



Our Hong Kong Foundation–Dah Sing Bank  
**Greater Bay Area Industry  
 Development Index 2024**





# Contents

|                             |   |
|-----------------------------|---|
| Index Features and Abstract | 2 |
| Introduction Methodology    | 3 |
| Analytical Framework        | 4 |
| Overview                    | 5 |

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## Financial Services 6

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## Manufacturing 24

---

## Innovation & Technology 12

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## Construction & Real Estate 30

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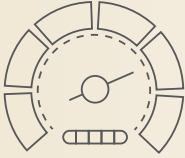
## Trade & Logistics 18

---

## Culture, Sports & Tourism 36

|   |    |
|---|----|
| Hong Kong's Positioning and Direction   | 42 |
| Conclusion                              | 44 |
| Data Processing and Calculation Methods | 46 |

# Index Features and Abstract



The **1<sup>st</sup>** index to cover **6** key industries



A combination of **2** methods in evaluating industry performance: **quantitative** and **qualitative**



The **1<sup>st</sup>** multi-dimensional assessment of industrial development in all **11** cities in the GBA



A comprehensive analysis of **1,400+** data points from **130+** statistical indicators



**3,000+** GBA enterprises surveyed

- Among the Greater Bay Area's four core cities, **Hong Kong** leads in **Financial Services, Trade & Logistics**, and **Culture, Sports & Tourism (CST)**. **Shenzhen** excels in **Innovation & Technology (I&T)** as well as **Manufacturing**. **Guangzhou** ranks first in **Construction & Real Estate**, while **Macao** demonstrates **robust growth** across multiple sectors.
- **Hong Kong, Shenzhen, and Guangzhou exhibit unique advantages in various industries, fostering synergistic development through collaboration.** For instance, the three cities have distinct positioning in Finance and Trade, while each occupies different positions in the value chain of I&T.
- The future score of the Confidence Index is **52.0**, higher than **50.4** of the current score, implying **greater optimism** for 2025.
- Hong Kong's 6 industries can be categorised into **3 groups**: Finance and Trade are **traditional pillar industries** with green and digital developments as the growth drivers; I&T and CST are **key strategic industries** where policy support takes time to translate into significant growth potential; Real Estate and Manufacturing show **signs of improvement**, and are expected to benefit from macroeconomic recovery and industry upgrading respectively.

# Introduction

The Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development is a key strategy of the country. The differing developments of the “9+2” cities enable them to grow complementary advantages, creating a diverse range of industries and becoming a hub for international talent and capital. As such, the economic and industry conditions in the GBA have attracted great attention and are crucial for companies seeking market opportunities. To better understand the current development of the GBA as well as the unique positioning and potential of each city, Our Hong Kong Foundation and Dah Sing Bank jointly present the Greater Bay Area Industry Development Index 2024 (the Index). Starting from 2024, the Index will annually track the performance of the 11 cities across 6 key industries, providing policymakers, businesses, and research institutes with important references through multi-dimensional and scientific assessments.

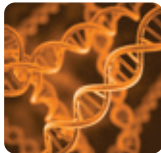
# Methodology

In selecting the appropriate industries for measurement, the research team considered a range of factors, including national development directions, industry scale, development potential, and the positioning of each city. The following 6 industries have been ultimately selected for study:

**Financial  
Services**



**Innovation &  
Technology**



**Trade &  
Logistics**



**Manufacturing**



**Construction &  
Real Estate**



**Culture, Sports  
& Tourism**



Data are utilised to measure the performance of the 6 industries over the past year. There are over 60 data sources including government statistics from the cities, corporate websites, reports from universities or research institutes, and private databases. A number of tier-1 indicators are derived for each industry according to its key development elements, such as “Infrastructure”, “Industry Talent”, and “Economic Contribution”. The tier-1 indicators for the 6 industries may vary due to the characteristics of each industry. To emphasise the importance of policies in driving industrial innovation and the synergistic development of the GBA, “Policy Support” is included as a tier-1 indicator for each industry. “Policy Support” covers the 4 common areas: cross-city cooperation, business and entrepreneurship facilitation, digitalisation, and green development, as well as the specific policy area for individual industries. Relevant policies effective in that year are included. Under each tier-1 indicator, there are relevant tier-2 indicators. The research team referred to industry research and local experts’ opinions, and considered factors such as the completeness and comparability of data. In each industry, the weights of tier-2 indicators are determined by Principal Component Analysis (PCA) (accounting for 90%), except for “Policy Support” (accounting for 10%).

To capture the confidence and outlook of the industries in the region, the research team conducted a survey of middle and senior-level staff from 3,112 enterprises in 11 cities. The number of respondents in each city was determined by the city’s proportion of the GBA’s GDP. The number of respondents in each industry in a single city was also determined by the proportion of each industry’s GDP to the total GDP of the 6 industries in that city. The ratio of SMEs to large enterprises within each industry is approximately 1:1.

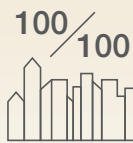
# Analytical Framework

The Index will be updated annually to reflect the growth of the industries over the past years, using 2023 as the base year. Within an industry, each of the 11 cities is assigned a city growth rate according to the indicators, and the industry growth rate is calculated based on the proportion of GDP of each city in the industry to that of the GBA; the 6 industry growth rates are used to calculate 1 composite growth rate based on the proportion of industry GDP to that of the GBA.

In addition to the “6+1” system, this report also analyses each industry from multiple perspectives with the following framework:

## Each industry is analysed at two levels

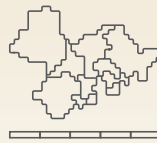
### 1. City Advantage Analysis



Showing the 5 leading cities in terms of the performance measured in 2024 **(out of 100)**



Radar charts illustrating the development of specific cities in different dimensions of the industry



The policy support section of each industry is analysed in detail and presented as a policy heatmap

### 2. City Growth Trend



Showing the 5 high-growth cities in terms of the year-on-year growth of the performance

## Understanding the industry outlook through survey

### 3. Confidence Index



With reference to the practices of international organisations and central banks, respondents were asked to assess the city's economic conditions, level of business activities of enterprises, and number of employees of enterprises, and to come up with a confidence evaluation of the present situation and the future **(with 50 as the neutral threshold\*)**

### 4. Opportunities & Challenges



To present and analyse the opportunities and challenges selected by the respondents and to understand the policy needs of industries

\* An index above 50 indicates an optimistic attitude, while below 50 indicates a pessimistic attitude



# Overview

2024 year-on-year growth rate

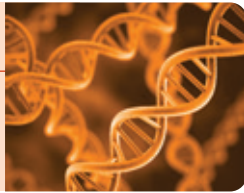
Financial Services

**+6.0%**



Innovation & Technology

**+6.4%**



Composite of  
the GBA's  
6 industries

**+4.9%**

Trade & Logistics

**+8.8%**



Manufacturing

**+5.0%**



Construction & Real Estate

**-2.9%**



Culture, Sports & Tourism

**+11.9%**



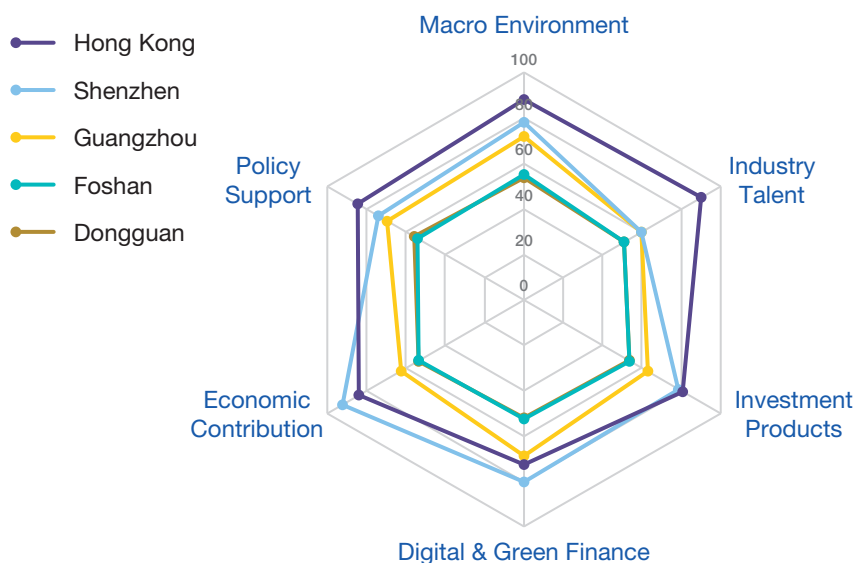
# Financial Services

Since the country's reform and opening up, the Financial Services industry has been crucial for the development of the real economy. The *Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (GBA Outline Development Plan)* emphasises financial openness and innovation, while promoting deeper cooperation between mainland China, Hong Kong, and Macao. In recent years, initiatives like the Cross-boundary Wealth Management Connect, the inclusion of ETFs in Stock Connect, and the expansion of Shenzhen-Hong Kong Stock Connect and Bond Connect have enhanced cross-border financial integration. Regulatory bodies from both regions have been working closely together, setting a solid foundation for the development of the financial industry in the GBA.

| Tier-1 Indicators                     | Tier-1 Indicator Weight | Tier-2 Indicators   |
|---------------------------------------|-------------------------|---|
| <b>1. Macro Environment</b>           | 23.0%                   | 1.1 Gross fixed capital formation<br>1.2 Foreign direct investment<br>1.3 Total loans<br>1.4 Total deposits<br>1.5 International financial connectivity<br>1.6 Number of financial institutions   |
| <b>2. Industry Talent</b>             | 10.8%                   | 2.1 Population with CFP certification & CFA charter<br>2.2 Rankings of top university finance majors<br>2.3 Number of top universities  |
| <b>3. Investment Products</b>         | 29.9%                   | 3.1 Number of high-net-worth households<br>3.2 Total market capitalisation of stock exchange<br>3.3 Initial public offering amount<br>3.4 Premium income from insurance of the person<br>3.5 Premium income from property insurance<br>3.6 Bond issuance amount<br>3.7 Bond outstanding amount<br>3.8 Exchange-traded fund turnover |
| <b>4. Digital &amp; Green Finance</b> | 18.2%                   | 4.1 Number of top fintech enterprises<br>4.2 Market capitalisation of listed fintech companies<br>4.3 Number of mobile payment licenses for non-bank institutions<br>4.4 Green bond issuance amount<br>4.5 Green loans balance<br>4.6 Carbon emission allowance turnover  |
| <b>5. Economic Contribution</b>       | 8.1%                    | 5.1 Value added of the industry<br>5.2 Market capitalisation of industry listed companies*  |
| <b>6. Policy Support</b>              | 10.0%                   | 6.1 Connectivity data<br>6.2 Other policies   |

\* Based on the place of incorporation or principal place of business of the company



**Figure 1** Leading cities in the GBA's Financial Services industry


## Hong Kong, Shenzhen, and Guangzhou are leading the way with different positioning

In the GBA financial services city ranking, Hong Kong, Shenzhen, and Guangzhou occupy the top three positions. Both Hong Kong and Shenzhen have performed exceptionally well, placing them in the leading tier, while Guangzhou is classified in the second tier. The remaining cities form the third tier. **Hong Kong and Shenzhen each possess distinct advantages.** Hong Kong excels in areas such as “**Macroeconomic**

**Environment**”, “**Industry Talent**”, and “**Policy Support**”. These advantages are primarily reflected in three key aspects—internationalisation, talent cultivation, and ability to bridge international and mainland markets. In the *Global Financial Centres Index* released in September 2024 by Z/Yen and the China Development Institute, Hong Kong regained its ranking at third place. **As the world’s largest offshore RMB business hub**, Hong Kong’s position remains irreplaceable by any city, and this position has been further strengthened. Recently, the proportion of offshore RMB payments processed in Hong Kong

**Figure 2** Performance of leading cities in the GBA's Financial Services industry

| Tier-1 indicators       | Hong Kong   | Shenzhen    | Guangzhou   | Foshan      | Dongguan    |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Macro Environment       | 88.3        | 78.1        | 71.8        | 55.0        | 53.9        |
| Industry Talent         | 89.9        | 59.6        | 59.5        | 50.9        | 51.0        |
| Investment Products     | 80.7        | 78.7        | 62.8        | 53.8        | 53.6        |
| Digital & Green Finance | 72.7        | 80.1        | 68.6        | 52.4        | 51.7        |
| Economic Contribution   | 84.0        | 92.0        | 62.6        | 53.5        | 53.7        |
| Policy Support          | 84.2        | 74.1        | 69.4        | 54.3        | 55.5        |
| <b>Overall Score</b>    | <b>82.6</b> | <b>77.4</b> | <b>66.2</b> | <b>53.6</b> | <b>53.2</b> |

100 as the full mark

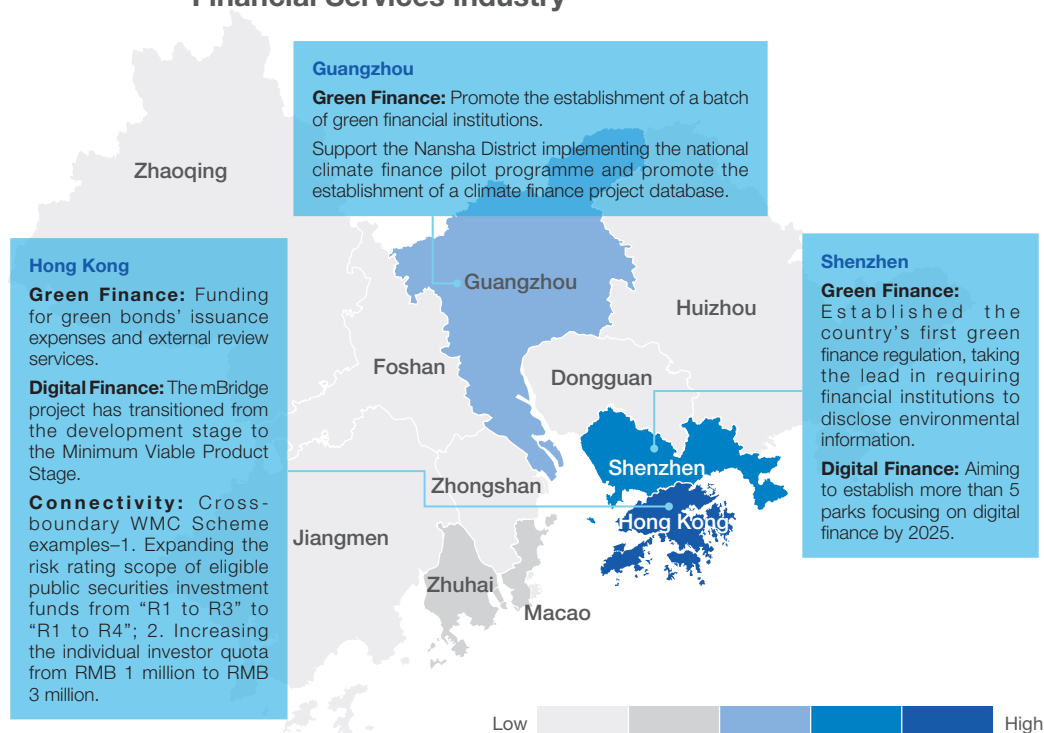
surpassed 80%, showing a significant increase from the previous level of around 70%. This growth is mainly attributed to the expansion of the offshore RMB liquidity pool and the increasing diversity of offshore RMB products (such as ETFs, bonds, futures, and options) available in Hong Kong. On the other hand, Hong Kong has many financial talent. The number of Chartered Financial Analyst (CFA) certificate holders in Hong Kong far exceeds that of other cities in the GBA. Moreover, Hong Kong's higher education institutions excel in cultivating financial talent.

Shenzhen is home to several large fintech companies, scoring highly on indicators related to **"Digital & Green Finance"**. **These companies have accelerated the development of the city's digital economy.** With strong support from the government and banks, the scale of digital industry-related loans in Shenzhen has reached RMB 1.26 trillion, a year-on-year increase of 26%, accounting for 13% of the total loan amount. Shenzhen is also an important wealth management centre in mainland China, with

total managed assets exceeding RMB 28 trillion, showing rapid growth compared to around RMB 20 trillion in 2020. Shenzhen stands out particularly in the **"Economic Contribution"** indicator, primarily due to its large number of listed financial institutions, including industry leaders such as CITIC Securities, Ping An Insurance, and China Merchants Bank.

Although Guangzhou lags behind Hong Kong and Shenzhen in overall performance, **its development in green finance is particularly noteworthy.** Guangzhou is actively promoting green finance in the Nansha District and serves as a national pilot for climate investment and financing. As of the first half of 2024, Guangzhou had the highest outstanding amount of green loans in the province, accounting for over 15% of the city's total loan, with a balance reaching RMB 1.23 trillion.

**Figure 3** Policy heatmap and examples for the GBA's Financial Services industry



## The GBA is a demonstration zone for cross-border, digital, and green finance

**In terms of policy support, Hong Kong, Shenzhen, and Guangzhou lead the way, though each with its own focus. Hong Kong places equal emphasis on digital and green finance as well as cross-border cooperation.**

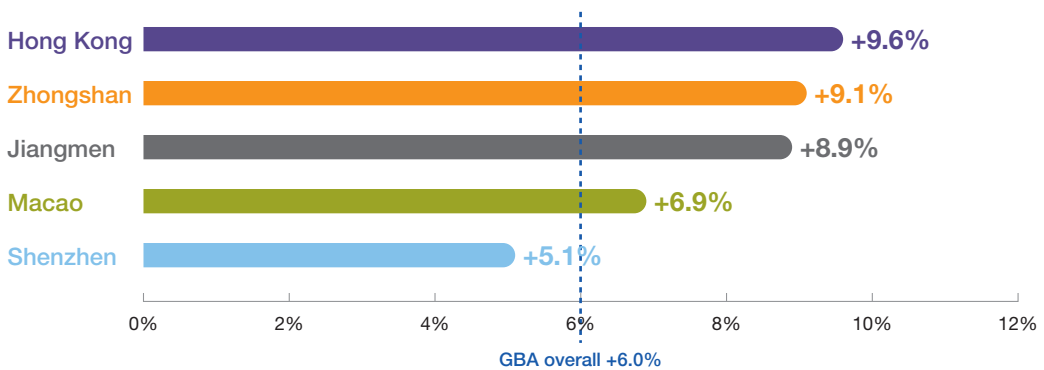
The Hong Kong Stock Exchange has become one of the first exchanges to implement climate-related disclosures based on the International Sustainability Standards Board (ISSB) guidelines. The Hong Kong Monetary Authority has also published the *Hong Kong Taxonomy for Sustainable Finance*, providing clearer definitions for green products. In digital finance, the Multiple Central Bank Digital Currency Cross-Border Network (mBridge), which includes the E-HKD, has emerged as one of the first projects to use CBDCs for cross-border settlements. Additionally, the first spot virtual asset ETFs in Asia have been

listed in Hong Kong. In terms of cross-border finance, Hong Kong has introduced various Connect schemes to attract global investors to the Chinese market while allowing mainland investors to invest in international stocks listed in Hong Kong. Since 2024, the Cross-Boundary WMC scheme has been further optimised, introducing measures like expanding participating institutions.

**Shenzhen has implemented policies in green and digital finance**, imposing the country's first green finance regulations since 2021 that mandate listed financial companies to disclose environmental information and establish a green investment assessment system to mitigate "greenwashing" risks. In digital finance, Shenzhen aims to establish five or more digital finance parks by 2025.

**Guangzhou focuses primarily on green finance** and has issued an action plan for developing green finance, aiming to construct a green finance system and improve its green finance standards and carbon accounting frameworks.

**Figure 4 High-growth cities in the GBA's Financial Services industry**



## Economic recovery boosts financial sector growth: cities record broad-based gains

**With the gradual easing of pandemic control measures, macroeconomic indicators in the GBA showed significant recovery in 2023. Since 2024, the stock market has continued to perform well,** leading to an increase in stock market trading volumes. These factors have collectively driven year-on-year growth in the financial sector across all GBA cities. Notably, cities with lower per capita GDP, such as Zhongshan and Jiangmen, have seen particularly strong growth rates, partly due to their relatively low base. For instance, in 2023, the value of newly issued bonds in Jiangmen surged by 94% year-on-year. On the other hand, the top three cities in terms of the scale of the industry—Hong Kong, Shenzhen, and Guangzhou—despite their larger size, still recorded solid growth in 2023.

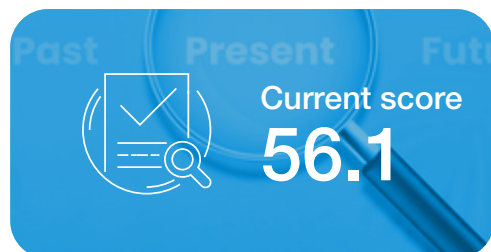
Among these cities, Hong Kong led the way with a 9.6% overall growth rate. Since 2024, **the Connect schemes have continued to expand, and the financial policies introduced earlier have gradually borne fruit,** with capital market and investment indicators showing significant increases. Since 2024, the Hong Kong Stock Exchange's ETF trading volume grew by 10%, benefiting from the expansion of the ETF Connect, with nearly 100 ETFs included in the latest qualified list. **In addition, green finance, driven by the ESG trend, has become another driver**

**of Hong Kong's growth.** According to the Climate Bonds Initiative, the total issuance volume of green bonds in Hong Kong grew by more than 1.7 times year-on-year in 2023.

Shenzhen and Guangzhou also recorded overall growth rates of 5.1% and 2.9%, respectively. **Among them, Shenzhen stood out in the wealth management sector.** In recent years, Shenzhen has become the third-largest wealth management centre in China, following Shanghai and Beijing, with its total wealth management scale growing by more than 5% year-on-year in 2023. In terms of **"Investment Products"**, Shenzhen Stock Exchange's ETF trading volume increased by 41% year-on-year in 2023, driven by the exchange's continuous introduction of new index fund products and innovative index compilation methods. Furthermore, the city saw a significant increase in the number of newly issued bonds.

As for Guangzhou, although its overall growth rate was lower than that of Shenzhen and Hong Kong, it recorded the highest increase in premium income from insurance of the person among the GBA cities. This may be attributed to the city's relatively young population, with an average age of around 35 years, and its large number of universities and higher education institutions. **The concept of insurance is gaining traction among the younger population,** and the growing emphasis on health, along with the increasing prevalence of regular health check-ups, has further driven the growth.

## Confidence Index



50 as the neutral threshold

### Industry confidence rises: policy goals align with opportunities, digitalisation is a major challenge

The Confidence Index future score for the Financial Services industry in the GBA stands at 57.8, higher than the score of 52.2 for six industries in the region and standing above the neutral 50.0 threshold, **indicating that respondents generally believe the Financial Services industry's outlook for 2025 is positive.**

In terms of employment expectations, the Financial Services industry scored 55.5, higher than the overall GBA score of 49.8. This suggests that respondents are optimistic about the future development of the financial industry and expect an increase in employee numbers in 2025. **This growth expectation stems from the unique nature of the industry.** Being part of the service sector, financial services are less vulnerable to the impacts of automation than manufacturing and other industries. Despite advancements in technology and AI that are transforming the way the financial sector operates, the industry still relies on high levels of interpersonal interaction, which helps maintain demand for human resources. Additionally, the momentum of growth in the Financial Services industry indicates that the demand for talent will continue to rise. SMEs are particularly optimistic, with stronger expectations for future employee growth.

Regarding opportunities, respondents in the GBA highlighted **cross-border financial services, investment facilitation, sustainable finance,**

**and innovative financial products** as areas of focus. These areas align with the current policy initiatives, **indicating that policies are having a tangible impact.** For example, since the implementation of the enhancement measures for the Cross-boundary WMC in early 2024, the number of participating investors has increased by 50% within two months. At the same time, as global attention on sustainable finance grows, the GBA is promoting green finance development, supporting project financing in areas such as environmental technology, accelerating the pace of financial innovation. In terms of financial innovation, new technologies such as **blockchain, AI, and big data** are receiving significant attention from respondents. These technologies are reshaping financial service models, offering immense potential for optimising business processes and enhancing risk management.

On the other hand, **respondents in the GBA identify fintech costs and data as major challenges.** As technology continues to advance, the Financial Services industry recognises the importance of digital transformation. However, both large enterprises and SMEs face pressures from costs and resource limitations. Large enterprises need to address the integration of new technologies with existing systems and provide relevant skills training for employees, while SMEs are particularly constrained by limited funding. Additionally, data security remains a critical issue during the digitalisation process, as data breaches could harm corporate reputations. Therefore, businesses must strengthen cybersecurity measures to ensure that they can harness the benefits of technology while effectively mitigating data risks.

# Innovation & Technology

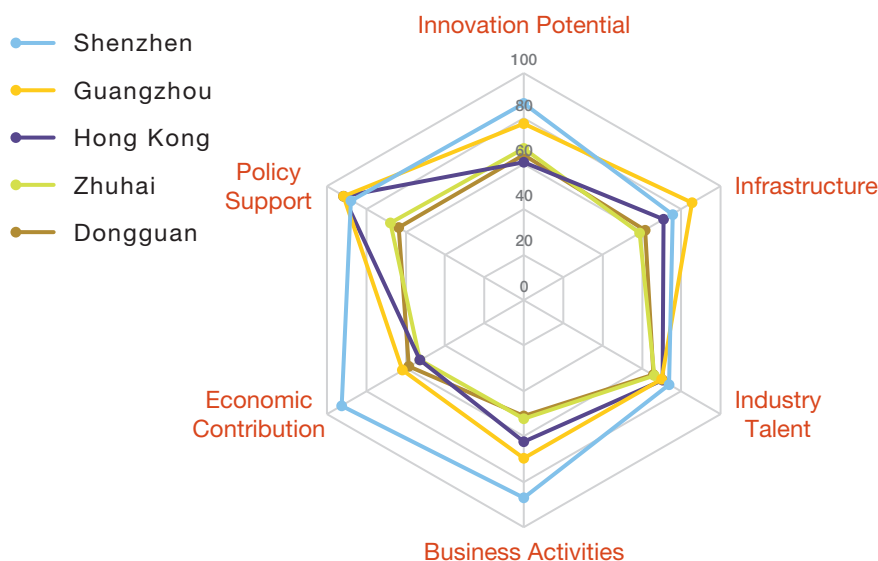
Technological innovation is the driving force of economic growth in modern cities. The *GBA Outline Development Plan* puts the establishment of an international Innovation & Technology (I&T) centre as top priority with the GBA's rich pool of talent, advanced infrastructure, and vast market potential, providing favourable conditions for the growth of the I&T industry. Led by advancements in AI, green vehicles, and biotechnology, the I&T industry will be key in boosting the region's economic transformation and upgrading.

| Tier-1 Indicators               | Tier-1 Indicator Weight | Tier-2 Indicators   |
|---------------------------------|-------------------------|---|
| <b>1. Innovation Potential</b>  | <b>29.8%</b>            | 1.1 Corporate R&D expenditure as a ratio to GDP<br>1.2 Total R&D expenditure as a ratio to GDP<br>1.3 Number of State Science & Technology Awards<br>1.4 Number of scientific papers published<br>1.5 New PCT patent publications per 10,000 population<br>1.6 New patents licensed in emerging sectors of strategic importance per 10,000 population |
| <b>2. Infrastructure</b>        | <b>16.9%</b>            | 2.1 Number of key laboratories<br>2.2 Number of state-level incubators<br>2.3 Number of data centres  |
| <b>3. Industry Talent</b>       | <b>13.3%</b>            | 3.1 R&D personnel as a percentage of population<br>3.2 Students enrolled in tertiary education as a percentage of population<br>3.3 Rankings of top university I&T majors<br>3.4 Number of top universities   |
| <b>4. Business Activities</b>   | <b>15.9%</b>            | 4.1 Number of unicorns<br>4.2 Number of large high-tech enterprises<br>4.3 Foreign direct investment  |
| <b>5. Economic Contribution</b> | <b>14.1%</b>            | 5.1 Value added of the industry<br>5.2 Market capitalisation of industry listed companies*  |
| <b>6. Policy Support</b>        | <b>10.0%</b>            | 6.1 Overall policies  |

\* Based on the place of incorporation or principal place of business of the company



**Figure 1** Leading cities in the GBA’s I&T industry



**Shenzhen and Guangzhou lead technological innovation; Hong Kong strives to catch up**

Shenzhen ranks first in the I&T industry. In terms of **“Innovation Potential”**, Shenzhen’s strong performance stems from its massive investment in R&D. Shenzhen’s total R&D expenditure accounts for 5.8% of its GDP, second only to Beijing nationwide. Nearly 95% of this investment comes from corporate R&D funding,

demonstrating the pivotal role of the commercial sector in Shenzhen’s I&T industry.

**Shenzhen boasts a highly competitive I&T ecosystem, as reflected in its “Business Activity” score.** Shenzhen is currently home to 34 technology unicorns, the most in the GBA. Additionally, the city has six large enterprises listed in the Forbes Global 2000, including internationally renowned technology giants such as Tencent and BYD Auto. In recent years, these enterprises have become the pillar of Shenzhen’s economy.

**Figure 2 Performance of leading cities in the GBA's I&T industry**

| Tier-1 Indicators     | Shenzhen    | Guangzhou   | Hong Kong   | Zhuhai      | Dongguan    |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Innovation Potential  | 86.6        | 77.6        | 60.8        | 66.7        | 64.0        |
| Infrastructure        | 75.5        | 85.5        | 71.1        | 59.0        | 61.6        |
| Industry Talent       | 74.0        | 69.9        | 70.5        | 66.3        | 65.6        |
| Business Activities   | 86.9        | 69.4        | 62.3        | 52.1        | 51.1        |
| Economic Contribution | 92.6        | 61.8        | 52.9        | 52.9        | 58.4        |
| Policy Support        | 87.6        | 91.6        | 91.6        | 67.6        | 63.6        |
| <b>Overall Score</b>  | <b>84.2</b> | <b>75.6</b> | <b>65.9</b> | <b>61.1</b> | <b>60.8</b> |

100 as the full mark

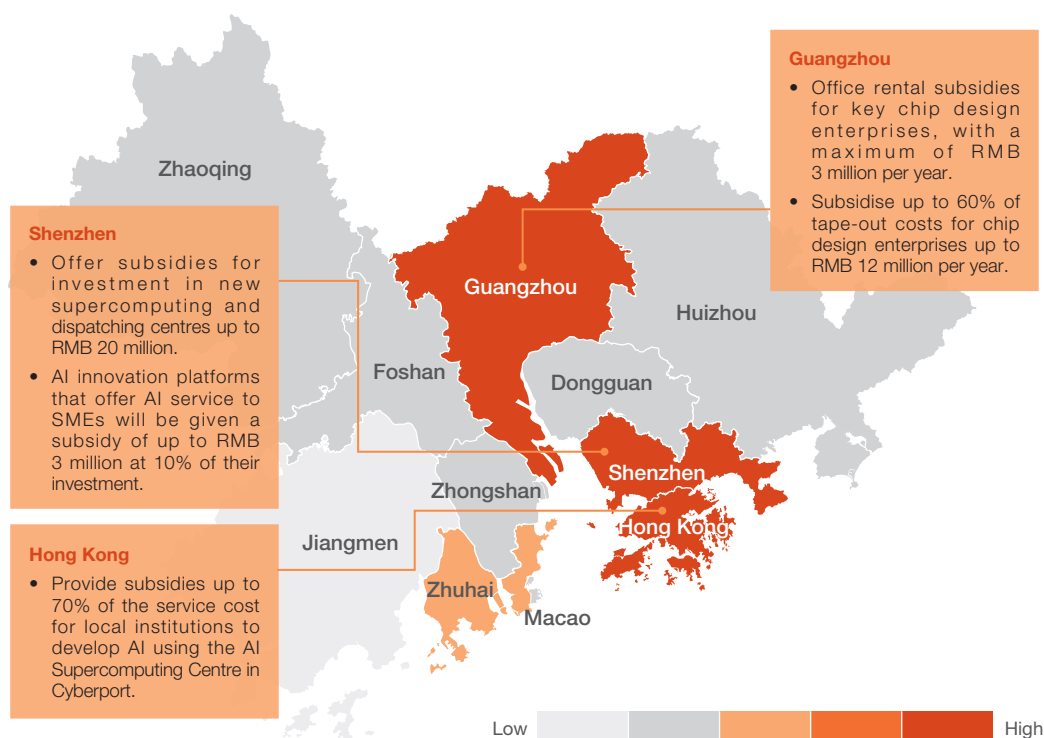
In 2023, I&T-related industries accounted for 42% of the city's GDP, shown in the city's superior performance in **"Economic Contribution"**. These enterprises have also attracted numerous talent, as evident in its **"Industry Talent"** score. Shenzhen has 440,000 R&D personnel, highest in both number and density in the region.

Guangzhou ranks second after Shenzhen. **Guangzhou is the key scientific research hub in the region**, housing one of the two National Laboratories in the GBA. In addition, the city has three Provincial Laboratories, 18 Guangdong-Hong Kong-Macao Joint Laboratories, and numerous university research centres, providing solid ground for basic and applied research. These account for Guangzhou's top ranking in the **"Infrastructure"** category. Guangzhou's success also relies on its systematic cultivation of talent. As the provincial capital of Guangdong, Guangzhou is home to many universities, which produce over 80% of the province's master's and doctoral students, supplying the region with ample top-tier talent. As a result, the city scores highly in **"Industry Talent"** and **"Innovation Potential"**. In 2023, in terms of paper share, Guangzhou researchers claimed 1,170 publications in international science journals, in addition to

receiving 26 recognitions in the State Science and Technology Awards.

**Hong Kong's I&T industry had a later start but is rapidly catching up under staunch policy support**, ranking third overall in the GBA. The city has an undeniable edge in basic scientific research. Five of Hong Kong's universities rank globally among the top 100 universities globally, giving the city the highest concentration of top academic institutions worldwide. These have translated into substantial research output. In 2023, in terms of paper shares, Hong Kong researchers published close to 700 papers in top science journals, second only to Guangzhou. In addition, with regards to infrastructure, Hong Kong boasts 16 National Key Laboratories. These strengths are reflected in the city's scores in **"Industry Talent"** and **"Infrastructure"**.

Hong Kong also performs well in the **"Policy Support"** category. The government has recently introduced various policies to bolster the industry. Many of these offer subsidies of comparable sizes to that in Shenzhen and Guangzhou. For example, the "RAISE+ Scheme" introduced last year provides up to HKD100 million for academics to translate research into commercial applications.

**Figure 3 Policy heatmap and examples for the GBA's I&T industry**


## New policies drive AI and cross-border collaboration

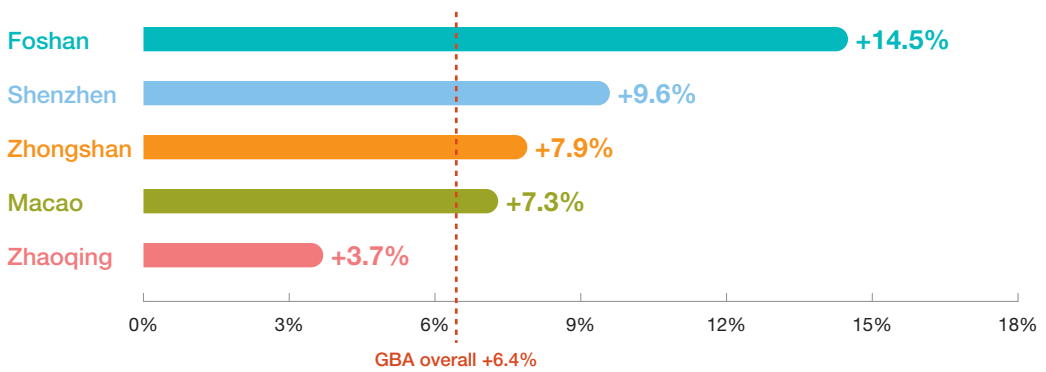
Within the GBA, Guangzhou, Shenzhen, and Hong Kong have the strongest and most comprehensive policy support for the I&T industry.

**In response to the rapid advancement of artificial intelligence, the three cities have all introduced new supporting policies in 2024** (Figure 3). Shenzhen unveiled sixteen new measures in Qianhai District, offering financial incentives for the development of AI software and their applications. Historically an industrial centre, Guangzhou is emphasising AI-related hardware development. In June, it introduced new measures in Haizhu District, which provides subsidies for upstream AI industries. This includes rent subsidies for chip designing companies, funding for chip development and testing, and assistance with product certification. In October, Hong Kong

announced its first AI-focused initiative—a HKD 3 billion “Artificial Intelligence Subsidy Scheme”. This scheme provides local universities and businesses developing AI technologies with subsidies covering up to 70% of service costs at the city’s new supercomputing facility.

**2024 has seen increased policy support for cross-border research collaboration within the GBA.** For example, the Zhongshan government’s new policy provides up to 1:1 matching funds for cooperative projects between local enterprises and universities in Hong Kong and Macao. Similarly, Guangzhou’s new measures in Nansha District allow approved Hong Kong and Macao enterprises broader access to human biological samples for medical research. These initiatives will facilitate knowledge sharing and help translate scientific research into practical applications in the GBA.

**Figure 4** High-growth cities in the GBA's I&T industry



### I&T capabilities steadily climbing across the GBA

The overall performance of the GBA's I&T industry increased by 6.4% in 2024, with Foshan, Shenzhen, and Zhongshan experiencing the strongest growth (Figure 4). **This surge is mainly due to significant research achievements, increase in talent size, and enhanced start-up incubation capabilities.**

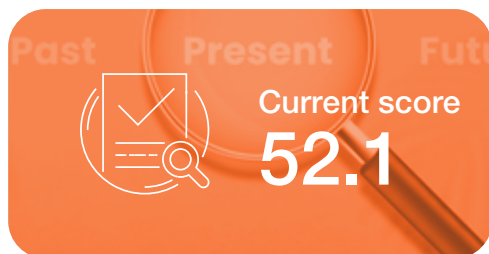
Shenzhen, Foshan, and Zhongshan achieved notable success in the 2024 State Science and Technology Awards—China's highest scientific and technological accolade. Shenzhen received 25 awards, nearly double the previous year's total, with 21 going to Shenzhen corporations (including seven to Huawei and three to BYD Auto). This highlights the commercial sector's dominant role in Shenzhen's I&T industry. Foshan's awards increased substantially from one to four. Zhongshan received three awards,

the best result in recent years, two of which recognised wind power systems developed by a local enterprise, reflecting the city's progress in green technologies.

R&D personnel in the GBA have grown by 6% year-on-year to over 1.2 million, driven by the increasing demand for technological innovation. This growth fuels the region's innovation capabilities and also injects vitality to the technological ecosystem.

Concurrently, the number of startup incubation platforms is expanding. The number of nationally recognised technology grew to 209 in 2024, including the addition of Hong Kong Cyberport. Guangzhou and Shenzhen led the increase, reflecting high demand in these cities. These incubators provide financial and technical support, along with crucial market insights and business guidance, fostering rapid growth among young technology companies.

## Confidence Index



50 as the neutral threshold

### The industry is optimistic; biggest opportunity expected in domestic industry upgrading

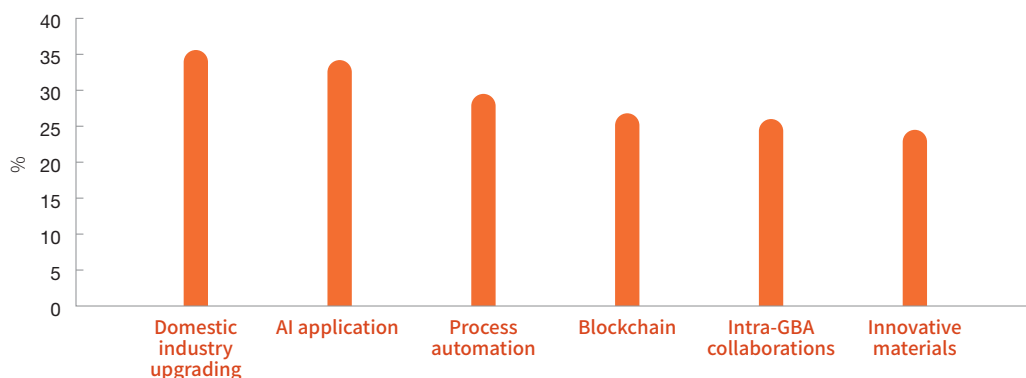
Surveyed firms in the I&T industry have a generally optimistic outlook for the industry. The current score of the Confidence Index is 52.1, which is higher than the neutral 50.0 threshold. **Driven by expectations of an improving macroeconomic environment, the future score of the Confidence Index is even higher, at 53.1.**

One of the three major opportunities for the I&T industry in 2025 is the upgrading of domestic industries, with 35.6% of respondents indicating that it will be most beneficial to their businesses (Figure 5). In accordance to the national strategy of “high-quality development” in recent years, firms across sectors are striving to shift from labour-intensive production to high-value-added production. This process will boost market demand for I&T services and provide a range of new trial scenarios for technology. As the second

biggest opportunity, the application of AI (34.2%) will bring unprecedented innovation potential to the industry, enabling enterprises to analyse data more accurately and shorten the R&D process. In third place, process automation (29.5%) will also become key to improving production efficiency, helping enterprises reduce labour costs and enhance product quality.

Nevertheless, several key challenges will have to be addressed before firms can realise potential opportunities. Firstly, the rapid pace of technological progress (45.6%) makes it difficult for technology companies to keep up with the cutting-edge development of the industry, leading to a loss of competitiveness. At the same time, the lack of data and computing power (40.9%) limits enterprises’ ability to utilise artificial intelligence. Finally, the shortage of scientific research and production facilities (36.3%) also restricts innovation activities, making it challenging for enterprises to achieve technological breakthroughs and commercialise their research outputs.

**Figure 5** Top opportunities in GBA’s I&T industry in 2025





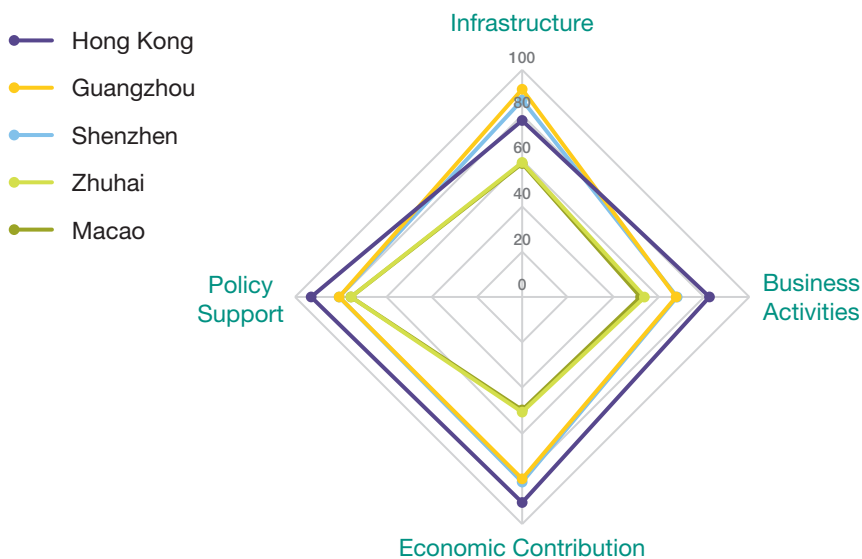
# Trade & Logistics

In today's highly globalised world, trade and logistics activities are crucial in connecting markets worldwide, facilitating the flow of goods, meeting consumer demands, and stimulating economic growth. The *GBA Outline Development Plan* proposes the construction of world-class port and airport clusters, supported by a rapid transportation network of railways and highways, highlighting the pivotal role of the Trade & Logistics industry in building the GBA's outward-facing economy.

| Tier-1 Indicators               | Tier-1 Indicator Weight | Tier-2 Indicators  |
|---------------------------------|-------------------------|--|
| <b>1. Infrastructure</b>        | <b>41.2%</b>            | 1.1 Number of airport destinations<br>1.2 Air traffic movement<br>1.3 Number of airport runways<br>1.4 Number of freight vehicles<br>1.5 Port container throughput |
| <b>2. Business Activities</b>   | <b>30.4%</b>            | 2.1 Imports<br>2.2 Exports<br>2.3 Port cargo throughput<br>2.4 Airport cargo throughput  |
| <b>3. Economic Contribution</b> | <b>18.4%</b>            | 3.1 Value added of the industry<br>3.2 Market capitalisation of industry listed companies*   |
| <b>4. Policy Support</b>        | <b>10.0%</b>            | 4.1 Tariff arrangements<br>4.2 Designated arbitration city<br>4.3 Other policies   |

\* Based on the place of incorporation or principal place of business of the company



**Figure 1** Leading cities in the GBA's Trade & Logistics industry


### Hong Kong, Shenzhen, and Guangzhou: the GBA's logistics triumvirate

As China's most internationalised city, Hong Kong ranks first in the industry. **As a free port, Hong Kong imposes zero tariff on imports and exports and is the only common law jurisdiction in China.** With its wealth of experience in trade arbitration, the Baltic and International Maritime Council has made

Hong Kong one of only four designated cities of arbitration since 2020. These advantages are reflected in its **"Policy Support"** score.

Meanwhile, **Hong Kong leads in "Business Activities" score due to its extensive international network and efficient aerial logistics capabilities.** The Hong Kong International Airport has been consistently lauded the world's busiest air cargo hub. In the first eight months of 2024, the airport saw 3.2 million tonnes of cargo throughput, more than doubling

**Figure 2** Performance of leading cities in the GBA's Trade & Logistics industry

| Tier-1 Indicators     | Hong Kong   | Guangzhou   | Shenzhen    | Zhuhai      | Macao       |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Infrastructure        | 77.7        | 91.3        | 86.7        | 59.3        | 58.7        |
| Business Activities   | 82.4        | 67.6        | 68.2        | 54.0        | 52.1        |
| Economic Contribution | 90.8        | 80.2        | 81.4        | 50.7        | 49.8        |
| Policy Support        | 92.8        | 80.7        | 80.7        | 75.4        | 75.4        |
| <b>Overall Score</b>  | <b>83.0</b> | <b>81.0</b> | <b>79.5</b> | <b>57.7</b> | <b>56.7</b> |

100 as the full mark

that of Guangzhou Baiyun International Airport, another aviation hub in the region. Equipped with advanced temperature control facilities, the Hong Kong airport is uniquely adept at handling high-value and cold-chain cargoes. Even with a post-pandemic decline in shipping activity, Hong Kong has maintained a high export and import value, attesting to the city's status as an international trade centre.

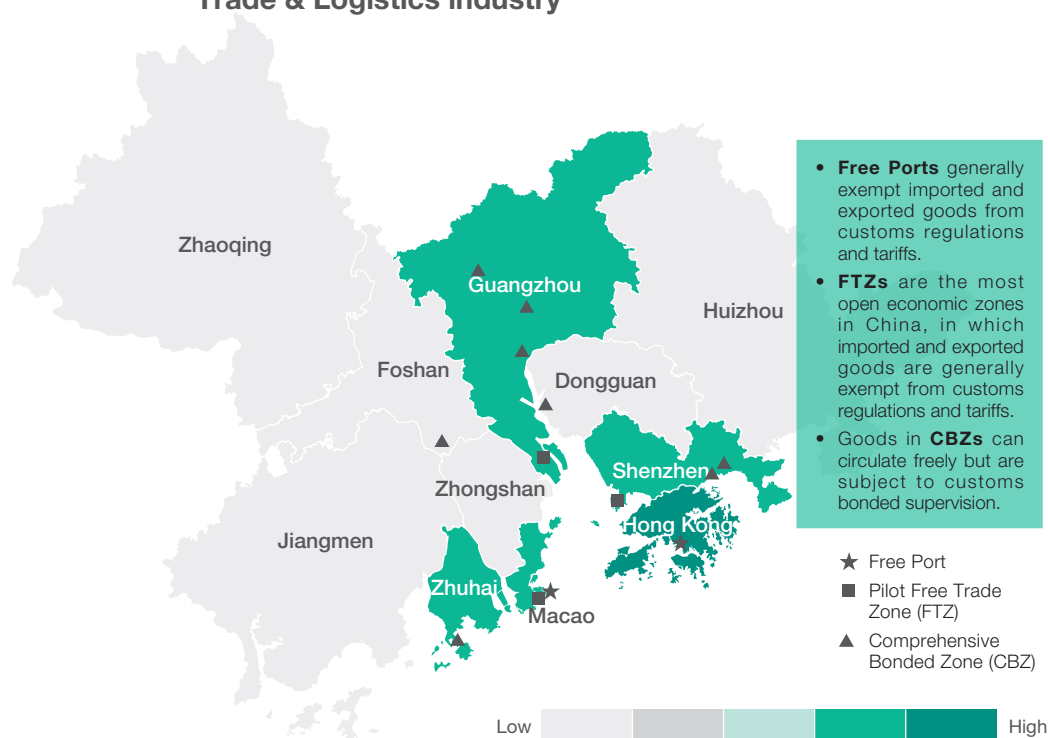
**Ranking second overall, Guangzhou is another major trade and logistics hub in the GBA, which has seen many upgrades to its logistics infrastructure in recent years.**

The Baiyun Airport is one of the three major aviation hubs in mainland China, with 456,000 flight movements in 2023, one of the highest in the GBA. In terms of maritime transport, with the completion of the Phase IV project in the Nansha Port District, Guangzhou Port has further consolidated its position as the cargo distribution

centre in South China. A total of 320 million tonnes of cargo went through the port in the first half of 2024, accounting for nearly one-third of the overall shipping throughput in the GBA. **75% of the cargo throughput came from domestic shipping routes, highlighting Guangzhou's vital role in China's domestic maritime trade.**

Shenzhen also scores highly on **"Infrastructure"**. Shenzhen has the largest fleet of freight trucks as well as the largest singular port in the region, the Yantian Port. Shenzhen ports handled close to 30 million TEU of containers in 2023, on par with Guangzhou. Although both cities excel in maritime transport, **nearly 80% of Shenzhen's cargo volume comes from foreign trade, highlighting its closer connection to the international market.** The varied positioning of Hong Kong, Shenzhen, and Guangzhou in the industry forms a complementary trio, driving the steady development of the industry in the region.

**Figure 3** Policy heatmap and examples for the GBA's Trade & Logistics industry



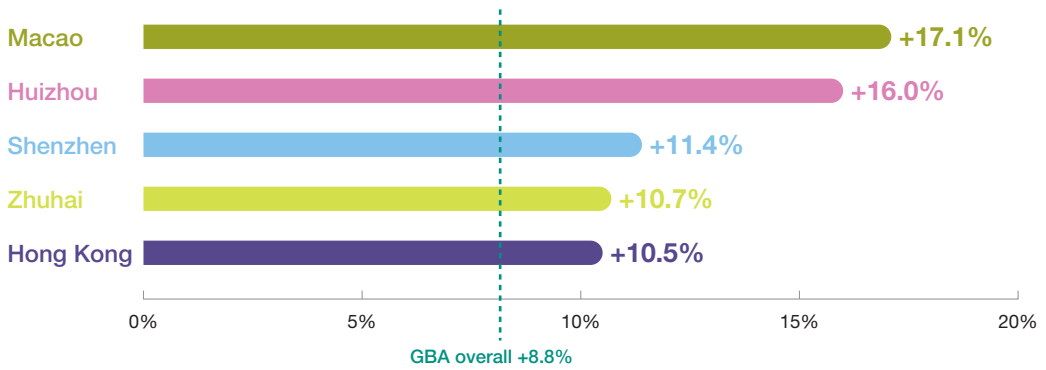
## Customs connectivity accelerates cross-border logistics

To facilitate the cross-border flow of goods in the GBA, a number of new policy measures have been announced in 2024. **In March, the Guangdong-Macao In-Depth Co-operation Zone in Hengqin officially began closed-loop customs operations**, meaning tariffs will be levied on only goods traveling from Hengqin to the Mainland, but goods traveling between Macao and Hengqin will be given bonded preferential tariffs. This effectively places Macao and Hengqin under the same tariff zone, thereby enhancing the flow of goods in-between—a crucial development for further Macao-Hengqin cooperation in industries such as high-end manufacturing and traditional Chinese medicine R&D. **In the same month, the “Guangdong-Hong Kong-Macao Three-Places-One-Lock Scheme” was**

**launched** to facilitate cross-city land transport. Cross-border lorries are fitted with a standardised GPS-enabled electronic lock approved by all three customs agencies, thus eliminating the need for multiple customs inspections, saving time and costs.

GBA cities are also actively exploring new modes of logistics transportation. At the end of 2023, **Hong Kong and Dongguan started a pilot scheme on “Sea-air Intermodal Cargo Transshipment”**. Cargoes exported from the Mainland can be pre-cleared for customs inspection in a designated logistics park in Dongguan, inspected and pre-packed for flight, and then shipped by river directly to the Hong Kong International Airport to be airlifted to destinations worldwide, thus substantially increasing the efficiency of transshipment. These measures will help improve inter-city connectivity and achieve smoother flow of goods within the region.

**Figure 4 High-growth cities in the GBA's Trade & Logistics industry**



**Industry makes quick post-pandemic recovery**

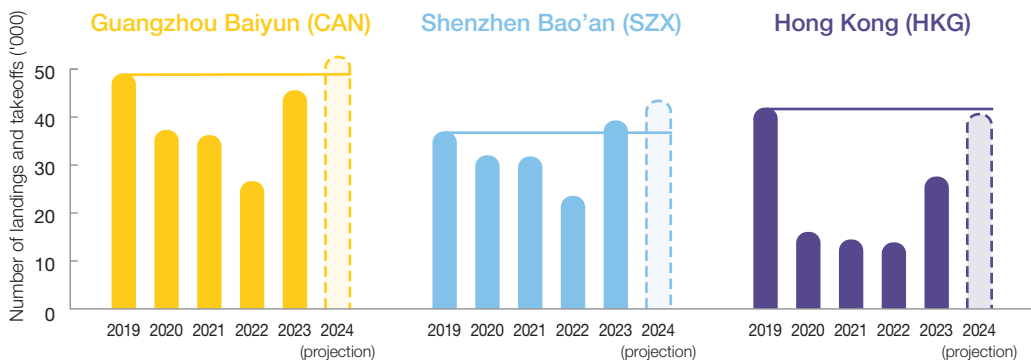
The industry in the GBA recorded 8.8% year-on-year growth in 2024, with the five leading cities boasting more than 10% (Figure 4). This is mainly due to the recovery of logistics businesses from the low of the pandemic.

Major airports in the area have largely recovered. **Flight volume has risen significantly, even surpassing pre-pandemic levels in some cities.** The surge in air transportation is the main contributing factor for the large performance growth in the industry. Projecting with 2024 H1 data, by year-end, the Guangzhou Baiyun Airport and the Shenzhen Bao'an Airport will see a 7% and 17% increase respectively in flight movements compared to 2019. Hong Kong's airport will also return to above 95% of its

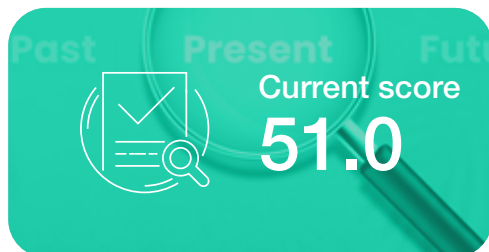
pre-pandemic level in terms of flight volume (Figure 5).

As economic conditions improve across the region, port activity has also picked up. All port cities in the GBA, with the exception of Hong Kong, recorded growth in port cargo throughput in 2023. Macao, Zhongshan, and Foshan boast increases of about 20% each. Hong Kong's maritime cargo throughput in recent years has been plagued by geopolitics and intensifying regional competition, leading to falling numbers in maritime shipment. But river cargo throughput via the Pearl River Delta has shown signs of growth thanks to the improving economy of mainland China. According to mid-year official figures, Hong Kong's river cargo throughput rose by 18% compared to the previous year, which may drive Hong Kong's overall port business performance in 2024 back from a decline.

**Figure 5 Air traffic movement in major GBA airports**



## Confidence Index



50 as the neutral threshold

### Post-pandemic industry outlook: a landscape of opportunities and challenges

The figures above show that the Trade & Logistics industry in the GBA has largely escaped the negative impacts of the pandemic. Similarly, **surveyed firms are cautiously optimistic, as reflected in the slightly higher future score (52.0) than the current score (51.0) of the Confidence Index.**

In addition, respondents identified the three biggest opportunities in 2025 as smart logistics (36.2%), digital trade (34.7%), and cross-border e-commerce (32.1%), reflecting a major trend of technological upgrading in the industry. On the other hand, most respondents cited fierce market competition (63.3%) and high logistics costs (52.8%) as the biggest challenges going forward. Although the industry has largely recovered from the pandemic, uncertainties such as geopolitical tensions, and conflicts in Ukraine and in the Middle East will likely continue to impose negative impacts.

To stand out from the competition, companies could explore ways to leverage technology to increase competitiveness. Local governments have been strengthening policy support for companies' technological transformation. For example, Zhuhai launched a new policy at the end of 2023 to provide subsidies of up to RMB 3 million to enterprises using smart logistics technology. Hong Kong has also optimised the "Pilot Subsidy Scheme for Third-party Logistics Service Providers" in 2024 by raising the size of subsidy to HKD 2 million and expanding its scope, so as to aid in the technological upgrading of the industry.



# Manufacturing

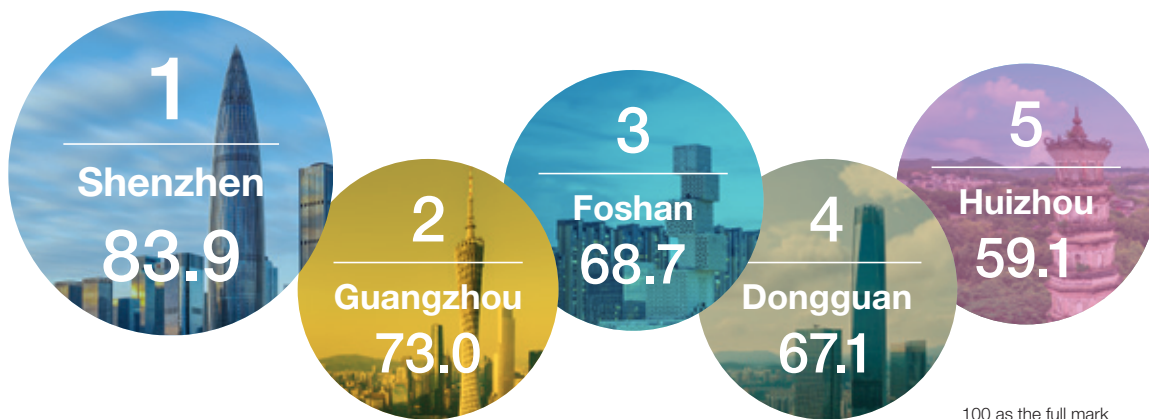
In response to the country's emphasis on high-quality manufacturing as a top priority for economic development, the Communiqué of the Third Plenary Session of the 20th CPC Central Committee stresses the need to establish a mechanism to maintain manufacturing's share in the national GDP. Currently, the GBA's Manufacturing industry is experiencing healthy growth, with increasingly diverse production technologies. Through strategic industrial positioning, cities are fostering diversified industry structures, enhancing competitiveness.

| Tier-1 Indicators                              | Tier-1 Indicator Weight | Tier-2 Indicators   |
|--|-------------------------|---|
| <b>1. Business Operations</b>                  | 13.6%                   | 1.1 Number of manufacturing enterprises<br>1.2 Operating income of manufacturing enterprises<br>1.3 Fixed assets investment in the manufacturing industry<br>1.4 Number of top manufacturing enterprises  |
| <b>2. Infrastructure &amp; Industry Talent</b> | 10.2%                   | 2.1 Number of industrial parks<br>2.2 Number of lighthouse factories<br>2.3 Rankings of top university industrial majors<br>2.4 Number of top universities  |
| <b>3. R&amp;D Environment</b>                  | 12.1%                   | 3.1 R&D expenditure of industrial enterprises<br>3.2 Number of R&D staff members in industrial enterprises<br>3.3 Number of new manufacturing patents   |
| <b>4. Traditional Manufacturing</b>            | 20.0%                   | 4.1 Value added of food products manufacturing<br>4.2 Value added of beverage & tobacco products manufacturing<br>4.3 Value added of textiles & wearing apparel manufacturing<br>4.4 Value added of paper products and printing manufacturing<br>4.5 Value added of rubber, plastics and non-metallic mineral products manufacturing<br>4.6 Value added of chemical products and pharmaceuticals manufacturing<br>4.7 Value added of metal products manufacturing |
| <b>5. Modern Manufacturing</b>                 | 15.6%                   | 5.1 Value added of advanced manufacturing<br>5.2 Value added of high-tech manufacturing<br>5.3 Number of new high-end equipment manufacturing patents<br>5.4 Number of top enterprises in strategic emerging industries   |
| <b>6. Upstream &amp; Downstream</b>            | 7.1%                    | 6.1 Number of quality assurance and technical services enterprises<br>6.2 Number of transportation, storage, and courier services enterprises   |
| <b>7. Economic Contribution</b>                | 11.4%                   | 7.1 Value added of the industry<br>7.2 Employment population of the industry<br>7.3 Market capitalisation of industry listed companies*   |
| <b>8. Policy Support</b>                       | 10.0%                   | 8.1 Overall policies  |

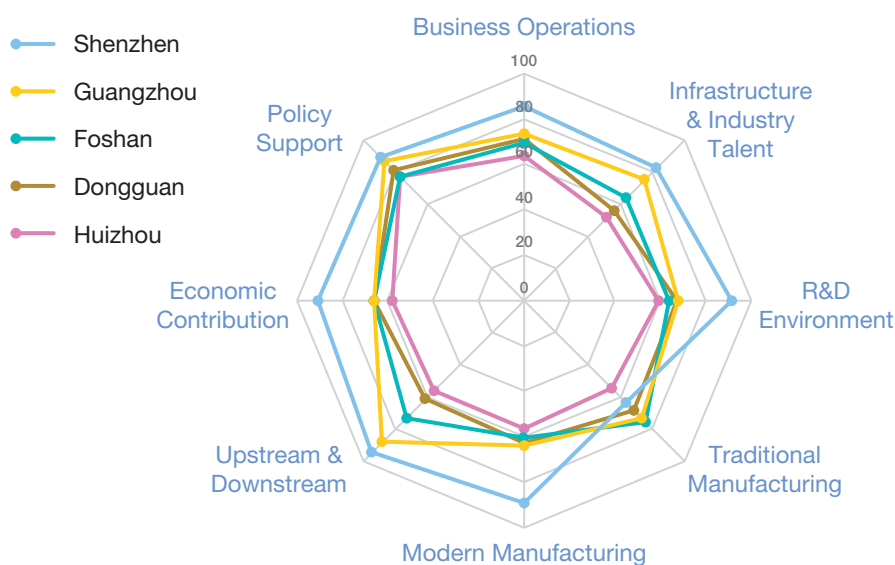
\* Based on the place of incorporation or principal place of business of the company



Figure 1 Leading cities in the GBA’s Manufacturing industry



100 as the full mark



### Cities focus on distinct development pathways

Among the top three manufacturing cities, **Shenzhen stands out in “Modern Manufacturing”, particularly in the manufacture of advanced electronic equipment and communication equipment.** The city has demonstrated strong innovation capability and market competitiveness in subsectors such as communication equipment and integrated circuits. Shenzhen-based giants such as Huawei and ZTE hold prominent positions

in the global communications equipment market, while internet giants such as Tencent and Huawei Cloud utilise their technologies of cloud computing and big data to support the manufacturing of communication equipment, further enhancing the industry ecosystem. In addition, Shenzhen exhibits strength in high-end equipment manufacturing, achieving notable advancements in leading-edge fields like aviation, aerospace, and satellite technology. In recent years, Shenzhen’s drone industry has experienced rapid growth, with DJI taking a leading global position, hence highlighting the city’s manufacturing prowess.

**Figure 2 Performance of leading cities in the GBA's Manufacturing industry**

| Tier-1 Indicators                | Shenzhen    | Guangzhou   | Foshan      | Dongguan    | Huizhou     |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Business Operations              | 85.5        | 73.2        | 69.6        | 71.2        | 63.5        |
| Infrastructure & Industry Talent | 82.4        | 75.0        | 64.0        | 56.1        | 51.8        |
| R&D Environment                  | 91.5        | 68.2        | 63.7        | 67.4        | 59.2        |
| Traditional Manufacturing        | 64.0        | 73.3        | 75.7        | 68.6        | 54.7        |
| Modern Manufacturing             | 89.5        | 63.9        | 60.7        | 62.9        | 56.7        |
| Upstream & Downstream            | 94.6        | 88.1        | 73.2        | 61.5        | 56.1        |
| Economic Contribution            | 90.8        | 66.2        | 65.8        | 66.2        | 57.9        |
| Policy Support                   | 89.2        | 87.1        | 76.6        | 80.8        | 76.6        |
| <b>Overall Score</b>             | <b>83.9</b> | <b>73.0</b> | <b>68.7</b> | <b>67.1</b> | <b>59.1</b> |

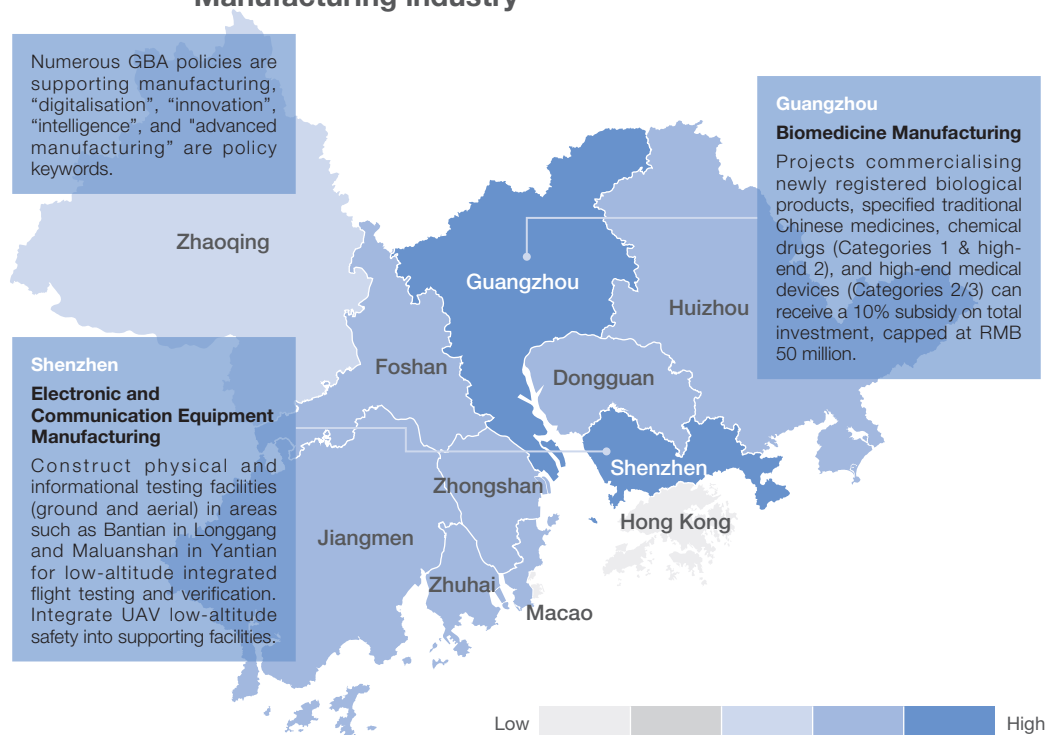
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**Guangzhou, another major manufacturing city in the GBA, excels in “Traditional Manufacturing” with a well-developed industrial chain. Moreover, its “Modern Manufacturing” is developing rapidly.** The city holds strong capability in equipment manufacturing, especially in the automobile manufacturing sector. In 2023, Guangzhou’s automobile production reached 3.18 million vehicles, ranking first in China for five consecutive years. Building on this traditional strength, Guangzhou actively promotes the development of new energy vehicles, aligning with the national modern industrial development strategy. The city has attracted brands such as Xpeng, GAC Aion, and Pony.ai to base in the city, solidifying China’s position as the world’s largest producer of electric vehicles. Furthermore, Guangzhou performs exceptionally in biomedical manufacturing. The formation of biomedical industrial clusters, such as Guangzhou Science City and Guangzhou International Bio Island, has gathered companies including BeiGene and Guangzhou Baiyunshan Pharmaceutical.

Foshan possesses a strong foundation in **Traditional Manufacturing**, with furniture and metal manufacturing playing crucial roles in its economy. Under the new trend of industrial modernisation, Foshan focuses on facilitating the smart transformation by integrating new technologies to upgrade traditional industries. Foshan enterprises, exemplified by Midea Group, have enhanced both production efficiency and product quality by utilising smart technologies.

In terms of **“Infrastructure & Industry Talent”**, Shenzhen, Guangzhou, and Foshan form a complementary structure. Shenzhen, with its strong innovation and R&D capabilities, is home to large number of experienced R&D personnel working in enterprises, providing creative power to the region. Guangzhou, leveraging its relatively abundant academic institutions and manufacturing-related educational resources, produces a large number of graduates skilled in fields such as industrial design. Meanwhile, Foshan, with its deep roots in traditional industries, attracts a substantial workforce skilled in mid- and downstream technical roles. Together, these cities provide a multi-tiered talent pool that supports the region’s industrial needs.

**Figure 3** Policy heatmap and examples for the GBA's Manufacturing industry



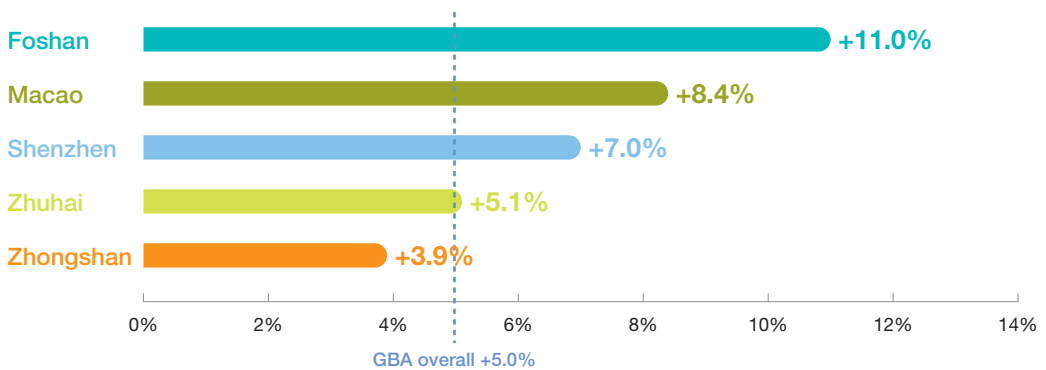
## Policies promoting modernisation rapidly drive industrial upgrades

Since the “National 14th Five-Year Plan” clearly outlined development goals for scientific research and advanced manufacturing, the GBA has actively implemented policies to accelerate industrial transformation and modernisation. **Over the past five years, Guangdong province and the GBA cities have issued over 300 policies related to manufacturing.** These include measures aimed at reducing manufacturing costs and promoting high-quality manufacturing development, as well as supporting smart upgrades, equipment modernisation, and green development through financial incentives and tax reductions.

Within the GBA, Shenzhen and Guangzhou lead in “**Policy Support**”, each with distinct focuses. Shenzhen’s policies, such as the action plan with a focus to develop ultra-fast broadband network, support the information and communication technology sector through initiatives like expanding 5G infrastructure and encouraging satellite applications. Guangzhou’s policies, such as those promoting high-quality development of the biomedical industry, encourage R&D of new medicine and medical device, fostering innovation and cluster development.

**With strong government support, the combined annual growth rate of advanced and high-tech manufacturing in the entire GBA reached 22%,** demonstrating a positive link between policy support and industrial growth. Going forward, the GBA cities may further refine their policies to align with their unique industrial strengths and developmental goals for continued progress.

**Figure 4 High-growth cities in the GBA's Manufacturing industry**



### Industry thrives, with multiple cities showing growth

The Manufacturing industry saw an overall growth of 5% (Figure 4) compared to 2023, with cities like Foshan, Macao, Shenzhen, Zhuhai, and Zhongshan leading in growth. Although some cities are not among the top 5 in terms of industry size, their growth are noteworthy. Zhuhai, for example, benefits from a unique “four superimposing zone” positioning, namely the GBA, the Modernised and Internationalised Special Economic Zone, The Hengqin New Area of Zhuhai in the China (Guangdong) Pilot Free Trade Zone, and the Guangdong-Macao In-Depth Cooperation Zone in Hengqin. Combined with municipal policies which encourage equipment upgrades and industrial investment, such as Zhuhai’s special funds for high-quality economic development (specifically for technological transformation), the city’s investment in manufacturing fixed asset has doubled to more than RMB 75 billion. Additionally, industrial enterprises in Zhuhai saw significant increases in R&D investment and personnel, growing by 12% and 24% respectively, far outpacing the GBA’s averages of 10% and 11% and reflecting Zhuhai’s strong momentum.

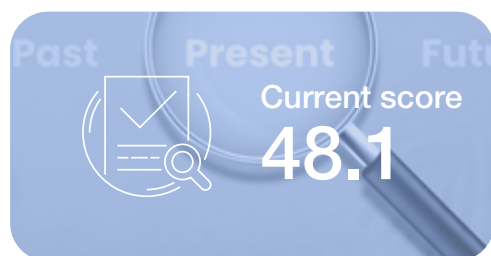
Examining other high-growth cities, **Shenzhen, Guangzhou, Foshan, and Zhongshan have each added a new “Lighthouse Factory” jointly selected by the World Economic Forum and McKinsey & Company, a designation for the most advanced factories globally**, of which there are only 172. Taking Foshan as an example, Midea Group’s Shunde microwave oven factory became the city’s second Lighthouse Factory, leveraging data analytics, smart manufacturing, and digital technologies to enhance both production efficiency and product quality, making it the world’s largest microwave production base. Similarly, Lighthouse Factories such as Foxconn’s Shenzhen factory, GAC Aion’s Panyu Factory, and Wistron’s Zhongshan Plant have also achieved intelligent manufacturing and digital transformation.

Furthermore, **the increasingly sophisticated “Upstream & Downstream” supply chain facilities further support its growth**. The growing number of quality assurance and technical services enterprises, in particular, has become another factor driving the industry’s growth. Additionally, with the rise of e-commerce, internationalisation, and better information flow, product safety and quality have become

core concerns. In 2023, the number of quality inspection service companies across the GBA's 11 cities increased by 29%, with Foshan doubling its count to 1,101 companies. This rapid growth in relevant enterprises not only provides quality assurance for consumers and businesses but also promotes the high-quality development of the GBA's Manufacturing industry.

“The number of companies engaged in quality assurance and technical service in the 11 cities of the GBA increased by **29%** compared to 2023.”

## Confidence Index



50 as the neutral threshold

## SMEs actively seek opportunities despite transformation challenges

In the GBA's Manufacturing industry, **the future score of the Confidence Index stands at 50.8, higher than the neutral 50.0 threshold, indicating optimism of enterprises towards their 2025 development.** Although manufacturing enterprises face numerous challenges on the path to transformation, there are plenty of opportunities ahead. The results of our industry survey shows that SMEs are more likely than larger firms to expect a reduction in staff next year, reflecting the pressure on SMEs in terms of cost control and operating expenses. However, such pressure has in turn prompt their search for new opportunities. With limited resources, nearly 30% of SMEs view industrial

transformation and upgrading as their greatest challenge. However, in the long run, 36.2% and 32.2% of respondents from manufacturing SMEs see service-oriented transformation and green manufacturing as their biggest opportunities, respectively. Successful transformation could bring significant benefits, including the ability to offer more customised, high-value services, thereby enhancing market competitiveness. In contrast, large enterprises, with their greater access to resources, capital, technology and talent, are better positioned to pursue industrial upgrades and transformation, thus gaining a competitive edge. Therefore, **SMEs need to actively explore suitable transformation paths, underpinned by supportive policies and market-driven initiatives,** to tackle future challenges and seize opportunities.

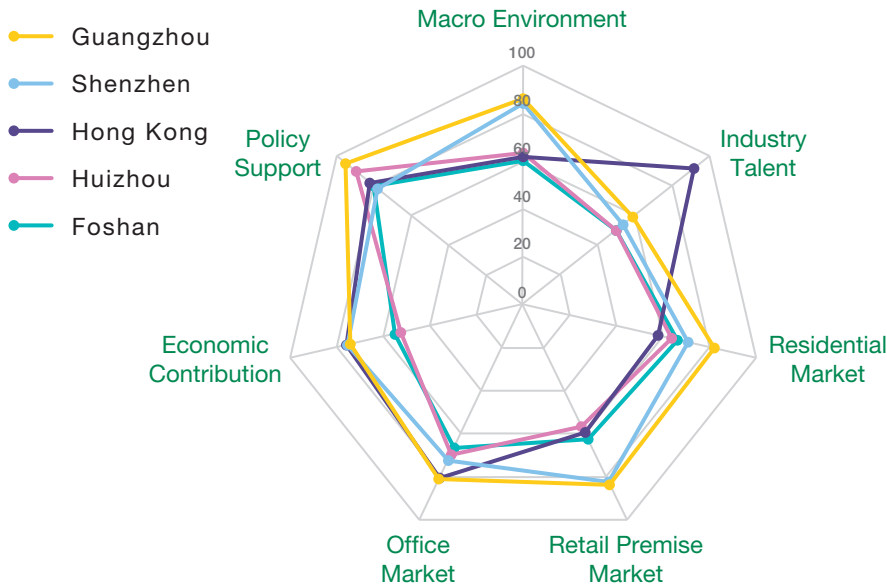
# Construction & Real Estate

The GBA's Construction & Real Estate industry is currently at a critical juncture of transformation and adjustment, facing the macroeconomic pressures. In September and October 2024, both the Central and municipal governments have relaxed a series of regulatory policies and provided policy support aimed at boosting market confidence and promoting sustainable growth. These policies not only focus on real estate market control but also encourage industry innovation and diversification. However, the effectiveness of these policies remains to be seen, particularly in core cities like Guangzhou, Shenzhen, and Hong Kong. Despite challenges, these cities have demonstrated resilience, and the future of the GBA's Construction & Real Estate industry, particularly under policy guidance for transformation and upgrading, will be a focal point for the industry.

| Tier-1 Indicators               | Tier-1 Indicator Weight | Tier-2 Indicators  |
|---------------------------------|-------------------------|--|
| <b>1. Macro Environment</b>     | 17.2%                   | 1.1 Number of construction & real estate enterprises<br>1.2 Investment in real estate development  |
| <b>2. Industry Talent</b>       | 12.7%                   | 2.1 Rankings of top university construction-related majors<br>2.2 Number of top universities   |
| <b>3. Residential Market</b>    | 21.0%                   | 3.1 Residential price change<br>3.2 Residential rental yield<br>3.3 Area of newly completed residential projects<br>3.4 Residential property sales |
| <b>4. Retail Premise Market</b> | 10.8%                   | 4.1 Retail premise rental change<br>4.2 Total retail sales of consumer goods   |
| <b>5. Office Market</b>         | 13.1%                   | 5.1 Office rental change<br>5.2 Office vacancy rate  |
| <b>6. Economic Contribution</b> | 15.2%                   | 6.1 Value added of the industry<br>6.2 Market capitalisation of industry listed companies  |
| <b>7. Policy Support</b>        | 10.0%                   | 7.1 Real estate regulation policies<br>7.2 Other policies  |

\* Based on the place of incorporation or principal place of business of the company

**Figure 1** Leading cities in the GBA's Construction & Real Estate industry



**Market shows volatility, while Guangzhou, Shenzhen, and Hong Kong demonstrate resilience**

The Construction & Real Estate industry in the GBA are extensive, with Guangzhou, Shenzhen, and Hong Kong being the top three cities in terms of scale and enterprise presence. These three

cities contribute 65% of the total value-added in the region's industry. Additionally, they have substantial housing demand due to their dense populations, with Guangzhou, Shenzhen, and Hong Kong hosting about 19 million, 18 million, and 7.3 million residents, respectively. At the same time, the per capita GDP of these three cities ranks among the top in the GBA. With rapid economic growth and a strong industrial



**Figure 2** Performance of leading cities in the GBA's Construction & Real Estate industry

| Tier-1 Indicators     | Guangzhou   | Shenzhen    | Hong Kong   | Huizhou     | Foshan      |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Macro Environment     | 86.5        | 84.4        | 62.1        | 63.5        | 60.2        |
| Industry Talent       | 58.7        | 53.7        | 91.6        | 50.0        | 50.0        |
| Residential Market    | 82.1        | 71.0        | 58.1        | 63.8        | 66.3        |
| Retail Premise Market | 83.6        | 82.4        | 59.5        | 56.6        | 62.6        |
| Office Market         | 81.1        | 72.3        | 80.5        | 69.8        | 66.6        |
| Economic Contribution | 74.3        | 75.3        | 76.0        | 52.7        | 55.0        |
| Policy Support        | 95.1        | 78.0        | 82.0        | 89.5        | 80.0        |
| <b>Overall Score</b>  | <b>80.0</b> | <b>73.8</b> | <b>71.2</b> | <b>62.9</b> | <b>62.5</b> |

100 as the full mark

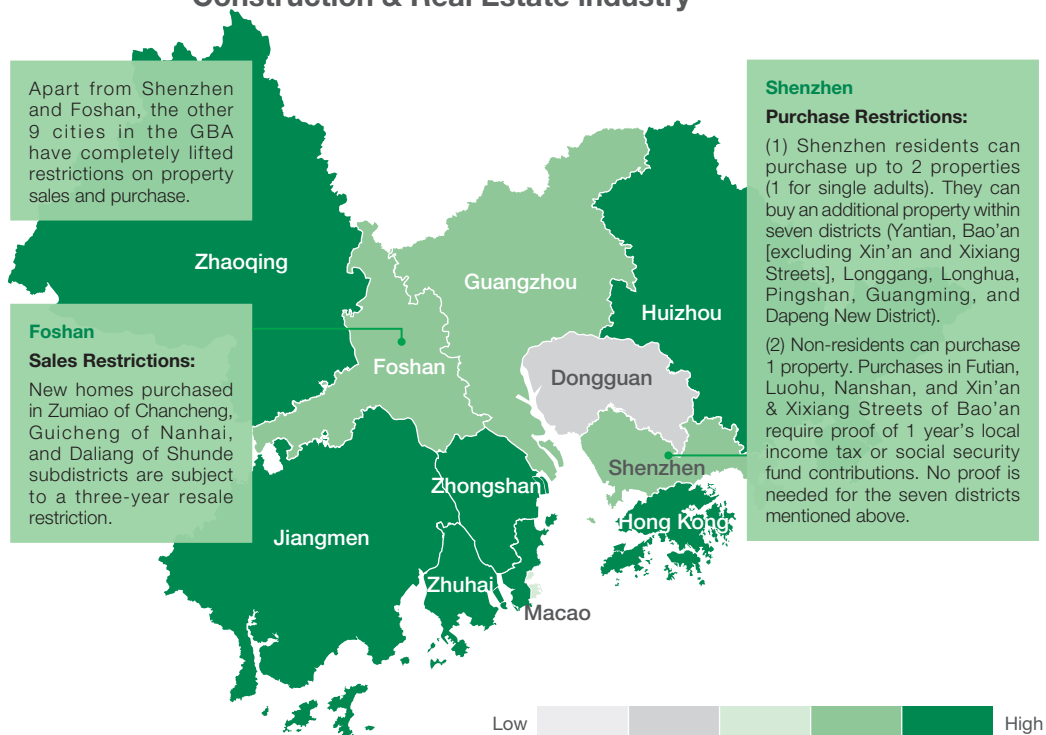
foundation, they have created ample employment opportunities. This has not only attracted a significant influx of population, but has also driven demand in the real estate market.

**The “Retail Premise Market” in Guangzhou and Shenzhen have been particularly strong, despite rental pressures. Both cities saw total retail sales of consumer goods exceeded RMB 1 trillion**, far above the GBA average of RMB 380 billion, indicating active consumption and frequent commercial activity. A Meituan report highlights that Guangzhou and Shenzhen have become the most popular destinations for Hong Kong residents “traveling north” for consumption. In the first quarter of 2024, the transaction volume of Hong Kong residents using the company’s platform for lifestyle services consumption in mainland China increased by 135% quarter-on-quarter. This growth is

supported by improved cross-border payment systems and transportation infrastructure within the GBA, such as high-speed rail, the Hong Kong-Zhuhai-Macao Bridge, and new border checkpoints, which continue to stimulate the retail market in these cities.

As for Hong Kong, the **“Office Market”** remains relatively stable within the GBA. **With a 16% vacancy rate—lower than the regional average of 33%—Hong Kong has seen smaller declines in rent.** However, the vacancy rate is still significantly higher than the 8% pre-pandemic level, likely due to the rise of AI and remote work, reducing demand for office space. Meanwhile, non-core office areas offer price advantages, which may attract businesses moving from core areas or downsizing, impacting the future of the office market.

**Figure 3** Performance of leading cities in the GBA's Construction & Real Estate industry



## Policy easing spurs recovery

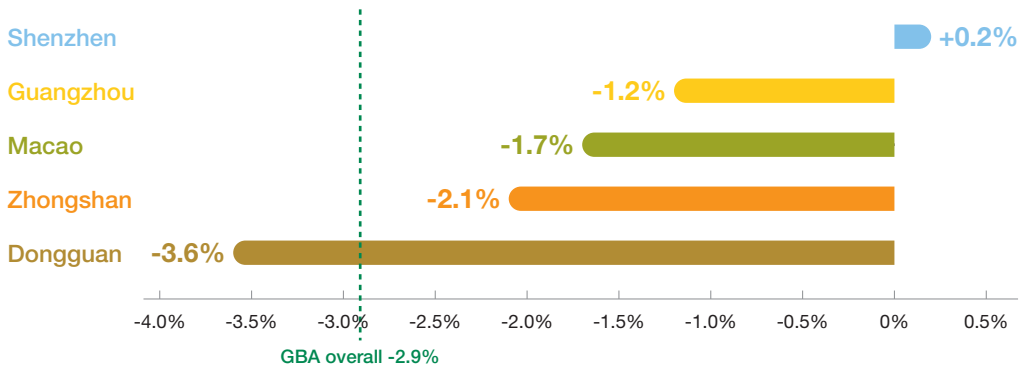
In 2024, the **Central and municipal governments implemented a series of extensive stimulus measures**, which include the complete removal of purchase and sales restrictions in cities like Guangzhou, Zhuhai, and Jiangmen, alongside lowering down payments to 15% and removing the interest rate floors. Even Shenzhen, historically known for stricter policies, eased purchase restrictions starting from October 1st, reducing down payment ratios and allowing local residents to purchase two properties, with the option to buy an additional property in seven other districts.<sup>1</sup> For non-Shenzhen residents, the purchase requirement was reduced from three years of continuous individual income tax or social security contributions to one year. The policy has been adjusted, but not abolished, to encourage the purchase of self-occupied property while preventing speculation.

Alongside these adjustments, governments also emphasised the industry's green development. The "National 14th Five-Year Plan" related to building energy conservation and green building development in Guangdong Province sets out the objectives to improve building's energy efficiency and promote the use of green building materials. Cities like Guangzhou and Zhuhai have also introduced relevant policies. Guangzhou increased housing provident fund loan amounts for green building purchases, while Zhuhai streamlined approval processes for projects using low-carbon or new construction methods.

Overall, **the sector is facing the impacts of macroeconomic cycles. The relaxation of regulatory policies aims at boosting market confidence and purchasing desire, thus promoting industry recovery.** Supportive policies, such as those promoting green development, are injecting new vitality into the sector.

<sup>1</sup> Within the areas of Yantian District, Bao'an District (excluding Xin'an Subdistrict and Xixiang Subdistrict), Longgang District, Longhua District, Pingshan District, Guangming District, and Dapeng New District

**Figure 4** High-growth cities in the GBA's  
Construction & Real Estate industry



### Policies show initial effectiveness, market confidence gradually increases

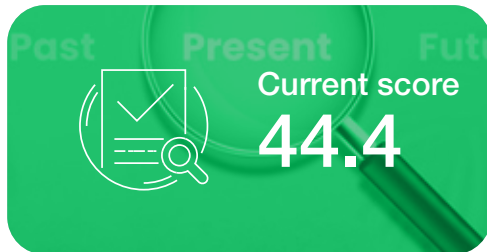
In recent years, the Construction & Real Estate industry across the 11 GBA cities have faced significant challenges. **Against the backdrop of a weaker economic environment and market sentiment, the sector's growth rate has notably slowed.** According to the GBA Industry Development Index, the sector's growth rate declined to -2.9% (Figure 4) in 2024, making it the only sector among six to experience negative growth. In particular, real estate development investment, the core driver of the industry, saw a year-on-year decrease of 17%. This figure reflects the more cautious approach adopted by real-estate developers and highlights the magnitude of the market correction. Furthermore, price-related indicators further underscore the weakening demand, with average residential prices, retail rents, and office rents declining by 7.6%, 3.8%, and 3.4%, respectively.

The development of the real estate market is intertwined with government regulatory policies, which not only influence corporate decision-making but also play a crucial role in guiding industry's recovery. Recently, municipal governments have eased policies, and these measures have begun

to show preliminary positive effects. For instance, in cities such as Shenzhen, Guangzhou, Zhuhai, and Hong Kong, the annual growth rate of market capitalisation for construction and real estate companies has shifted from negative to positive, and stock market activity has picked up, indicating signs of improving market confidence. However, the long-term impact of these policies on the real economy and the real estate market remains to be seen.

As China continues to advance, the structure of its economy is expected to become increasingly diversified. **The Construction & Real Estate industry is expected to place greater emphasis on green and smart construction**, thereby improving the overall efficiency of the building and construction cycle. The diversification and upgrading of the economic structure are key strategies to effectively mitigate market risks and achieve sustainable development. The GBA should seize this opportunity and actively promote the development of the I&T industry and other emerging sectors, hence building a more diversified economic engine. This will not only help alleviate the current pressures on the real estate market but also lay a solid foundation for the long-term prosperity and sustainable development of the GBA.

## Confidence Index



50 as the neutral threshold



### Industry confidence improves while opportunities and challenges coexist

The future score of the Confidence Index for the Construction & Real Estate industry in the GBA stands at 45.3, below the neutral 50.0 threshold, indicating an overall sense of pessimism within the sector. However, compared to the current score of 44.4, **the future score reflects that the most pessimistic time has possibly passed. In spite of challenges, the industry shows resilience and is actively seeking opportunities.**

Regarding challenges, both SMEs and large enterprises face three interrelated hurdles. According to survey results, over half of the respondents identify weak buyer confidence as the biggest challenge facing the industry. This is directly impacting the cash flow returns of long-term, high-investment projects. Consequently, unstable cash flow has emerged as the second largest challenge, with 35.4% of companies highlighting it as a concern. Furthermore, with rising costs of raw materials and labour, 31% of enterprises feel the pressure from increased construction costs, which is squeezing the profit margins to certain extent. If these costs are passed on to buyers through higher prices, it could further dampen demand, compelling companies to focus more on efficiency improvements and cost-control strategies.

Despite these challenges, businesses are actively exploring new opportunities. One key area of focus is property technology (proptech), which 35.9% of SMEs and 42.4% of large companies view as their biggest opportunity. As technology

continues to evolve, intelligent and digital solutions are bringing new development opportunities to the industry. In the future, the application of proptech is expected to enhance the efficiency and quality across the sector while reducing construction and energy costs.

At the same time, 40.4% of SMEs consider policy support and incentives as their greatest opportunities, reflecting their reliance on government aid in navigating market competition and weak demand. Measures such as tax incentives and financial subsidies can provide substantial assistance to SMEs, helping them to grow and overcome current market challenges.

These challenges not only test the adaptability and innovation capability of enterprises but also provide opportunities for the sector to undergo upgrading. In this context, **urban renewal and redevelopment, as well as sustainable and green building, demonstrate immense potential.** With the acceleration of urbanisation and the rise of environmental awareness, adopting low-carbon construction methods, such as Modular Integrated Construction (MiC) and low-carbon bricks, is expected to unlock further growth in these sectors. These innovations will propel the Construction & Real Estate industry towards a greener and more efficient future.

**“ 38% of the companies surveyed believe real estate technology is the biggest industry opportunity. ”**



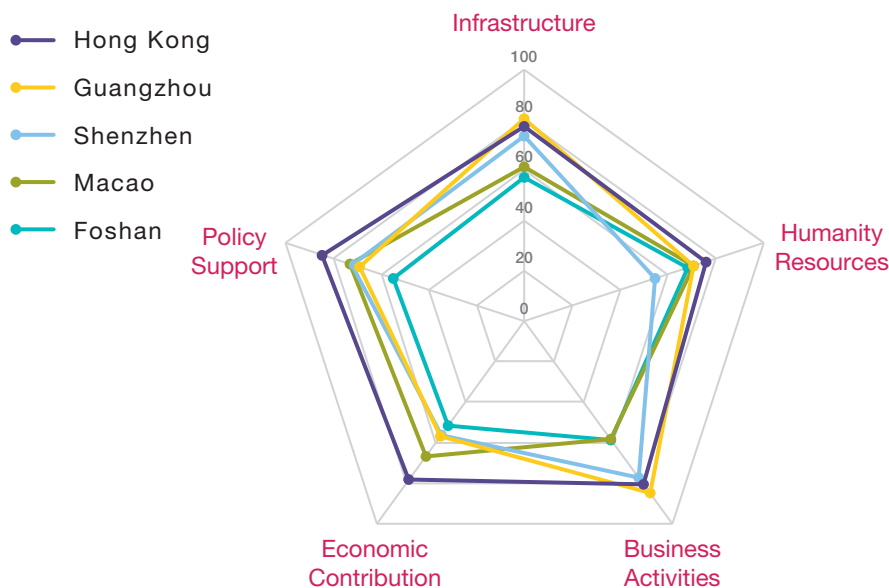
# Culture, Sports & Tourism

The Culture, Sports & Tourism (CST) industry is a key driver for GBA development. Tourism requires diverse content, which culture and sports can provide. Visitors' engagement in cultural and sports activities can contribute to the industrialisation of culture and sports. The objectives of “Jointly Developing a Cultured Bay Area” and “Building a Bay Area for Leisure”, as laid out in the *GBA Outline Development Plan*, are guiding vision for the promotion of the CST industry, positioning the GBA as an exchange hub for culture of the East and the West, and as a world-class tourist destination.

| Tier-1 Indicators               | Tier-1 Indicator Weight | Tier-2 Indicators   |
|---------------------------------|-------------------------|---|
| <b>1. Infrastructure</b>        | <b>27.4%</b>            | 1.1 Number of cultural venues<br>1.2 Number of museums<br>1.3 Maximum sports stadium capacity<br>1.4 Number of featured stadiums<br>1.5 Number of airport destinations<br>1.6 Number of high-speed rail stations<br>1.7 Number of cruise terminals  |
| <b>2. Humanity Resources</b>    | <b>14.9%</b>            | 2.1 Number of World Heritage Sites<br>2.2 Number of world intangible cultural heritage<br>2.3 Number of national intangible cultural heritage<br>2.4 Number of local intangible cultural heritage<br>2.5 Number of declared monuments   |
| <b>3. Business Activities</b>   | <b>41.3%</b>            | 3.1 Number of lots included in auctions<br>3.2 Number of galleries<br>3.3 Movie box office<br>3.4 Number of major games organised<br>3.5 Number of hotel and guesthouse rooms<br>3.6 Number of luxury hotels<br>3.7 Number of restaurants on gourmet lists<br>3.8 Number of theme parks<br>3.9 Number of overnight visitors<br>3.10 Total tourism revenue |
| <b>4. Economic Contribution</b> | <b>6.4%</b>             | 4.1 Value added of the industry<br>4.2 Market capitalisation of industry listed companies*  |
| <b>5. Policy Support</b>        | <b>10.0%</b>            | 5.1 Cultural policies<br>5.2 Sports policies<br>5.3 Tourism policies<br>5.4 Visa policies   |

\* Based on the place of incorporation or principal place of business of the company

**Figure 1** Leading cities in the GBA’s CST industry



### Continuous integration and development of CST Industry in the GBA: a new growth driver

Overall, Hong Kong ranks at the top, particularly excelling in “**Humanity Resources**”, “**Economic Contribution**”, and “**Policy Support**” (Figure 1). Guangzhou follows in second place, leading in “**Infrastructure**” and “**Business Activities**”.

The Hong Kong government is vigorously promoting mega event economy to solidify the city's status as the centre of mega international sports event. Hong Kong hosts the most large-scale events among all the cities, expecting to showcase its vibrancy and generate significant economic benefits.<sup>2</sup> In 2024, Hong Kong has held and plans to hold over 40 major sports events,<sup>3</sup> including the Cathay/HSBC Hong Kong Sevens, the Prudential Hong Kong Tennis Open, the Asian

2 It is roughly estimated that every 1.5 million tourists can contribute to around 0.1 percentage point of growth in Gross Domestic Product

3 Including “M” Mark Events listed by the Major Sports Events Committee and Major Local International Events listed by the Leisure and Cultural Services Department

**Figure 2** Performance of leading cities in the GBA's CST industry

| Tier-1 Indicators     | Hong Kong   | Guangzhou   | Shenzhen    | Macao       | Foshan      |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Macro Environment     | 77.5        | 80.3        | 73.7        | 61.4        | 57.2        |
| Humanity Resources    | 75.9        | 70.6        | 54.6        | 70.6        | 68.3        |
| Business Activities   | 80.7        | 84.9        | 77.4        | 58.4        | 58.7        |
| Economic Contribution | 78.2        | 57.0        | 56.3        | 66.6        | 51.6        |
| Policy Support        | 84.6        | 68.9        | 72.3        | 73.2        | 55.1        |
| <b>Overall Score</b>  | <b>79.4</b> | <b>78.1</b> | <b>71.2</b> | <b>63.1</b> | <b>58.9</b> |

100 as the full mark

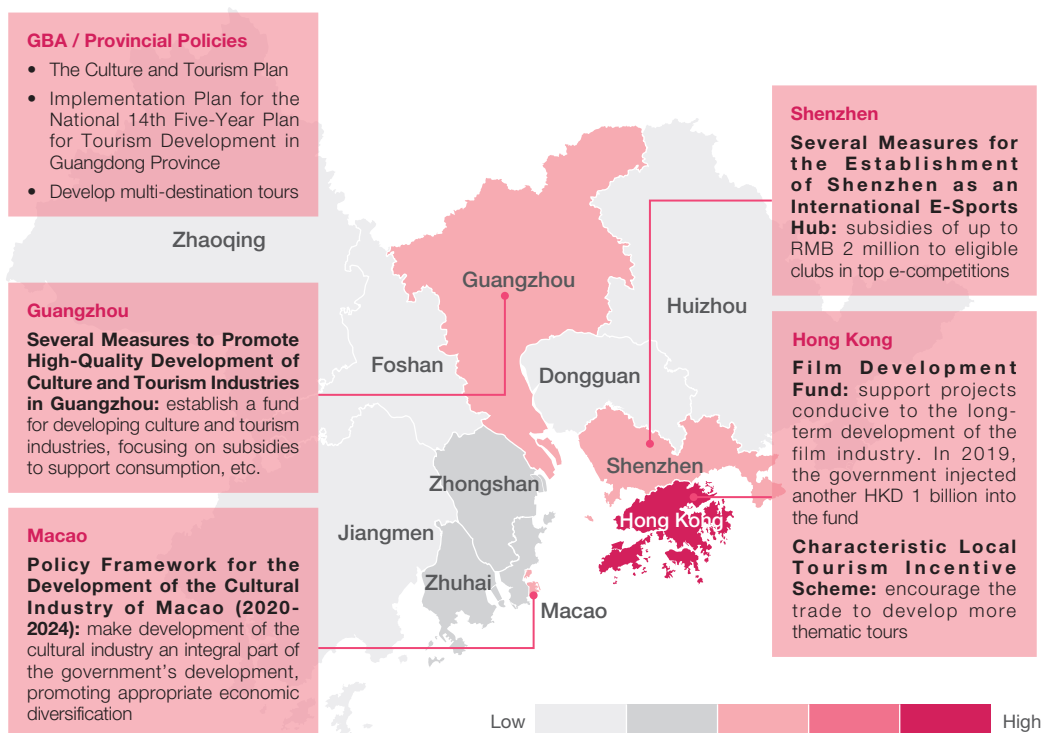
Open Figure Skating Trophy, the Asian Dragon Boat Championships, etc. The government is also actively working to develop Hong Kong into an East-meets-West centre for international cultural exchange. As an international art market on par with New York and London, Hong Kong leads in auction lots among GBA cities, with over 48,000 items auctioned in 2023—twice that of second-ranked Guangzhou. Additionally, Hong Kong received the highest score in **“Humanity Resources”** (Figure 2). The government is committed to protecting, preserving, and promoting the city’s intangible cultural heritage. The first Intangible Cultural Heritage Inventory of Hong Kong launched in 2014 covers 480 items, more than any other city in the GBA in terms of similar items.

As a city with long history and a centre of Lingnan culture, Guangzhou ranks second. **In terms of “Infrastructure” and “Business Activities”, Guangzhou’s CST industry received the highest scores among those in the GBA cities.** Guangzhou leads in the numbers of museums, hotel and guesthouse rooms, and overnight visitors. Statistics indicate that Guangzhou has

69 museums and around 300,000 hotel rooms—both three times or more than those in Hong Kong. In the same year, Guangzhou received close to 50 million overnight visitors, the highest among GBA cities, accounting for 30% of the total.

Shenzhen has active **“Business Activities”**, continuously developing new CST models. **Shenzhen shows strong consumer power in the CST industry, ranking first in movie box office revenue and matching Guangzhou in total tourism revenue.** In 2023, Shenzhen’s movie box office and tourism revenue reached RMB 1.8 billion and RMB 116 billion respectively. On the other hand, **Macao relies on its gaming tourism industry as its main economic engine, with its cultural and tourism-related listed companies ranking first in market capitalisation, reflecting its “Economic Contribution”** (Figure 2). As at end-September 2024, the market capitalisation of Macao’s listed cultural and tourism companies (such as SJM Holdings, Wynn Macau, and Galaxy Entertainment Group) reached RMB 445 billion, which is around 8 times that of Hong Kong.



**Figure 3** Policy heatmap and examples for the GBA's CST industry

## Strengthening policy planning and efforts to promote coordinated development of CST in the GBA

The “National 14th Five-Year Plan” emphasises integration and development of culture and tourism, and enhancing tourism consumption experience. **It supports Hong Kong in developing into an East-meets-West centre for international cultural exchange and Macao in becoming a world centre of tourism and leisure.** The *Culture and Tourism Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (Culture and Tourism Plan)* promulgated in 2020, proposed directions for the GBA’s cultural and tourism development.

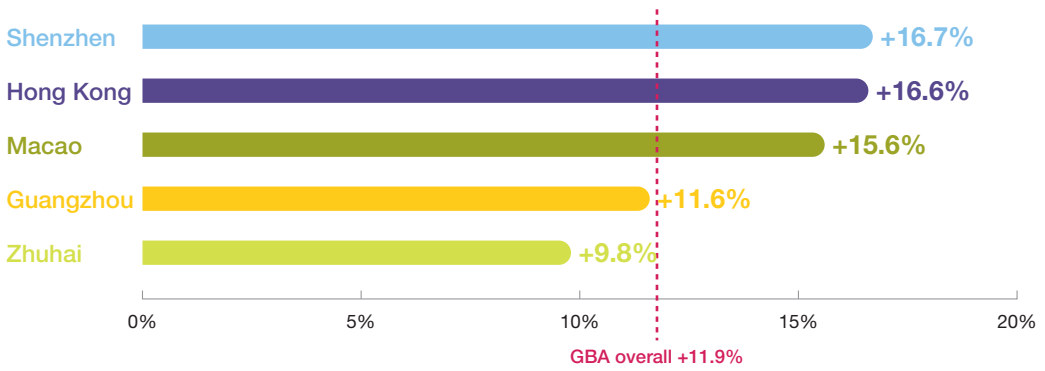
Cities ranked at the top stood out in **“Policy Support”** (Figure 2). In 2022, the Hong Kong government established the Culture, Sports

and Tourism Bureau to coordinate CST affairs. It has implemented measures in the “Building a Bay Area for Leisure” chapter of the *Culture and Tourism Plan*, such as developing cruise tourism.

The Macao government aims to develop Macao into a world centre of tourism and leisure. Thus, the government is developing the “Tourism Plus” model to facilitate cross-sector integration with creative industries and sports and promoting appropriate economic diversification.

Shenzhen’s sports industry has the strongest **“Policy Support”**. The Shenzhen government has promoted innovative sports development and announced the “Several Measures for the Establishment of Shenzhen as an International E-Sports Hub” last year, proposing the introduction of e-sports events. This includes providing subsidies of up to RMB 8 million for qualifying high-level international e-sports events held in Shenzhen.

**Figure 4 High-growth cities in the GBA's CST industry**



### Post-pandemic recovery of CST business activities

**The overall development of the CST industry in the GBA has increased by 11.9% compared to that in 2023, making it the fastest-growing amongst the six industries** (Figure 4). Overall, the reasons for growth in each city differ, while the recovery of **“Business Activities”** has significantly contributed to the growth performance in the CST sector of GBA cities. With the resumption of comprehensive customs clearance in 2023, various activities in the CST industry, such as participating in auctions, watching movies in cinemas, and holding large-scale sports events, are showing signs of recovery.

**The increase in the number of major games organised has made the greatest contribution to the growth of Hong Kong's CST industry.** In 2023, due to the global COVID-19 pandemic, Hong Kong's tourism industry was one of the hardest-hit sectors. With the resumption of normal travel, several major sports events were held in Hong Kong, with the number of events tripling. The number of overnight visitors to Hong Kong surged from 570,000 to around 17 million. During the seven-day National Day Golden Week in 2024,

the Immigration Department recorded a total of around 1.4 million visitors coming to Hong Kong through various sea, land, and air control points. The number recorded on National Day (October 1) reached a daily record high since the post-pandemic full opening of the borders. During the five-day Labour Day Golden Week of the Mainland in 2024, around 770,000 mainland visitors were recorded.

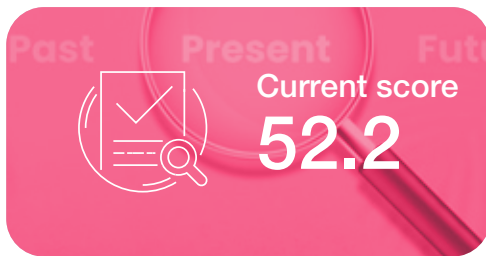
**In Shenzhen, growth was primarily driven by increases in movie box office and the number of hotel and guesthouse rooms.** Among these, movie box office contributed considerably to Shenzhen's growth. Two cinemas in Shenzhen ranked first and second in the annual box office

“ **The overall development of the CST industry has increased by **11.9%** compared to that in 2023, making it the fastest-growing among the six industries.** ”

among cinemas nationwide, surpassing other cities. In 2023, Shenzhen's total box office reached around RMB 1.8 billion, the highest in the GBA, while its total cinema attendance was about 37 million, accounting for 24% of Guangdong Province. The latest statistics show that the number of hotel and guesthouse rooms in Shenzhen has significantly increased to nearly 290,000, representing an approximate threefold growth.

**Macao's growth is mainly led by an increase in the number of restaurants on the gourmet lists.**<sup>4</sup> The latest data show that the number of restaurants in Macao included in the gourmet lists has increased from 56 to 96, an increase of 71%. The new restaurants on the list cover Cantonese, Portuguese, Japanese, and Southeast Asian cuisines and include restaurants of different segments.

## Confidence Index



50 as the neutral threshold

### Confidence in the CST industry: optimistic views on current status and future

**The high growth rate of the CST industry provides strong support for industry confidence.** Survey results indicate that respondents from the CST industry generally hold optimistic views about both the current situation and the upcoming year.

Respondents rated above the neutral 50 threshold in all three sub-categories of the Confidence Index, namely the city's economic conditions, level of business activities of enterprises, and number of employees of enterprises. Both the two scores are higher than the GBA's overall figures. In addition, they showed greater optimism to the future, with the highest future score and the widest distance between future and current scores among the six

industries. This reflects their expectation of the continued expansion of the industry in the future.

In terms of opportunities, respondents identified the most important factors as **market size expansion (54.9%)** and **operational cost advantages (44.4%)**. Besides, the biggest challenges include **intense market competition (68.1%)** and **weak market demand (55.6%)**. To capitalise on these opportunities, the industry could focus on enhancing product differentiation, leveraging the unique strengths of each city in the GBA, and improving service standards. In response to current market challenges, governments in the GBA could improve infrastructure for cultural and sports activities, host mega events, and promote characteristic products such as eco-tourism and cultural tourism, adopting a multi-faceted approach to drive the sustained development of the industry.

4 Statistics include the number of restaurants selected for Michelin Star Ratings (1, 2, 3 Stars + Bib Gourmand + Selected Restaurants), Meituan Black Pearl Restaurants, and Popular Recommendations from Dazhong Dianping

# Hong Kong's Positioning and Direction

As one of the four core cities in the GBA, Hong Kong has mature traditional industries. The “National 14th Five-Year Plan” has clearly established Hong Kong’s new positioning as the “eight-centres”. The development stages and paces of Hong Kong’s six key industries vary. Based on the opportunities and challenges faced by each industry, they can be roughly divided into the following three categories.

## Traditional strength industries

### Financial Services



Ranking

82.6 / 100



Overall Score

### Trade & Logistics



Ranking

83.0 / 100



Overall Score

Hong Kong ranked the first in both the above industries. The city has maintained its position as the GBA’s financial and trade centre, demonstrating a faster-than-average growth in these industries. To solidify its advantages and enhance its competitiveness, Hong Kong must continue its internationalisation efforts, strengthen interconnectivity with the Mainland, and prioritise green and smart initiatives. As far as the **Financial Services** industry is concerned, the Government Sustainable Bond Programme (formerly known as the Government Green Bond Programme) launched in 2018 and Hong Kong Stock Exchange’s international carbon credit trading platform Core Climate introduced in 2022 demonstrate the government’s commitment to developing green finance. Looking ahead, as the international carbon credit standards differ from those used in mainland China, Hong Kong can develop standards that are recognised both domestically and internationally. In the respect of the **Trade & Logistics** industry Hong Kong can step up efforts to develop green shipping, while improving liquefied natural gas bunkering facilities to provide safe and efficient fuel supply for low-emission vessels. Various aspects of container terminal operations can also be automated, such as the introduction of self-driving vehicles and remote-controlled cranes, to improve operational efficiency and ensure worker safety.

## Key strategic industries

### Innovation & Technology



Ranking

65.9 / 100



Overall Score

### Culture, Sports & Tourism



Ranking

79.4 / 100



Overall Score

While these sectors represent a relatively small portion of Hong Kong's overall GDP, the government has been actively promoting their development to increase their economic significance. In the **Innovation & Technology** industry, the government has published the *Hong Kong I&T Development Blueprint*, which sets out several medium-to-long-term goals, such as doubling the local R&D expenditure as a percentage of GDP from 0.99% in 2022 to 2% in 2032, demonstrating the government's commitment to the industry. For the **Culture, Sports & Tourism** industry, the government is promoting a mega events economy to attract visitors and stimulate consumption and has put together a calendar of mega events for the industry and tourists. The government has set up a Mega Events Coordination Group to proactively liaise with event organisers. The thriving development of this industry not only benefits itself but also has spillover effects that can boost the overall economy, including retail and catering.

## Challenges

### Construction & Real Estate



Ranking

71.2 / 100



Overall Score

### Manufacturing



Ranking

57.9 / 100



Overall Score

These two industries in Hong Kong have faced headwinds for different reasons, experiencing slight negative growth in 2024. The **Construction & Real Estate** industry has been significantly impacted by macroeconomic factors such as interest rate trends, the pace of economic recovery, demographic changes, and market confidence, leading to a slowdown in transactions. However, as the United States enters a rate-cutting cycle and the Mainland introduces economic stimulus measures, the real estate market may be stabilised. On the other hand, Hong Kong's **Manufacturing** industry has been in decline for years due to the relocation of factories to the Mainland. In 2022, manufacturing accounted for only 1% of Hong Kong's GDP. The high cost of land and labour in Hong Kong seems to hinder the prospects of reindustrialisation. However, smart manufacturing can help address the challenges. For example, the Hong Kong Productivity Council has been a key driver of industrial upgrading and transformation, providing funding and technical support for advanced manufacturing projects. If the government strengthens support and continues these promotion, it is not insurmountable to increase manufacturing's contribution of Hong Kong's GDP to 5% by 2032, as the goal set by the government.

# Conclusion

Most of the 6 key industries have seen positive growth in 2024, this is invigorated by the fact that the 11 GBA cities each has unique roles and comparative advantages. Within any particular industry, the 11 cities also demonstrate distinctive strength and positioning in the value chain and sub-sectors, forming a complementarity that underscores the region's integral development. To best grasp the opportunities presented by the concerted development of the GBA, businesses can study the attributes of the cities as analysed in the Index when conducting strategic planning and devising operational strategies, such as establishing R&D bases, recruiting talent, and building production lines.

On the other aspect, in their effort to attract investment and develop industries, local GBA governments can take into consideration of business factors that are imperative to enterprises. According to the survey, when selecting a GBA city to invest or expand businesses, in addition to economic prospects, enterprises attach great importance to factors such as policy support, the level of technological development, and the development of upstream and downstream industries. Therefore, the GBA governments can tailor their support to best respond to enterprises' needs—this can be done by enhancing cross-border flow of market information and data, encouraging industrial upgrading and transformation, and improving inter-city cooperation and connectivity. With these, it is possible to create a more business-friendly environment for enterprises, shaping and fostering a brighter future for the GBA.

For more data, analysis or digital reports, please visit the following webpage:



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Our Hong Kong Foundation (OHKF) is a non-government, non-profit organisation founded in November 2014 by Honorary Chairman Mr Tung Chee-hwa, former Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference and former Chief Executive of Hong Kong SAR. OHKF aims to contribute to Hong Kong's prosperity and stability as well as its sustainable development under the "One Country, Two Systems" principle. The Foundation has three operating units: the Public Policy Institute that focuses on public policy research, advocacy, and engagement as a think tank; the Academy of Chinese Studies that promotes traditional Chinese culture and tells the stories of China today, and Hong Kong Chronicles Institute that produces a book series about Hong Kong's development over time for preserving history and educating the people.



Dah Sing Bank, Limited (the "Bank") is a wholly-owned subsidiary of Dah Sing Banking Group (HKG:2356). Founded in Hong Kong over 75 years ago, the Bank has been providing quality banking products and services to its customers with a vision to be "The Local Bank with a Personal Touch". Over the years, the Bank has been rigorous in delivering on its brand tagline to grow with its customers in Hong Kong, the Greater Bay Area and beyond – "Together We Progress and Prosper".

In addition to its Hong Kong banking operations, the Bank has wholly-owned subsidiaries including Dah Sing Bank (China) Limited, Banco Comercial de Macau, S.A., and OK Finance Limited. It is also a strategic shareholder of Bank of Chongqing with a shareholding of about 13%. Dah Sing Bank and its subsidiaries now have 64 operating locations in Hong Kong, Macau and Mainland China.



# Data Processing and Calculation Methods

## 1. Standardisation of data

To address the issue of differing measurement scales, where significant differences exist in dimensions or units among various characteristics within the same data series, this report applies min-max normalisation to each dataset. This method standardises the scores of the evaluated cities to a range of [0, 1], ensuring comparability and consistency among different indicators. Additionally, since the nine cities in Guangdong and the Hong Kong and Macao Special Administrative Regions use different legal currencies, all currency units are converted to RMB based on the average exchange rate for the year.

$$Y_{aj}^n = \frac{X_{aj} - X_{min}}{X_{max} - X_{min}}$$

$X_{aj}$ : Secondary indicator data for city “J” at time “a”

$Y_{aj}$ : Final score for city “J” at time “a”

## 2. Dummy variables

A small portion of the secondary indicators is measured using dummy variables. For example, in the Trade & Logistics industry, the indicator for “International Maritime Arbitration Centre” scores 1 if a city is such a centre, and 0 if it is not.

## 3. Solutions for missing data

In the event of missing data, the research team would adopt three methods of solutions. The first method is to use the Compound Annual Growth Rate (CAGR) to estimate the data for the most recent year, provided that there is available historical data for the indicator and at least six of the eleven cities in the Greater Bay Area have data for that year. If the first method is not applicable, the research team would turn to the second solution—estimating based on economic or social indicators. For example, if the research team have access to overall high-net-worth population data for the Greater Bay Area or Guangdong Province but some city-level data is missing, the research team would estimate based on the GDP or total population share of those cities. If neither of the first two methods is applicable, the research team would proceed to the third method—weight reallocation. When calculating the final score for cities with missing data, the research team would reallocate the weight of the missing secondary indicators based on the proportional relationship of the other secondary indicators within the same primary indicator.

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