



OUR HONG KONG  
FOUNDATION  
團結香港基金

## Developing Hong Kong into an International Education Hub

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# Introduction

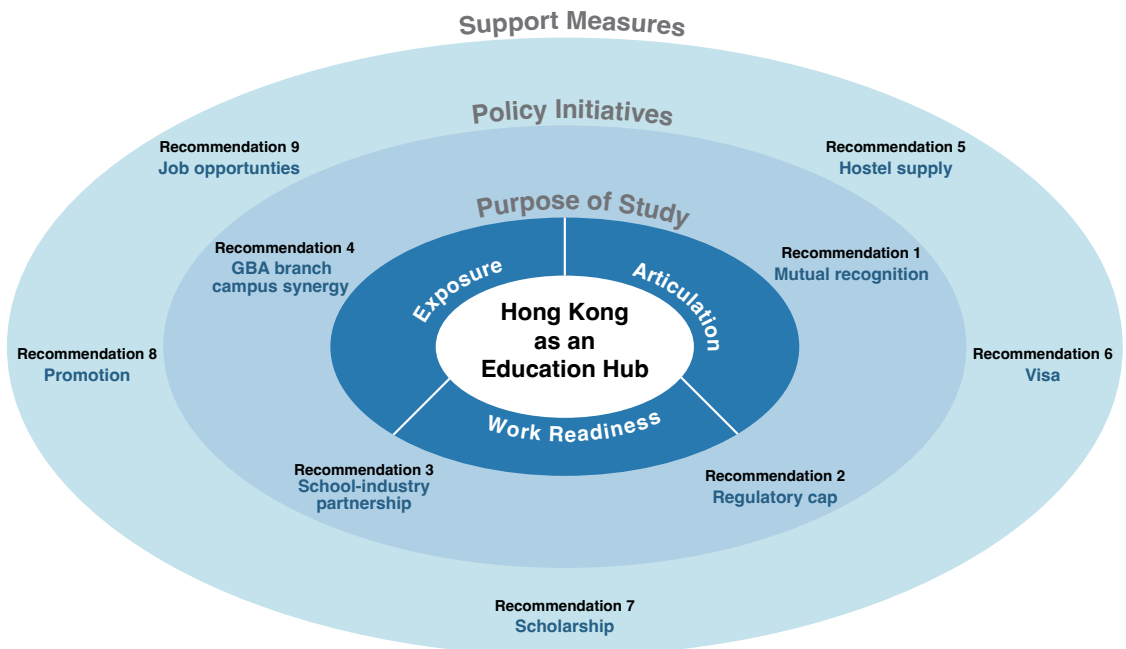
As the global socioeconomic transformation gathers pace, the role of education in society has gone from merely providing basic education to gearing talent, cultural, and economic development. The discussion of international education hub has therefore become more prevalent; in fact, in 2020, education services contributed to a significant portion of GDP in places like Australia (5.2%), the United Kingdom (6.3%), and the United States (5.6%), far higher than that of Hong Kong (1.4%).<sup>1</sup>

Meanwhile, Hong Kong is facing a talent shortage with an aging population and a shrinking labour force, with the latter down by 140,000 in the past 2 years.<sup>2</sup> To respond to the global competition for talent and to ensure sustainable development, Hong Kong should strive to become an international education hub by increasing non-local student intake. It is critical to:

- attract, cultivate, and retain non-local talent; and to
- drive economic growth through tuition and other value-added services

Hong Kong currently has a golden opportunity to position itself as an international education hub, utilising its five world's top 100 universities, continuous school places demand (the average admission rate of Mainland students is only 5–10%, as indicated by stakeholders), and the geopolitical environment to attract top talent from the Mainland, ASEAN, and Belt & Road countries.

To leverage these opportunities, Our Hong Kong Foundation (OHKF) proposes a three-layered policy framework to elevate Hong Kong's status as an international education hub. Based on non-local students' **purpose of studying** in Hong Kong, this research covers targeted **policy initiatives** to amplify their motivation, backed up by **support measures** (e.g., accommodation) to facilitate talent attraction and retention.



<sup>1</sup> Sources: Census and Statistics Department; Organisation for Economic Co-operation and Development  
<sup>2</sup> Source: HKSAR Government Press Releases

# Layer 1: Purpose of Study

The first step is to identify who the non-local students are and why they come to Hong Kong. Unsurprisingly, the majority are from the Mainland.<sup>3</sup> That said, this research also covers targeted policy recommendations to diversify the student sources.

## Articulation

Hong Kong provides the opportunity for non-local students to advance their study from secondary school to sub-degree, degree and postgraduate levels. For example, Mainland students from both academic and vocational streams come to Hong Kong for further articulation, as the Mainland's National College Entrance Examination (「高考」) and the articulation from junior college to university (「專升本」) are both highly competitive. However, articulation in Hong Kong is limited by i) no mutual recognition of sub-degree qualifications between Hong Kong and the Mainland, i.e., a sub-degree qualification obtained in Hong Kong cannot be used to apply for a Mainland degree programme and vice versa, and ii) the cap for non-local students (Table 1).

**Table 1. Regulatory cap on non-local student intake**

	University Grants Committee (UGC)-funded universities	Self-financing institutions (SFIs)
Sub-degree	20%	10–20% for the Mainland, Macao and Taiwan (MMT); <sup>#</sup> no limit for others
Bachelor's degree	20%	10–20% for MMT; <sup>#</sup> no limit for others
Postgraduate degree	No limit*	No limit

<sup>#</sup> At sub-degree level, institutions can accept no more than 10% of MMT students out of the total number of students in the previous school year. While at degree level, only six institutions are allowed to accept MMT students, these institutions include Hang Seng University of Hong Kong (HKHSU), Hong Kong Chu Hai College, Hong Kong Metropolitan University (HKMU), Hong Kong Shue Yan University (HKSYU), Tung Wai College, and Technological and Higher Education Institute of Hong Kong under the Vocational Training Council. The cap for HKHSU, HKMU, and HKSYU has increased to 20% in 2023/24 in both sub-degree and degree levels.

\* Except a 20% cap for publicly-funded taught postgraduate programmes; there is no cap for self-financing or research postgraduates.

Source: HKSAR Government Press Releases

## Work Readiness

Hong Kong has world-class universities, a well-developed finance industry, and will vigorously develop the innovation and technology industry. These opportunities can greatly benefit non-local students to expand their network and develop their career. Hong Kong can leverage on its upcoming developments (e.g., Northern Metropolis to bolster school-industry partnership) to better prepare talent to meet future manpower demands.

## Exposure

Hong Kong is the bridge between the Mainland and the rest of the world. Non-local non-Mainland students who want to be exposed to the Chinese experience find it easier to adapt to Hong Kong, while Mainland students can come to experience international education and companies with high proximity. Hong Kong should further strengthen the exposure it provides, such as leveraging its Greater Bay Area (GBA) branch campuses.

<sup>3</sup> 75% of non-local students in UGC-funded universities are from the Mainland (UGC CDCF Data Mart)

## Layer 2: Policy Initiatives

With non-local students' purposes of studying in Hong Kong in mind, OHKF puts forward four targeted policy initiatives to facilitate articulation through regulations, increase early exposure to the industry for work preparation, and facilitate international exposure.

### **Recommendation 1: Seek mutual recognition of Higher Diploma qualifications between Hong Kong and the Mainland in close collaboration with the Ministry of Education (MOE) of the People's Republic of China**

The "Memorandum of Understanding on Mutual Recognition of Higher Education Degree Certificates between the Mainland and Hong Kong" (MOU) signed in 2004 only covers the mutual recognition of degree level qualifications or above, different from Macao's 2019 agreement.<sup>4</sup> In the absence of mutual recognition, students who obtained sub-degrees in the Mainland cannot use their qualifications for further study or work in Hong Kong, and vice versa.

The difference in study duration of sub-degrees between Hong Kong (2 years) and the Mainland (3 years) creates barriers in synchronising course requirements, making it time-consuming to evaluate and build a recognised programme list for mutual recognition. In the short-term, the Hong Kong SAR Government (the Government) can prioritise Higher Diploma programmes with urgent manpower needs.

*“Few Mainland students come to Hong Kong to pursue sub-degrees, due to the impracticality of the qualification.”*

A Hong Kong sub-degree education provider

### **Recommendation 2: Raise the cap for non-local students across University Grants Committee (UGC)–funded universities and self-financing institutions (SFIs)**

Adjusting the regulatory caps can address the undersupply of school places for non-local students and allow them to pursue further studies in Hong Kong. Under the premise of an unchanged supply of school places for local students, the Government can raise:

- UGC-funded universities' cap on non-local students from 20% to 50%<sup>5</sup> at degree and sub-degree levels;
- SFIs' cap on Mainland, Macao and Taiwan (MMT) students from 10–20% to 30%<sup>6</sup> at degree and sub-degree levels in collaboration with the MOE

The Education Bureau can explore setting up a mechanism for non-local student admission in Diploma of Applied Education (DAE) and secondary schools, with the latter referencing the idea of boarding schools. It is important to note that while expanding intake, institutions should charge tuition fees that support financial sustainability.

*“The 20% UGC cap is the main barrier limiting undergraduate programmes' non-local student intake, and has room to expand.”*

Faculty Dean from a UGC-funded university

<sup>4</sup> Source: Ministry of Education of the People's Republic of China

<sup>5</sup> Based on UGC's calculation method: non-local students / local admission target

<sup>6</sup> Calculated as non-local students / total number of students admitted

### Recommendation 3: Leverage Northern Metropolis to boost school-industry partnership

More I&T companies and institutions are going to be located in the Northern Metropolis. Government statistics project a talent shortage of 241,000 paraprofessionals by 2027,<sup>7</sup> suggesting the need for more extensive school-industry partnerships to bridge the skills gap.

#### 3.1. Set up a university complex in the Northern Metropolis to locate and group Higher Education institutions close to the industry

The Government can facilitate internship programmes and experiential learning.

#### 3.2. Set up an integrated complex for paraprofessional training comprising I&T companies and institutions such as the Vocational Training Council (VTC)

### Recommendation 4: Enhance the synergy between Hong Kong and GBA branch campuses

Hong Kong currently has 3 operating GBA branch campuses in collaboration with Mainland institutions, with a few others in the planning stage. Ideally, GBA branch campuses can provide students with exposure to both regions' distinctive industries, culture and education experience. That said, under the current operating model, the two campuses are financially and legally independent, and collaborations are mostly conducted in the form of exchange programmes.

**Table 2. List of Hong Kong universities' GBA branch campuses in operation and under discussion**

In operation <sup>#</sup>	Beijing Normal University-Hong Kong Baptist University United International College (2005)
	The Chinese University of Hong Kong (Shenzhen) (2014)
	The Hong Kong University of Science and Technology (Guangzhou) (2022)
Under discussion <sup>*</sup>	The University of Hong Kong in Shenzhen
	City University of Hong Kong in Dongguan
	The Hong Kong Polytechnic University in Foshan
	Hong Kong Metropolitan University in Zhaoqing

<sup>#</sup> Source: Constitutional and Mainland Affairs Bureau

<sup>\*</sup> Source: *China Daily*

#### 4.1. Facilitate the expansion of dual-degree programmes

The Chinese University of Hong Kong (CUHK) and CUHK (Shenzhen)'s Collaborative Double Major Programme allows students to spend 2 years in Hong Kong and 2 years in Shenzhen, and obtain both certificates upon graduation.<sup>8</sup> Dual-degree programme is a way to create cross-campus synergy, provide international exposure, and increase capacity to recruit non-local students, but the practice is uncommon. The Government should identify courses that are most valuable to Hong Kong and GBA development and provide financial support for teaching staff and facilities. The dual-degree arrangement can also be expanded to sub-degree programmes.

<sup>7</sup> Sources: Census and Statistics Department, Labour and Welfare Bureau

<sup>8</sup> Source: The Chinese University of Hong Kong

#### **4.2. Enable faculty joint appointment arrangements between campuses**

According to the stakeholders interviewed, scholars cannot serve joint appointments in both Hong Kong and GBA campuses, meaning that they can only serve as visiting professors at the other campus. One reason for the inflexibility is tax arrangements: for example, those who spend more than half a year in Hong Kong are required to pay Hong Kong taxes. Therefore, the Government can explore potential tax arrangements and regulations for joint professorial appointments with the Department of Education of Guangdong Province, taking reference from the arrangements between the University of Hong Kong and the University of Hong Kong-Shenzhen Hospital.

## **Layer 3: Support Measures**

Policy initiatives must be accompanied with the following 5 support measures to promote the attractiveness of Hong Kong institutions, provide livelihood support, and create job opportunities to retain talent upon graduation.

### **Recommendation 5: Increase the supply of commercially-run student hostels**

Hong Kong's student hostels are mostly run by universities. Construction time are long due to lengthy Legislative Council processes and the matching donations required, amongst other factors. On the other hand, hostel fees mostly cover operating costs but not capital costs. Due to insufficient hostels supply, non-local students usually rent off-campus private residences, inevitably sacrificing hall life. Strengthening public-private partnership is a good way to increase hostel supply to accommodate the expanding non-local student population. The Government could specify required student hostel ratios in the Conditions of Sale in Government land tender and private lease modification / land exchange, and facilitate the conversion of hotels, apartments and unused schools into hostels.

### **Recommendation 6: Extend visa schemes for non-local graduates and trainees**

#### **6.1. Expand Immigration Arrangements for Non-local Graduates (IANG) to Higher Diploma**

Currently, IANG allows non-local graduates with undergraduate or higher qualifications to stay in Hong Kong for 2 years upon graduation.<sup>9</sup> As a talent retention policy, IANG should be expanded to Higher Diploma graduates to provide paraprofessional manpower that is necessary for Hong Kong's future development.

#### **6.2. Extend training visa scheme to Mainland residents**

The current exclusion of Mainland Chinese residents (except for employees of well-established and multinational companies based in Hong Kong) should be removed to attract more talent from the Mainland, especially considering the ongoing GBA development.<sup>10</sup> An easier work visa transition should also be considered upon completion of training.

<sup>9</sup> Source: Immigration Department

<sup>10</sup> Source: Immigration Department

## **Recommendation 7: Expand scholarships for ASEAN and Belt & Road students**

According to stakeholders, this population has shown interest to pursue studies in Hong Kong but is less financially capable to afford the tuition fee. To attract top talent, the Government can first expand the quota of the Belt and Road Scholarship from 100 to 300 places for first-year full-time students at publicly-funded universities. Nevertheless, scholarship shouldn't cover more than top 10% of the targeted cohort.

## **Recommendation 8: Facilitate macro-level promotion and planning to raise the attractiveness of Higher Education institutions**

### ***8.1. Organise education fairs, forums, conferences, and on-campus activities in ASEAN and Belt & Road countries***

Higher Education institutions have dedicated departments for student attraction and admission, such as CUHK's Office of Admissions and Financial Aid. However, some institutions are relatively less well-resourced and reputable, especially among SFIs. As such, government support through Hong Kong Trade Development Council in collaboration with education providers would be essential.

### ***8.2. Identify and empower SFIs to develop unique programmes targeted at non-local students***

The Task Force on Review of Self-financing Post-secondary Education in 2018 suggested that the Government should help SFIs "identify and develop their distinct character and niche areas".<sup>11</sup> This is important in the context of an aspiring education hub as SFIs have higher flexibility to scale up their programmes in response to non-local demand.

## **Recommendation 9: Enhance talent retention by coordinating job opportunities**

Talent attraction and retention are equally important. However, stakeholders indicated that the lack of employment opportunities in Hong Kong, especially in STEM disciplines, causes non-local graduates to leave for other opportunities in the Mainland or overseas. The Government should leverage Hong Kong's emerging "Eight Centres", GBA, and Northern Metropolis developments to facilitate the virtuous cycle between talent, companies, and job opportunities, including but not limited to attracting strategic enterprises to settle in the Northern Metropolis.

# **Conclusion**

Now is the best time to build Hong Kong as an international education hub. With the support of the nine policy recommendations, OHKF envisions that the number of non-local sub-degree and degree students would grow from 10% to 23%, while the number of non-local taught postgraduate students would grow from 54% to 70%.<sup>12</sup> Collectively, these measures will boost Hong Kong as a preferred location for non-local students, enhance our status as an international education hub, and ultimately contribute to our sustainable development.

<sup>11</sup> Source: Concourse for Self-financing Post-secondary Education

<sup>12</sup> Sources: Concourse for Self-financing Post-secondary Education; HKSAR Government Press Releases

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