global operational capabilities. Dubai is also committed to the digitalization of trade, facilitating businesses with the capability to process customs, port, and free trade zone-related procedures simultaneously.

V. Possible Directions for Hong Kong in Building a High Value-added Supply Chain Service Centre

Strategy 1: Promote Collaboration between Multinational Corporations and Local Service Providers

The HKTDC has established the GoGlobal Cross-sectoral Professional Services Platform, bringing together Hong Kong service providers across key sectors including finance, legal, accounting, design and marketing, logistics, information and communications technology, infrastructure and real estate, and testing and certification. The platform provides Mainland enterprises with one-stop support services for their overseas expansion through Hong Kong.

In addition, Hong Kong is home to a large number of high value-added service providers specializing in supply chain finance, compliance and risk management, cross-border settlement, green certification, and digital supply chain solutions. However, these service providers remain highly fragmented, lack official endorsement, and operate without a unified standard. As a result, Mainland state-owned enterprises, leading private enterprises, and multinational corporations often have limited knowledge of Hong Kong's local service ecosystem when planning their international expansion.

It is therefore recommended that the government establish a directory of supply chain service providers and introduce incentive schemes to encourage collaboration between multinational corporations and local service providers. Such measures would help local firms integrate into the supply chain service networks of multinational corporations.

Strategy 2: Support Joint Laboratories between Enterprises and Research Institutions

To strengthen Hong Kong's innovation ecosystem and facilitate the technological upgrading of supply chain services, enterprises should be encouraged to establish joint laboratories with universities and research institutions. These collaborations can focus on the commercialization of research outcomes and innovative solutions to address industry challenges. Potential areas of collaboration include AI-powered intelligent supply chain scheduling systems; blockchain-enabled supply chain traceability platforms; and carbon management systems for green supply chains.

Such initiatives would drive the intelligent and sustainable transformation of supply chain services while enhancing trade visibility and capabilities for ESG compliance and supply chain risk management.

Strategy 3: Support SMEs in Adapting to Global Green Supply Chain Requirements

Global green supply chain standards are increasingly evolving from optional considerations into market-entry mandates. The EU's Carbon Border Adjustment Mechanism (CBAM), climate-related disclosure rules of the US, and mandatory ESG requirements in ASEAN economies are making carbon disclosure, ESG compliance, and green certification essential prerequisites for international trade.

The government should therefore strengthen policy guidance and compliance support by providing practical interpretation of regulations and implementation guidelines. It should also develop free, lightweight, and digital compliance diagnostic tools for SMEs that enable the automatic generation of compliance risk assessment reports and estimation of compliance costs. These measures would help local SMEs respond more effectively to rising global green supply chain requirements.

Strategy 4: Establish a Full-lifecycle Service Strategy for “Go-global” Tech Enterprises

To address the special supply chain needs of technology enterprises expanding overseas, Hong Kong should move beyond serving merely as a “gateway for globalization” and position itself as a “full-lifecycle supply chain service hub” for the globalization ambitions of technology companies.

It is recommended that the government establish a full-lifecycle service strategy for technology enterprises going global, covering the entire process of “Technology R&D–International Product Adaptation for Overseas Markets–International Standards Testing and Verification–Global Talent–Data Services–Pilot Production and Commercialization–Global Market Expansion”.

This will enable Mainland technology enterprises to achieve one-stop globalization in Hong Kong, encompassing their products, supply chains, and service systems.

Strategy 5: Build a Diverse and Long-term Talent Pool and Training System

Hong Kong should fully leverage its role as a functional platform for the Belt and Road Initiative, attract entrepreneurs, professionals, and international students from Belt and Road countries to come to and gather in Hong Kong. This would assist in building a talent pool for the Belt and Road Initiative, positioning Hong Kong as a key hub for trade and investment between China and Belt and Road countries.

In addition, multinational corporations and universities should be encouraged to establish joint training centres and internship programmes. Supply chain-related curricula should be designed through close collaboration among industry, academia, and research institutions to cultivate multidisciplinary talent and ensure a long-term pipeline.

The Trade and Industrial Organisation Support Fund (TSF) should also be enhanced to provide greater support for traditional industries, including AI adoption solutions and talent development programmes tailored to industry-specific challenges.

Strategy 6: Develop a Regional Supply Chain Big Data Public Service Platform

Hong Kong should establish a supply chain data standards framework that is aligned with the Greater Bay Area, internationally compatible, and mutually recognized across borders. An industry-led, government-supported, and ecosystem-based Regional Supply Chain Big Data Public Service Platform should be developed to standardize key operating protocols and data standards across critical areas, including supply chain transactions, logistics and customs clearance, cross-border payments and settlement, compliance and risk management, inventory planning and allocation, carbon accounting, and ESG traceability.

Such a platform would facilitate cross-border data connectivity, promote the development of digital trade, and create the foundation for further development of digital trade finance and innovative green finance products.

Strategy 7: Develop a Multimodal “Hong Kong + Exclave Port” Model

The multi-modal cargo-transshipment cooperation between HKIA and Dongguan should be replicated and promoted to other inland cities in the Mainland, as well as to ports like Beibu Gulf Port and Yangpu Port in Hainan. Under this mode, Hong Kong standards would be adopted in the Mainland where operational activities would be conducted. Goods can be consolidated in and cleared through Mainland ports before directly connecting to international flights and international shipping routes from Hong Kong.

Hong Kong should also strengthen direct shipping routes to major ASEAN ports and develop premium sea–rail and sea–air multimodal transport corridors, thereby improving the efficiency and resilience of cross-border logistics and facilitating the flow of key factors such as talent, goods, and critical components and parts.¹⁷

Strategy 8: Build a Supply Chain Service Hub for South China, Southwest China, and ASEAN

Western Guangdong, South China, Southwest China, and ASEAN are expected to become major growth markets in the coming years. Hong Kong should therefore proactively plan a westward modern logistics and supply chain service corridor linking these regions through an integrated sea–land–air transport system.

By continuously upgrading its logistics infrastructure, Hong Kong can position itself as a regional supply chain control tower, offering multinational enterprises a full suite of high value-added services, including order management, inventory optimization, cross-border payment and settlement, risk management, international certification, trade finance, global logistics and distribution, ESG traceability, and digital supply chain solutions.

¹⁷ 2022 Foundation, *Hong Kong's Next Growth Pathway*, p.6, 2026, <https://2022foundation.com/article/detail/Hong-Kong-s-Next-Growth-Pathway>.

Concluding Remarks

Prioritizing “International Circulation” in Serving National Development

By leveraging its internationally aligned regulatory frameworks and global networks and refocusing on international trade and finance, Hong Kong can re-establish itself as an outward-oriented economy and find new pathways to enhance competitiveness, thus creating more business and employment opportunities, and promoting the long-term stability and prosperity of Hong Kong.

Within China’s “Dual Circulation” strategy, Hong Kong should likewise focus on the “international circulation” by leveraging its advantages as an international trade and financial centre. In doing so, Hong Kong can facilitate China’s global engagement, contribute to the development of the Greater Bay Area, and support Hong Kong integrating into and serving the overall national development.

These trends underscore Hong Kong’s dual strategic value as both a “Super Connector” and a “Super Value-adder”. The regionalization of global supply chains and the globalization of Chinese enterprises are generating enormous demand for Hong Kong services. Beyond serving as a bridge between China and the world, Hong Kong can create value across supply chains by providing integrated and high value-added services in finance, legal, consulting, logistics, and ESG compliance.

At the same time, technological advancement and ESG mandates are driving the upgrading of supply chain services towards higher value-added activities. Hong Kong possesses significant strengths in scientific research, professional services, and alignment with international standards. Supported by national strategies and policies, the city is well positioned to evolve from a traditional “Super Connector” into a world-leading high value-added supply chain service centre.

Four Core Strategic Functions of Hong Kong as a High Value-added Supply Chain Service Centre

First, to facilitate the two-way flow of industrial, financial, and technological resources between China and the global economy, addressing bottlenecks in trade, investment, financing, and logistics.

Second, to serve as a national supply chain risk management and resilience platform, leveraging offshore trade, international arbitration, and diversified financial instruments to help Mainland enterprises mitigate external risks arising from geopolitical tensions, trade disputes, and exchange rate volatility.

Third, to provide comprehensive international business support services that empower Mainland manufacturing and technology enterprises to expand globally, while enabling the Mainland’s industries to move up the global value chain.

Fourth, to attract advanced technologies, multinational corporations, and world-class talent from around the globe, thereby supporting China's broader opening-up agenda while accelerating Hong Kong's transition towards a high value-added service-based economy.

Vision for Hong Kong as a High Value-added Supply Chain Service Centre

Facing the historic opportunity of Chinese enterprises going global, Hong Kong should transform into a "Super Value-adder" empowering these enterprises in their globalization efforts. By expanding and enhancing its services through a combination of existing strengths and new advantages, Hong Kong can serve not only as a bridge for the flow of goods between China and the world but also become a "two-way platform" for China, facilitating foreign investment into China and China's outward investment globally. In this manner, Hong Kong will establish itself as an indispensable bridge between China and the global economy.

Appendix: The Evolution of Hong Kong's Role in Global Supply Chains

Case 1. Traditional Industries—Textile and Apparel Industry: Hong Kong's Traditional Role and Emerging Development Trends

In its early stages, Hong Kong's textile and apparel industry helped incorporate China's textile and garment manufacturing sector into the global industrial chain through the processing-trade model. It subsequently extended production activities from the Mainland to overseas locations and collaborated closely with Mainland apparel enterprises to expand into international markets.

Importantly, the core business activities of Hong Kong's textile and apparel companies have not been manufacturing, but rather service-oriented functions such as trading, sourcing, distribution, and design. Many leading firms have positioned Hong Kong as their global hub for finance, professional services, and international trade. These companies not only operate a wide range of service business but also constitute major clients of Hong Kong's transportation and warehousing, information technology, financial services, insurance, legal, and accounting sectors.

Some established textile and apparel trading companies have even leveraged their extensive professional expertise accumulated within the industry to expand into entirely new sectors. A notable example is Li & Fung, the century-old global supply chain management company. Several of its business units have evolved into specialized service providers, including the AI-powered design company UNIFI3D, supply chain finance company Air8 (under LFX), and business process management company Neo Tangent. Although headquartered in Hong Kong, these businesses now provide professional services for clients across multiple industries around the world.

As a central node within the global textile and apparel supply chain, Hong Kong-based companies maintain supplier networks spanning various developing economies. Many of these suppliers have subsequently grown into some of the most dynamic enterprises within their respective countries and regions.

Since the mid- to late 1980s, Hong Kong has established itself as a hub for global buying offices, playing a critical role in international apparel supply chains. It serves as a bridge and coordination centre between international buyers—primarily Western fashion brands and retailers—and manufacturing facilities located in Asian countries such as China, Bangladesh, and Vietnam. Hong Kong-based sourcing offices assist brands and retailers in managing the entire supply chain process, from product development through production and delivery. Hong Kong's position as Asia's leading sourcing hub has not been driven by cost advantages, but rather by its unique combination of professional expertise, speed, and efficiency.

In recent years, Hong Kong has also achieved global leadership in areas such as sustainable materials, intelligent and functional textiles, advanced dyeing technologies,

recycling solutions, and green manufacturing equipment. These achievements are the result of long-standing collaboration between academia and industry. For example, Cobalt Fashion has developed biodegradable seaweed- and protein-based fibres, while Esquel Group pioneered waterless textile dyeing technology. These innovations illustrate how research outcomes can be translated into scalable, commercialized products and production processes.

Industry support organizations, such as the Hong Kong Research Institute of Textiles and Apparel (HKRITA), have further strengthened technology transfer and innovation adoption by helping SMEs apply advanced technologies in practical business settings.

Looking ahead, digitalization, transparency, and traceability in supply chains are becoming defining features of supply chain management of the future. If Hong Kong aspires to become a leading global supply chain management centre, it must take the lead in establishing transparent and traceable supply chains.

Many Hong Kong textile and apparel companies occupy a unique position between global brands and their suppliers, acting as orchestrators of multi-tier supplier networks. Leveraging strong supplier relationships and using orders and financing as incentives, these firms are well positioned to drive digital transformation throughout their multi-tier supplier ecosystems. Through these efforts, Hong Kong could emerge as a leading global provider of supply chain transparency solutions, and attract a broader range of supply chain management companies from diverse industries to establish operations in the city.

Case 2. Emerging Industries—“Go-global” Mainland Tech Enterprises: Hong Kong’s New Role and New Advantages

As Mainland enterprises—particularly those in strategic emerging industries—accelerate their global expansion, their needs have evolved far beyond traditional financing, settlement, and market-entry services. Today’s technology-driven companies require support across a much broader set of dimensions, including cross-border regulatory compliance, international corporate structuring, global brand development, IP protection, supply chain restructuring, pilot-scale testing and commercialization, and entry to international markets.

Hong Kong’s strengths in institutional arrangements, global connectivity, finance, legal, and professional services are increasingly combining to create a new strategic value proposition for these enterprises.

On one hand, the HKSAR government continues to strengthen one-stop support services for Mainland enterprises seeking to expand overseas. On the other hand, it is actively enhancing Hong Kong’s capabilities in innovation and technology as well as new industrialization. Policy support frameworks are being developed for smart manufacturing lines, strategic industrial facilities, pilot-scale testing and validation, and advanced manufacturing activities. In particular, sectors such as health and life sciences, AI and data science, advanced manufacturing, new energy technologies, and microelectronics have become priority areas in Hong Kong’s innovation and industrial development strategy.

For today's high-growth technology enterprises, successful globalization depends on far more than having a competitive product. Key determinants also include regional production network, supply chain resilience, market access and regulatory approval, certification and compliance, after-sales services, localized operations, capital allocation, and IP protection. The ability to establish resilient supply chains and operating structures across multiple countries and regions, and to create integrated mechanisms linking R&D, pilot production, manufacturing, certification, delivery, after-sales support, financing, and customers, has become a critical determinant of international success.

Take high-end medical device enterprises as an example. Entering the US and other developed markets requires much more than overcoming tariff barriers. Companies must address issues such as country-of-origin compliance, rigorous FDA certification standards, high-quality after-sales support, clinical network development, and the maintenance of highly reliable supply chains. Against the backdrop of global supply chain restructuring, the traditional "single-point export" model is increasingly inadequate for accessing higher-tier international markets. A more effective approach is to establish a multi-layered and resilient structure in which Hong Kong serves as the orchestration hub, ASEAN acts as the manufacturing and assembly base, while overseas markets provide customer-facing services and market access.

The challenges facing new energy enterprises provide another illustrative example. Their primary strategic task is no longer simply exporting products but transitioning from selling products to delivering projects; from exporting equipment to providing integrated solutions; and from individual firms going global to the entire industrial ecosystems expanding overseas together.

In this process, factors such as capital allocation, project risk management, overseas customer relationships, local service networks, and standards and certification adaptation often become more important than manufacturing capabilities. For such enterprises, Hong Kong's greatest value lies not solely in its capital market, but in its ability to serve as a command centre for overseas operations, a risk management platform, and a hub for global resources and partnerships.

Unlike traditional manufacturers and trading companies, technology companies place greater emphasis on technology commercialization, international talent acquisition, certification and regulatory compliance, supply chain restructuring, research platform development, and pilot-scale testing and validation. From a supply-side perspective, Hong Kong's future success depends on its ability to combine its new innovation-oriented assets—including venture capital funds, laboratories, research facilities, professional services, international customer networks, pilot-production platforms, internationalized application scenarios, and IP services—with its foundational strengths as an international financial, trade, shipping, and logistics centre.

Creating this new combination of advantages is the key for Hong Kong to evolve from its traditional role in global supply chains into a high value-added supply chain service centre.

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