

**For discussion
On 20 May 2025**

Panel on Commerce, Industry, Innovation and Technology

Latest Developments of New Industrialisation in Hong Kong

PURPOSE

This document reports to the Panel the prominent strategies employed by the Government to drive “new industrialisation” and the latest progress.

BACKGROUND

2. Under “one country, two systems”, Hong Kong has a highly international and market-oriented business environment, as well as the distinctive advantage of “enjoying strong support of the Motherland and being closely connected to the world”, and, with the inherent advantage of our connectivity with both the Mainland and the world, possesses strength in various aspects. Against the backdrop of the ever-changing and complicated international situation, and with a view to synergising with national development strategies and promoting the high-quality development of the Hong Kong economy, as well as seizing the opportunities brought up by the next cycle of technological and industry development, the HKSAR Government has dedicated its efforts towards formulating strategies for industry development with reference to local conditions and needs.

3. To this end, the Government promulgated the Hong Kong Innovation and Technology (I&T) Development Blueprint (the Blueprint) in December 2022, setting out, for the sake of driving I&T development through overarching design, four broad development directions, one of which is to enhance the I&T ecosystem and promote “new industrialisation” in Hong Kong. To achieve this goal, the Blueprint describes eight major strategies, including enhancing the local I&T ecosystem, developing and consolidating local industry chains, driving “new industrialisation” through various means, assisting the traditional manufacturing sector to upgrade and transform, and instigate the novel development of industries

through technological innovation, thereby creating new impetus for growth and bringing more business opportunities to traditional industries.

4. To realise relevant development directions and strategies more effectively, the Government took an institutional approach by establishing the New Industrialisation Development Office (NIDO) in late-February 2024 under the Innovation, Technology and Industry Bureau (ITIB). Led by the Commissioner for Industry (Innovation and Technology), NIDO adopts an industry-oriented approach to coordinate and promote “new industrialisation”, including supporting strategic enterprises to develop in Hong Kong, assisting manufacturers to leverage I&T to undergo upgrading and transformation, and supporting the development of start-ups. The ensuing paragraphs will focus on the latest measures taken by, and progress of, the Government in three major areas, namely supporting traditional manufacturers to use I&T to undergo upgrading and transformation, and the development of new industrialisation, attracting and supporting strategic enterprises to land in Hong Kong, and consolidating Hong Kong’s I&T ecosystem.

Facilitating the upgrading and transformation of Hong Kong’s traditional manufacturing industry and the development of new industrialisation

5. To facilitate the traditional manufacturing industry of Hong Kong to undergo upgrading and transformation through I&T, the Government is, through various means such as providing relevant funding schemes and attracting I&T talents, supporting enterprises to make good use of opportunities brought about by promotion of “new industrialisation” to enhance their competitiveness.

“New Industrialisation Funding Scheme”

6. With the rapid development of I&T in recent years, more development opportunities have been opened up for high-end manufacturing industries. Yet, the investment required for establishing such facilities in Hong Kong is substantial. To step up our efforts to support more enterprises to engage in smart production and capture market opportunities locally, and to promote the development of “new industrialisation”, the Innovation and Technology Commission (ITC) implemented the enhancement measures announced by the Chief Executive in his 2023 Policy Address in January 2024, allowing

enterprises applying for the “New Industrialisation Funding Scheme” (NIFS) to carry out up to a maximum of three projects at any one time. Funding will be provided on a 1 (Government) : 2 (enterprise) matching basis, at which an enterprise can receive a total maximum funding of \$45 million. The NIFS provides material assistance to local manufacturers, assisting them to move towards high value-added production and smart manufacturing. The number of new smart production lines supported has exceeded 100. The sectors involved are food manufacturing and processing, including health food; textiles and clothing; construction materials; medical devices; nanofibre materials; pharmaceuticals, including Chinese medicines; electronics; printing; and product accessories.

“New Industrialisation Acceleration Scheme”

7. In addition, to support overseas and local enterprises engaged in industries of strategic importance (i.e. life and health technology, artificial intelligence and data science, and advanced manufacturing and new energy technology industry, etc.) to set up new smart production facilities in Hong Kong, the ITC launched the “New Industrialisation Acceleration Scheme” which provides enterprises engaging in these strategic industries and investing not less than \$200 million to set-up smart new production facilities in Hong Kong with subsidies on a 1 (Government) : 2 (enterprise) matching basis, with the Government’s funding support being \$200 million at most for each enterprise. The New Industrialisation Vetting Committee has so far supported two applications, involving a total investment of about \$1 billion.

“Pilot Manufacturing and Production Line Upgrade Support Scheme” (Manufacturing+)

8. Considering that the financial requirements for NIFS and NIAS are relatively high, the Government announced in the 2025-26 Budget that \$100 million has been earmarked for the launch of Manufacturing+ this year. The scheme will provide funding of up to \$250,000 each on a 1 (Government) : 2 (enterprise) matching basis to enterprises operating production lines in Hong Kong to support their formulation of smart production strategies and introduction of advanced technologies into existing production lines. It is expected that some 400 enterprises will benefit from Manufacturing+. The scheme is expected to last for two years.

9. The aim of Manufacturing+ is to support local manufacturing enterprises, particularly small and medium enterprises (SMEs) that have no experience in investing smart production, in adopting smart manufacturing technologies and upgrading their production lines. Manufacturing+ may cover local SMEs and projects not currently targeted by NIFS and NIAS, thereby expediting the realisation of the policy objective of continuously promoting new industrialisation in Hong Kong.

10. Our preliminary plan is that applicants should be enterprises in the manufacturing sector with at least one year of substantive business operations in Hong Kong at the time of application submission i.e. the relevant manufacturing business or production line must be within Hong Kong and have been in operation for one year or more. We recommend that the funding scope of the Manufacturing+ will cover consultancy fees for formulating smart production strategies, costs for purchasing relevant equipment and integrating smart technologies into existing production lines, as well as related training and development expenses. If the use of “pilot line” services is involved in the upgrading and transformation of production line, the relevant costs may also be included.

11. We recommend setting up a Vetting Committee to be responsible for formulating the application guidelines, criteria for assessment and funding, vetting and recommending applications, monitoring the implementation of approved projects and evaluating their outcomes, as well as regularly reviewing and monitoring the overall progress of Manufacturing+ and assessing its effectiveness. Applications supported by the Vetting Committee will be submitted to the Commissioner for Innovation and Technology for approval. We will set up a secretariat¹ to handle matters such as applications, project progress, reporting and accounting. We will launch Manufacturing+ within this year, and will review the effectiveness of Manufacturing+ in two years so as to determine its future roadmap.

Attracting I&T talents

12. Apart from funding, talent is another important development resource to I&T and new industries, and an essential element in driving the industry’s upgrading and sustainable development. In the process of the

¹ Given that the Hong Kong Productivity Council (HKPC) has extensive experience in supporting the upgrading and transformation of SMEs, we will explore the feasibility of appointing HKPC as the secretariat for Manufacturing+ to effectively utilise the relevant resources and ensure that Manufacturing+ achieves its goal of assisting enterprises in upgrading their production equipment through technology.

upgrading and transformation of the manufacturing industry, the demand for I&T talent in Hong Kong will remain strong. Therefore, we are proactively enriching our pool of technological talent and strengthening the power of the technology industry in Hong Kong, in order to assist enterprises in driving “new industrialisation”.

13. For instance, the Government launched the “Research Talent Hub” (RTH) programme, subsidising eligible companies to engage up to four research talents at any one-time to assist with R&D work, with a total engagement period of no longer than 144 months. In addition, to encourage companies benefitting from NIAS to conduct R&D in Hong Kong or expand its R&D capacity, in addition to the quotas of engaging four research talents under the existing RTH, such companies may engage an additional 36 talents for three years on a 1 (Government) : 1 (enterprise) matching basis. Furthermore, apart from relaxing the regulations on the number of research talent that enterprises can hire under RTH, we are also allowing applicant enterprises to flexibly employ a small number of non-local technical personnel through the “Technology Talent Admission Scheme for Companies Subsidised under NIAS” (TechTAS-NIAS) to expedite the set-up and operation of new production facilities in Hong Kong.

14. In terms of nurturing local I&T talent, the Government launched the “New Industrialisation and Technology Training Programme” in August 2018. This programme aims to subsidise local enterprises on a 2(Government) : 1(enterprise) matching basis to train their staff in advanced technologies, especially those related to “new industrialisation”.

Promoting the development of “new industrialisation”

15. The Hong Kong Science and Technology Parks Corporation (HKSTP) has, through constructing multi-storey industrial buildings and leasing land to suitable tenants and lease-holders in its three InnoParks in Tai Po, Yuen Long and Tseung Kwan O, to drive the development of “new industrialisation”. To further drive the development of the microelectronics industry in Hong Kong, HKSTP constructed the Microelectronics Centre in the Yuen Long InnoPark to provide infrastructure for enterprises to conduct R&D and experimental production of third-generation semiconductor products.

Publishing statistics on the performance of economic activities comprising “Manufacturing and New Industrialisation-related Industries”

16. To facilitate the growth of new businesses, new industries and new modes of production in Hong Kong brought about by the integrated development of innovation and technology (I&T) and emerging industries, and to more effectively drive the development of new industrialisation, ITIB has, in conjunction with the Census and Statistics Department, compiled statistics on “Manufacturing and New Industrialisation-related Industries”, covering economic activities relating to manufacturing, innovation and new industries, to more accurately reflect the economic performance of the manufacturing industry and new industries in Hong Kong. In 2023, the value added of “Manufacturing and New Industrialisation-related Industries” amounted to \$76.8 billion, representing an increase of 7.6 per cent over the previous year, and accounted for around 2.6 per cent of Gross Domestic Product.

Attracting and supporting strategic enterprises to land in Hong Kong

17. To more expeditiously drive the overall development of “new industrialisation” and Hong Kong’s I&T industries, we have proactively made use of Hong Kong’s unique role as a “super-connector” and “super value-adder” to attract I&T enterprises from the Mainland and overseas to land in Hong Kong or expand their operations here. In conjunction with other Government departments such as the Office for Attracting Strategic Enterprises, NIDO has undergone vigorous liaison with multiple I&T enterprises with potential. As an important service window for these strategic enterprises seeking to develop or expand business in Hong Kong, NIDO has spared no effort in providing advice and assistance for these enterprises, especially with regard to relevant support measures and the implementation of policies, and has achieved meaningful results.

18. As of April 2025, we have liaised with over 200 representative enterprises or those with potential to set up operations or expand their presence in Hong Kong, many among which have applied to, or have successfully, listed on the Hong Kong Stock Exchange. We encourage Hong Kong enterprises to interact and cooperate with Mainland or overseas enterprises that have landed in Hong Kong, with a view to creating synergy and formulating new supply chains, and driving the development of producer services.

Channelling social capital, encouraging innovation and startups, and furthering the development of Hong Kong's I&T ecosystem

“I&T Industry-Oriented Fund”

19. In order to facilitate the long-term development of I&T industries, particularly in relation to the promotion of the transformation and industrialisation of R&D outcomes, the Government has revamped its approach to investing I&T industries, apart from assisting traditional manufacturing sector to upgrade and transform, and attracting Mainland and overseas enterprises to set foot in Hong Kong. This approach also strengthens the organic integration of a “capable government” with an “efficient market”. Therefore, we are preparing for the setting up of a \$10 billion I&T industry-Oriented Fund (ITIF) to form a fund-of-funds which will be industry-centric and focus on industry development. By leveraging market capital, more investments will be driven to specified emerging and future industries of strategic importance, including life and health technology, AI and robotics, semi-conductors and smart devices, advanced materials and new energy, etc, with a view to building an I&T industry ecosystem in a systematic manner. According to our current plan, the ITIF will cover five thematic areas, and one or more sub-fund(s) will be set up under each thematic area. Each sub-fund will have a fund duration of up to 12 years, fully realising the characteristics of patient capital which focuses on long-term investments with a higher risk tolerance. This will contribute to the on-going support for the growth and expansion of the I&T industry.

20. The Government will participate as a Limited Partner of the sub-funds and make contributions to each sub-fund. Fund managers selected through an open application will become General Partners of the sub-funds and shall be responsible for setting up the sub-funds in the form of a limited partnership fund. They shall also raise market capital for the sub-funds, manage the daily operation of the sub-funds, as well as invest in suitable projects in accordance with the investment framework.

21. The ITIF will, through a diversified investment portfolio, make early investments in small I&T businesses and hardcore technology, and also invest in enterprises at different stages of development, including industry chain leaders or top-notch enterprises. Efforts will also be made to attract enterprises based on the practical situation to complement and strengthen the targeted industry chains, and promote co-operation between enterprises at various nodes of the industry chains, with a view to developing industry chains equipped with Hong Kong's competitive edge.

Supporting start-ups

22. The construction of I&T industry chains requires the support of a burgeoning startup ecosystem. The Government is proactively promoting the vibrant growth of Hong Kong's start-up ecosystem through various funding schemes. In terms of nurturing local I&T startups, Hong Kong's two flagship locations for I&T, namely HKSTP and Cyberport, have provided a series of support measures for startups. While HKSTP has provided, through various incubator schemes, support for start-ups including R&D space, shared facilities, funding, technical support, market promotion and business development support, Cyberport has also, through various incubation, accelerator and support schemes that fulfil its public mandate, provided a variety of financial and professional support to startups of various stages of development. As the Hetao Hong Kong Park is about to open its premises within the year, the Hong Kong-Shenzhen Innovation and Technology Park will also launch incubations schemes to provide holistic support services and funding support for startup teams and enterprises in the Park that are involved in life and health technology and have potential for development. With the combined effort of the Government and relevant stakeholders, the number of startups in Hong Kong has increased from around 1 000 in 2014 to nearly 4 700 in 2024, demonstrating the ever-burgeoning nature of Hong Kong's startup ecosystem.

23. In addition, in the 2024 Policy Address, the Chief Executive announced to optimise the "Innovation and Technology Venture Fund" by redeploying at most HK\$1.5 billion to set up funds jointly with the market, on a matching basis, to invest in startups of strategic industries, and further the development of Hong Kong startup ecosystem. Moreover, the Government is preparing for the launch of the "Pilot I&T Accelerator Scheme" to attract professional start-up service providers with proven track records in and beyond Hong Kong to set up accelerator bases in Hong Kong to foster the robust growth of start-ups.

Strengthening the efficient collaboration among the Government, industry, academia, research and investment sectors

24. To promote the comprehensive development of "new industrialisation" in Hong Kong, the Government pressed ahead with the establishment of the "Hong Kong New Industrialisation Development Alliance" (the Alliance). The Alliance was officially established on 18 March, 2025. The Alliance aims at polling together talents and resources

from various fields to drive new industrialisation and establish a platform for the collaboration among the Government, industry, academia, research and investment sectors. With the direction of “proactive promotion by the Government and joint action by stakeholders”, we expect that the Alliance will become an important platform for stakeholders of new industrialisation to exchange views and foster cooperation, thereby facilitating the establishment of a comprehensive I&T industry ecosystem in Hong Kong and assisting in the promotion of new industrialisation development in Hong Kong including showcasing related achievements.

Deepening cooperation between Hong Kong and the Mainland

25. To actively align with the National development strategies, we signed the Co-operation Agreement on the Development of New Quality Productive Forces and the Promotion of New Industrialisation with the Ministry of Industry and Information Technology on 19 September 2024. The Agreement supports Hong Kong in developing new quality productive forces and promoting new industrialisation according to local conditions, strengthens collaboration between the two sides in the fields of industry and information technology, and promotes co-operation and joint development in industries where both places have clear advantages.

Future roadmap

26. In the long run, to further realise the developmental direction outlined in the Blueprint, and further enhance the institutional construction of “new industrialisation” in Hong Kong, the Government will engage a consultancy institution with credentials and experience to launch, within this year, a consultancy study on the medium to long-term development of new industrialisation in Hong Kong. We will ask the consultancy institution to proactively maintain close liaison with stakeholders in the industry and take into full account their respective needs and challenges, so as to provide recommendations and assist the Government in further expediting the development of new industries in Hong Kong on the basis of existing work, and drive the growth of Hong Kong’s new real economy.

Advice sought

27. Members are invited to note and give views on the prominent measures of the Government in driving “new industrialisation” and the latest progress.

**Innovation, Technology and Industry Bureau
Innovation and Technology Commission
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