

**For discussion  
On 18 February 2025**

**Subcommittee on Policy Issues Relating to Strengthening and  
Promoting the Development of Kowloon East as the Second Central  
Business District**

**Promoting the development of new industrialisation in areas  
including Kowloon East and supporting start-ups**

**Purpose**

This document reports to the Subcommittee the latest position and measures of the Government in driving “new industrialisation” and supporting the vibrant growth of start-ups, through assisting traditional industries to undergo upgrading and transformation with innovation and technology (I&T), and outlines how traditional manufacturers in areas such as Kowloon East can leverage relevant measures to expedite their own development.

**Background**

2. 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. With the rapid growth of the I&T industry in recent years, Hong Kong has to formulate strategies for industrial development that suit the local conditions and its own development needs. Apart from supporting the development of emerging industries of strategic importance by attracting strategic enterprises that Hong Kong requires, we also assist the traditional manufacturing sector in Hong Kong to upgrade and transform with the help of I&T. With advanced technology as the foundation, we aim to achieve digitalisation, smart and sustainable production, as well as to facilitate the development of new technologies, products, procedures and modes, so as to promote the development of “new industrialisation” and thereby generate “new quality productive forces” to contribute to Hong Kong's

economy. We have been proactively promoting the upgrading and transformation of traditional manufacturing sector through the use of I&T, with a view to enhancing the overall competitiveness of Hong Kong’s manufacturing industry including that of Kowloon East, and at the same time creating more quality employment opportunities so as to promote the diversified development of Hong Kong’s economy.

3. The Government promulgated the Hong Kong Innovation and Technology Development Blueprint (the Blueprint) in December 2022, setting out major policies under 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 enhance its competitiveness using I&T, thereby bringing more business opportunities to traditional industries. In addition, supporting the development of start-ups in Hong Kong is one of the major strategies and the Government is utilising means such as enriching venture capital financing channels and various funding schemes to help start-ups realise their potential. To this end, the Government established the New Industrialisation Development Office (the NIDO) in late-February 2024 under the Innovation, Technology and Industry Bureau. Led by the Commissioner for Industry (Innovation and Technology), the NIDO adopts an industry-oriented approach to promote “new industrialisation”, support strategic enterprises to develop in Hong Kong, assist manufacturers to leverage I&T to undergo upgrading and transformation, and support the development of start-ups. The ensuing paragraphs will focus on the measures taken by the Government in driving “new industrialisation” and supporting the growth of start-ups in Hong Kong and their latest development.

## **Support measures**

### ***Supporting the upgrading and transformation of Hong Kong’s traditional manufacturing industry***

4. To support the upgrading and transformation of Hong Kong’s traditional manufacturing industry, we are supporting the manufacturing sectors including those in Kowloon East to leverage the opportunities brought about by “new industrialisation” to enhance their competitiveness,

through means such as implementing relevant funding schemes and attracting I&T talents.

#### (1) Funding

5. The Innovation and Technology Fund administered by the Innovation and Technology Commission (ITC) currently has 17 funding schemes, including a number of schemes supporting research and development (R&D) by providing funding to R&D projects carried out by eligible organisations and enterprises or providing cash rebate on the enterprises' eligible R&D expenditures.

6. With the rapid development of I&T in recent years, more development opportunities are opened up for high-end manufacturing industries. Yet, the investment required for establishing such facilities in Hong Kong would be substantial. In response to the Government's direction in promoting "new industrialisation," the ITC launched the "New Industrialisation Funding Scheme" (NIFS) in July 2020, aiming to subsidise manufacturers to set up new smart production lines in Hong Kong. Funding will be provided on a 1 (Government) : 2 (enterprise) matching basis. The maximum funding support is \$15 million per project. The NIFS provides material assistance to local manufacturers, assisting them to move towards high value-added production and smart manufacturing. The Government has enhanced the NIFS since January 2024 such that each enterprise could have a total of three project applications and on-going projects under the scheme at any one time, i.e. an enterprise can receive a total maximum funding of \$45 million.

7. At the same time, the Government is actively attracting top-notch strategic I&T enterprises from overseas and the Mainland to set up or expand their business in Hong Kong, such as through the "New Industrialisation Acceleration Scheme" which provides enterprises engaging in industries of strategic importance (viz. life and health technologies, AI and data science, and advanced manufacturing and new energy technologies) and investing not less than \$200 million to set-up 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.

8. We are also setting up a \$10 billion "I&T Industry-Oriented Fund" to, through creating a fund-of-funds and in an industry and market-oriented manner, leverage more market capital to invest in 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.

9. Kowloon East has a history of intensive manufacturing activities. Enterprises that remain in the area as of present can leverage the aforementioned funding schemes and measures to drive their development, and undergo upgrading and transformation.

## (2) Talents

10. Talent is an 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 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".

11. 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 the NIAS to conduct R&D in Hong Kong or expand its R&D capacity, we have established a new category under the RTH for projects approved under the NIAS. 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 the RTH, we are also enabling applicant enterprises to employ a small number of non-local technical personnel through the Technology Talent Admission Scheme. This initiative aims to expedite the establishment and operation of advanced manufacturing facilities in Hong Kong.

12. 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".

### ***Supporting strategic enterprises to land in Hong Kong***

13. In conjunction with other Government departments such as the Office for Attracting Strategic Enterprises, the 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, the NIDO will spare no effort in providing advice and assistance for these enterprises with regard to issues and difficulties that the latter face when landing in Hong Kong. As of January 2025, we have liaised with over 130 representative enterprises or those with potential to set up operations or expand their presence in Hong Kong. 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.

14. In this connection, in the process of supporting strategic enterprises to land in Hong Kong, we understand that some enterprises need to locate suitable premises to set up production facilities. Apart from Cyberport, Hong Kong Science and Technology Parks, and Hong Kong-Shenzhen Innovation and Technology Park, these enterprises may also consider existing industrial buildings, such that all parties may develop concurrently and fulfil the demand of enterprises on various levels, and in turn promote the development of I&T and “new industrialisation”.

### ***Supporting start-ups and the transformation of R&D results***

#### **(1) Funding Schemes**

15. The Government has proactively promoted the vibrant growth of Hong Kong’s start-up ecosystem through various funding schemes. Areas such as Kowloon East can fully leverage their resources and advantages to attract start-ups to develop there.

16. Hong Kong’s two flagship locations for I&T (viz. Hong Kong Science and Technology Parks Corporation and Cyberport) have, through various incubator schemes, provided suitable support for start-ups, including working space, co-habitation facilities, subsidies, technical support, market promotion and business development support. The Chief Executive announced in his 2024 Policy Address the enhancement of the “Innovation and Technology Venture Fund” by deploying a maximum of

\$1.5 billion to set up funds jointly with the market on a matching basis, in order to invest in start-ups of strategic industries and further enhance the construction of Hong Kong's start-up ecosystem. Moreover, the Government also announced the "I&T Accelerator Pilot Scheme". With a funding allocation of \$180 million at a 1(Government) : 2(enterprise) matching basis and up to a subsidy ceiling of \$30 million, the Scheme aims to attract professional start-up service providers with proven track records to set up accelerator bases in Hong Kong, thereby fostering the robust growth of start-ups.

## (2) Supporting the transformation of R&D results

17. The Government has also driven the transformation and application of R&D results so that the manufacturing industry can benefit from the development of new products, new procedures and new modes. The Government allocated \$10 billion to establish the InnoHK Research Clusters (InnoHK), with an aim to developing Hong Kong as the hub for global research collaboration. Two research clusters have been set up: the "Health@InnoHK" which focuses on healthcare technologies and the "AIR@InnoHK" which focuses on AI and robotics technologies. Together, the two clusters have established 30 research laboratories and built cooperative relationships with over 30 world-renowned universities and research institutes from Hong Kong and around the globe. We encourage these research laboratories to translate their impactful research outcomes into applications so as to facilitate the transformation of the traditional industries while promoting "new industrialisation".

18. The six R&D centres under the ITC also play an important role in creating a vibrant I&T ecosystem. They act as a focal point for technology collaboration among the Government, industry, academia and research sectors. Not only do the R&D centres contribute to applied research in key areas, but they also work closely with universities and the industry in encouraging investment in R&D from local private enterprises with a view to enhancing their technological know-how and facilitating technology transfer and commercialisation, thereby driving the upgrading and transformation of traditional industries as well as the realisation of "new industrialisation". The aforementioned measures are all crucial towards the consolidation of a comprehensive I&T ecosystem chain and high-end manufacturing. Enterprises, including those in Kowloon East, can leverage the R&D results of relevant schemes to undergo upgrading and transformation, and enhance their productivity and competitiveness.

## **Advice sought**

19. Members are invited to note and give views on the overall work of the Government in facilitating the upgrading and transformation of traditional industries through I&T, and supporting start-ups.

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