

# FOODTECH



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Greg Kwan  
Head of Corporate Affairs  
Deliveroo

## Hong Kong Food Scene and Digital Transformation

As a cosmopolitan city, Hong Kong is Asia's leading tourist destination and is renowned for its diverse array of Chinese and western cuisines. The city has 11 of Asia's Top 50 Restaurants and 69 Michelin Stars in 2021 while supermarkets and foodservice operators are continuously looking for new and better quality supplies. The retail value sales of supermarkets in 2020 has increased 18 percent from 2019 to reach HK\$67 billion. It is brought about by a sharp surge of eCommerce for food and drink, a market that grew by 79 percent and HK\$3.4 billion in 2020.

Hong Kong has shown resilience and agility in response to the coronavirus pandemic by embracing digital transformation, a healthy lifestyle and eating green. There is a growing number of food conglomerates and distributors setting up their own eCommerce operations while more Hong Kong residents practice a flexitarian diet. There are more and more restaurants offering a green menu and fast food chains serving plant-based quick meals with a twist for the local taste bud.

The food and drink eCommerce in Hong Kong has witnessed sharp rise in meal delivery, online grocery shopping and cloud kitchens orders. In a 2021 survey commissioned by Deliveroo, 78 percent of consumers in Hong Kong order from food delivery services at least once a week and the spending has increased by 21 percent in 2020 from 2019. Deliveroo continues to build more cloud kitchens and work with restaurant partners to operate more virtual brands.

Foodpanda was among the first to launch “quick-commerce” and rolled out Pandamart to pioneer grocery delivery within 15 minutes, and order has grown consistently through the pandemic. HKTVMall has also ramped up to deliver within an hour while Deliveroo is joining the league and has partnered with selected brands to help grocery retailers develop their online and offline business. Together they serve as ideal launchpads for companies looking for growing their eCommerce business by leveraging on their last mile logistics capabilities.

## Alternative Protein Demand and Investment

Euromonitor reports point out that meat and milk substitutes' market sizes are forecasted to grow by more than 30 percent to US\$27.5 billion and US\$22.5 billion from 2020 to 2025 respectively, where Asia Pacific countries dominate the growth. In a report by Good Food Institute APAC, a record US\$3.1 billion was invested globally in companies devoted to alternative proteins in 2020. Asia Pacific is the fastest-growing region recording US\$206 million investment, a more than six fold increase from 2019.

### Oatly

A new unicorn in the consumer products sector that first launched in Hong Kong in 2016 in supermarkets and as vegan milk partner with Starbucks and Pacific Coffee. It has formed a joint venture with China Resources Corporation for investment and distribution.

### OmniPork

Invested by social enterprise Green Monday, plant-based meat OmniPork is popular for its local taste and good match with Asian cuisines. Many restaurants chains include OmniPork in their menus and its ready made meals are on the shelves of various retail stores and supermarkets. It is also selling in Mainland China and across 20 countries, a factory in the Greater Bay Area (GBA) is in the pipeline.



**InvestHK**

The Government of the Hong Kong  
Special Administrative Region

## Foodservice Innovation

By working with various culinary partners, companies with innovative solutions will bring disruption to the vibrant local foodservice industry and create new business models. Restaurants are running successfully with the adoption of mobile apps, while robotics, IoT, AI/big data also transform into food robots, smart operating systems for restaurants, food manufacturers and many more.



### **Bistrochat**

An AI assistant for the chat age with its Natural Language Processing capabilities, provides restaurants with bookings and loyalty programmes management tool, and ensure customer satisfaction

### **Phenix by OnTheList**

Platforms join hands to save surplus food and past season branded fashion from the landfill via an app

### **Sustenir**

Agri-tech startup uses its AI real-time assistant in its vertical farm to grow crops with data driven decisions

### **Saladplate.com**

The digital arm of Informa Markets has transformed trade shows to online marketplace for sourcing food, beverages and hospitality products from around the globe that allows business to continue even when physical contact is halted

## Hong Kong's Foodtech Ecosystem

Apart from being one of the world's most exciting cities, Hong Kong is also one of Asia's most vibrant tech and entrepreneurial hubs where startups gather to put their solutions to test to foster our food system efficiency and sustainability.

### **Incubator and Accelerator, Advocacy**

#### **Hong Kong Science and Technology Park (HKSTP)**

Nurtures and cultivates startups where they would turn their innovative ideas into marketable products and solutions

[hkstp.org](http://hkstp.org)

#### **Cyberport**

A hub for digital technology and is committed to nurturing a vibrant tech ecosystem with its incubation and accelerator programmes

[cyberport.hk](http://cyberport.hk)

#### **Brinc**

As venture capital and accelerator firm, Brinc's dedicated foodtech and alternative protein incubation programmes cover Hong Kong, GBA and Mainland China

[brinc.io](http://brinc.io)

#### **The Good Food Institute**

An advocacy organisation of plant-based meat, cultivated meat and fermentation science. It also has a research and consultancy arm

[gfi.org](http://gfi.org)

#### **Avant Meats**

An HKSTP tenant which is the first local cell agriculture to produce cleaner and more sustainable marine proteins. Closed a US\$3.1 million seed funding in Dec 2020

#### **DayDayCook**

A diversified cooking platform, which provides various recipes, videos and cooking classes, has attracted 6.5 million followers and raised US\$65 million to date

#### **Green Monday**

A plant-based food retail, dining and wholesale e-platform that has raised US\$70 million in Sep 2020, the largest funding round for plant-based food companies to date in Asia

#### **Geb Impact Technology**

A microalgae growing company that has recently received HK\$2 million fund from the Enterprise Support Scheme administered by the Innovation and Technology Commission

# Virtual Brands and Kitchens

## Deliver the Keys to Expansion

*Deliveroo strengthens its ever-growing investment in new business models that focus on delivering tech-driven retail solutions for restaurants.*



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For Deliveroo, the appeal of Hong Kong was clear from the start. Hong Kong is an “international food city” that is consistently one of the first to identify up-and-coming food trends. The city’s avid consumer demand for quality and variety of cuisines attracts many overseas restaurants, including current or future Michelin Star recipients looking to test out the international market.

As such, Deliveroo sees huge potential for Hong Kong’s food delivery market, which matches other international cities like New York or Beijing. The trend of customers ordering food online has grown tremendously in Hong Kong, and Deliveroo has seen increased customer retention as recent disruptions have accelerated the adoption of food delivery as a habit for many customers.

### Partnering for Success

When COVID-19 social distancing measures required a premium Chinese restaurant to look for alternative revenue sources, Deliveroo provided an innovative way to maintain business continuity. The restaurant partnered with Deliveroo to leverage the platform’s capabilities to build a secondary, virtual brand that catered to the mass market. Doing so made the business more resilient in the face of disruption and allowed them to service

a completely new customer segment without impacting the prestige of their original brand.

Deliveroo not only helps restaurants increase audience reach and revenue, but also gather significant behavioural insights, allowing them to attract new customers and keep existing customers hooked.

“As experts in food ourselves, we want to support new and interesting restaurant brands while making sure people have access to the food they want, whenever and wherever they want it,” said Greg Kwan, the company’s Head of Corporate Affairs.

By using data, restaurants can build insights on location, cuisine preferences and price to create a tailor-made menu for target customers and locations. Post-launch diagnostics of customer behaviour and marketing support is also available for restaurants.

With changing consumer behaviour and increasing demand for eCommerce and ASAP delivery, Deliveroo has extended their partnerships to grocery and department convenience stores to supply digital savvy consumers with convenient grocery delivery services, becoming an integral part of the Hong Kong digital ecosystem in the process.

### Deliveroo’s Editions “Super Kitchens”

Deliveroo works with restaurants to create Cloud Kitchens, or “Super Kitchens” from the Deliveroo Editions’ spaces. Restaurants who work from a Cloud Kitchen only need to prepare the staff and the ingredients, without needing to set up new premises. The company also invests upfront in the Editions kitchens to expand its Editions footprint across multiple locations in the city, with the latest site opened in Tseung Kwan O in late 2021.

### Deliveroo

- Founded in 2013 and headquartered in London, Deliveroo worked with over 160,000 restaurant partner sites, as well as 180,000 riders across the globe
- Currently has eight Editions sites in Hong Kong, amongst four was built in 2021

 [deliveroo.hk](https://www.deliveroo.hk)

## Government Initiatives and Funding Schemes

The Hong Kong Government is committed to support startups and SMEs. Some relevant initiatives and funding schemes are:

### Two-tiered Profits Tax Rates Regime

Profits tax rate for the first HK\$2 million of profits of corporations is lowered to 8.25 percent whilst the remaining profits will be taxed at 16.5 percent

### Enhanced Tax Deduction for R&D Expenditure

To encourage more R&D activities in Hong Kong, enterprises will be offered a 300 percent tax deduction for the first HK\$2 million qualifying R&D expenditure

### Talent List

Talents under the List comprised of 11 professions are eligible for the immigration facilitation

[talentlist.gov.hk](http://talentlist.gov.hk)

### Technology Talent Admission Scheme

Fast track arrangement is provided for eligible companies to admit technology talent to undertake R&D work

[techtas.itc.gov.hk](http://techtas.itc.gov.hk)

### Enterprise Support Scheme

A matching funding for local companies to conduct in-house research and R&D work

[itf.gov.hk/l-eng/ESS.asp](http://itf.gov.hk/l-eng/ESS.asp)

### Re-industrialisation Funding Scheme

Funding will be provided on a 1 (government): 2 (company) matching basis to manufacturers establishing new smart production lines in Hong Kong

[itf.gov.hk/en/funding-programmes/facilitating-technology/rfs/index.html](http://itf.gov.hk/en/funding-programmes/facilitating-technology/rfs/index.html)

### Technology Voucher Programme

A cumulative funding cap at HK\$600,000 to support local enterprises in using technological services and solutions to improve business productivity

[itf.gov.hk/l-eng/TVP.asp](http://itf.gov.hk/l-eng/TVP.asp)

### SME Export Marketing Fund

A cumulative funding caps at HK\$100,000 to support SME to participate in export promotion activities for products and services

[smefund.tid.gov.hk/english/emf/emf\\_objective.html](http://smefund.tid.gov.hk/english/emf/emf_objective.html)

### Dedicated Fund on Branding, Upgrading and Domestic Sales

A cumulative matching funding caps at HK\$6 million to support local enterprises to develop brands, upgrade and restructure their business operations and promote sales in Mainland China, ASEAN, Japan and Korea

[bud.hkpc.org](http://bud.hkpc.org)

### Trade and Industrial Organisation Support Fund

A funding support caps at HK\$5 million to non-profit-distributing organisations to implement projects which aim at enhancing the competitiveness of non-listed Hong Kong enterprises

[smefund.tid.gov.hk/english/tsf/tsf\\_objective.html](http://smefund.tid.gov.hk/english/tsf/tsf_objective.html)

## Useful Contacts

### Food Made Good

[foodmadegood.hk](http://foodmadegood.hk)

### Green Hospitality

[www.greenhospitality.io](http://www.greenhospitality.io)

### Green Queen

[www.greenqueen.com.hk](http://www.greenqueen.com.hk)

### GS1 Hong Kong

[gs1hk.org](http://gs1hk.org)

### HOFEX

[www.hofex.com](http://www.hofex.com)

### Hong Kong Productivity Council

[www.hkpc.org](http://www.hkpc.org)

### IP Hatch Hong Kong

[www.iphatchday.com/hong-kong](http://www.iphatchday.com/hong-kong)

### Jumpstarter

[www.jumpstarter.hk](http://www.jumpstarter.hk)

### Re-Think

[rethink-event.com](http://rethink-event.com)

### Startmeup Festival

[www.startmeup.hk](http://www.startmeup.hk)

### Start-up Express

[info.hktdc.com/startupexpress/en/index.html](http://info.hktdc.com/startupexpress/en/index.html)

### Startup Impact Summit

[whub.io/scaleup-impact-summit](http://whub.io/scaleup-impact-summit)

### The Mills Fabrica Techstyle for Social Good

[www.themillsfabrica.com/tfsg2021](http://www.themillsfabrica.com/tfsg2021)

### The Startup Council

[www.startup.org.hk](http://www.startup.org.hk)

### Vegetarian Food Asia

[vegfoodasia.com](http://vegfoodasia.com)

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