

Budget Speech by the Financial Secretary (3)

Artificial Intelligence Application

International Conference on Embodied AI Robot

44. The HKIC will host the first International Conference on Embodied AI Robot to pool together top notch technology enterprises, academic institutions and investors to showcase the latest R&D outcomes and application scenarios, thereby boosting Hong Kong's global influence on technology areas.

Smart Manufacturing

45. We enhanced the New Industrialisation Funding Scheme last year to strengthen support for local manufacturing enterprises to shift to smart manufacturing. The number of new smart production lines supported by the Scheme has exceeded 100, involving industries such as biotechnology, nanofibre materials, new energy, etc. The total investment cost is around \$1.3 billion, of which \$930 million came from private investment.

46. We also launched the New Industrialisation Acceleration Scheme in September last year to provide matching subsidies to enterprises to build smart production facilities in Hong Kong. The first application for the project has been approved, with a total investment of about \$600 million, of which government funding amounts to about \$200 million. The project will build smart production facilities in the field of life and health technology.

47. We plan to launch the two-year Pilot Manufacturing and Production Line Upgrade Support Scheme (Manufacturing+) this year. The Government will provide funding of up to \$250,000 each on a one-to-two 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. I have earmarked \$100 million for the Scheme, benefitting some 400 enterprises.

Licensing Regime of Low Earth Orbit Satellites

48. Low Earth Orbit satellites are the new trend in global satellite development. The relevant technologies can be widely applicable in various domains such as transport and logistics, smart city, etc. The Commerce and Economic Development Bureau (CEDB) and the Office of the Communications Authority are exploring a set of streamlined procedures for vetting licence applications for operating Low Earth Orbit satellites. Our target is to complete the relevant work this year.

Generative Artificial Intelligence Sandbox

49. The Hong Kong Monetary Authority (HKMA) and Cyberport collaborated last

year to launch a new Generative Artificial Intelligence Sandbox to foster innovation in the banking industry and unleash the potential of AI. The HKMA will publish a practice guide by making reference to global development trend and experience in the Sandbox.

Application of an Industry-oriented Approach

50. The Government will draw up a medium- to long-term development plan for new industrialisation in Hong Kong. Also, we will set up a \$10 billion Innovation and Technology Industry Oriented Fund to channel more market capital to invest in emerging and future industries of strategic importance. The Government is inviting relevant organisations to submit expressions of interest and is planning to seek funding approval from LegCo in the middle of this year.

51. We are preparing to launch the \$180 million I&T Accelerator Pilot Scheme. The Government will provide up to \$30 million in funding, on a one to two matching basis, to each professional start-up service agency, with a view to enriching Hong Kong's start-ups ecosystem through their business network and experience.

52. The Government has established the Hong Kong Space Robotics and Energy Centre under the InnoHK Research Clusters, with the aim of developing a multi functional lunar surface operation robot, which will contribute to the Chang'E 8 mission. Meanwhile, the Government has started preparatory work for the establishment of the third InnoHK research cluster, which will focus on advanced manufacturing, materials, energy and sustainable development. Proposals from institutions will soon be invited.

Technology Empowering Industry Development

53. The GBA plays an important strategic role in the national scientific and technological innovation system. Among the top 100 science and technology (S&T) clusters in the Global Innovation Index 2024 published by the World Intellectual Property Organization (WIPO), the Shenzhen Hong Kong Guangzhou cluster ranked second globally for the fifth consecutive year. With our country's staunch support, the publication event for the top 100 S&T clusters in the WIPO Global Innovation Index 2025 will be held in Hong Kong later this year, giving full recognition to the global importance of Hong Kong as a GBA's core city in the field of I&T.

Life and Health Technology

54. The Government will support local universities to set up life and health technology research institutes through the Subsidy Programme for the Setup of Life and Health Technology Research Institute(s), with a view to fostering cross university/institutional and multi disciplinary collaboration. The Innovation and Technology Commission is inviting institutions to submit proposals.

55. The Hong Kong Science and Technology Parks Corporation (HKSTPC) is looking into the life and health technology industry's demand for

manufacturing facilities that comply with the Good Manufacturing Practices, as well as feasible mode of development and operation, so as to support the industry in conducting clinical trials of new drugs or healthcare innovations in Hong Kong.

Low-altitude Economy

56. The interdepartmental Working Group on Developing Low altitude Economy, established at the end of last year, is examining the applications for the first batch of Regulatory Sandbox pilot projects and will announce the results soon. Through the pilot projects, we hope to expand and enrich the scope of low altitude flying activities, bringing new areas of growth for Hong Kong's economy.

57. The Government is reviewing civil aviation legislation to enhance the regulatory regime in support of long-term development of the low altitude economy. We plan to introduce proposed amendments to the Small Unmanned Aircraft Order into LegCo in the second quarter of this year. We will also consider enacting dedicated legislation for various types of Advanced Air Mobility, and proactively strengthen our interface with Mainland authorities on issues relating to the low altitude economy.

Technology Products

58. We will provide local technology companies with more physical displays and sales environment for their products. The Hong Kong Trade and Development Council (HKTDC) will add a thematic pop-up display area at the flagship retail platform Hong Kong Design Gallery and exhibition venues during major exhibitions to showcase high-quality innovative technology products to both local and overseas buyers or consumers.

Patient Capital

Hong Kong Investment Corporation Limited

59. The HKIC, as patient capital, while seeking investment return in the medium and long terms, strives to bring in more frontier technology enterprises and patient capital to Hong Kong, so as to accelerate the establishment of Hong Kong's I&T ecosystem and development of upstream, midstream and downstream sectors of the industry chains.

60. The HKIC has so far invested in over 90 technology enterprises engaging mainly in hard and core technology, life technology, new energy, green technology, etc. Among these investment projects, every \$1 invested by the HKIC attracts \$4 of long term co investment. The HKIC will drive these technology enterprises and investment partners to leverage Hong Kong as a platform for business expansion, and encourage them to establish venture business departments in Hong Kong. This is to attract more start up investment and facilitate relevant mergers and acquisitions.