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Industry Development and Reform


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Background

During the "two sessions" held this year, President Xi Jinping put forward the need to "firmly sustain the real economy as the foundation, and remain steadfast in advancing the transformation and upgrading of traditional industries while opening up strategic emerging ones". Industries are the cornerstone of economic development. The current-term Government, guided by the philosophy of better integration of "an efficient market" with "a capable government", will employ enhanced measures such as flexible land grant arrangements, tax concessions, capital subsidies and talent grooming to drive structural upgrades of our industries. We will consolidate our traditional strengths in sectors such as financial and legal services, while actively nurturing emerging ones, including advanced manufacturing, life and health technology, new energy, artificial intelligence (AI) and data science, with a view to creating more high-quality job opportunities, increasing people's incomes and enhancing overall economic efficiency.

The Government attaches great importance to fostering high value-added advanced manufacturing using innovation and technology, and promoting new industrialisation. With the sustained growth in the output of new industries, the Government will step up its efforts to nurture emerging industries locally and attract those from outside Hong Kong, promoting the diversified development of our economy. Furthermore, Hong Kong's life and health technology research is flourishing, underpinned by a mature system connecting the Government and the industry, as well as the academic, research and investment sectors. It aligns with the rise of innovative drugs through home-grown research and development in our country and expands into international markets through patent licensing, delivering substantial economic and strategic opportunities for Hong Kong. We will also endeavour to promote the development of new energy industry through expediting the application of green technologies and building an influential industry chain of new quality productive forces such as sustainable aviation fuel, with a view to facilitating Hong Kong to achieve carbon neutrality before 2050.

AI is the key driving force of a new round of scientific and technological revolution, as well as industrial transformation. With our advantages in scientific research, capital, data and talent, together with abundant use cases, Hong Kong is poised to become a global hub for AI development. The Government will step up the promotion of AI as a core industry for Hong Kong's future development, promote the development of AI+ and facilitate an extensive and deep integration of AI across sectors, while ensuring safety and controllability, ultimately achieving "industries for AI" and "AI for industries".

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Industry Development and Reform

Formulate Preferential Policy Packages to Attract More Enterprises

- The Financial Secretary will lead relevant policy bureaux, departments and public bodies in formulating packages of preferential policy for promoting industries and investments, covering land grants, land premium, financial subsidies, tax incentives, etc. for attracting high value-added industries and high-potential enterprises to set up in Hong Kong, thereby promoting high-quality development. (FSO, CEDB, ITIB, DEVB, FSTB and relevant bureaux)
- The Office for Attracting Strategic Enterprises and Invest Hong Kong can use the policy packages flexibly during negotiations with enterprises on settlement details, and report to the Financial Secretary for final approval before implementation. (FSO, CEDB, FSTB)
- Explore the establishment of a more flexible mechanism, including allowing the Chief Executive and the Financial Secretary to introduce tax incentives that comply with international standards. (FSO, FSTB)
- Better utilise the $10 billion New Industrialisation Acceleration Scheme and the $10 billion Innovation and Technology Industry-Oriented Fund to facilitate strategic enterprises to develop their businesses in Hong Kong. (ITIB)

Attract and Develop Industries

Attract an aircraft recycling enterprise and train relevant talents

- Attract a leading European aeronautic services company and reach an agreement of intent to operate in Hong Kong to provide aircraft dismantling, recycling and trading services of high-value parts, thereby driving the development of industries such as trading, insurance, financing and leasing, etc., creating new job opportunities in both upstream and downstream industries. (CEDB, TLB and relevant bureaux)
- The company will collaborate with the Hong Kong International Aviation Academy to provide training for relevant professional and technical personnel with a view to consolidating Hong Kong's status as an international aviation hub. (TLB)

Promote the development of the life and health technology industry

- Focus on promoting clinical trials of innovative drugs such as rare disease drugs, high-end cancer drugs and advanced therapy products, and proactively enhance efficiency of trial initiation through the Greater Bay Area International Clinical Trial Institute. (HHB)
- Launch the first batch of representative regional collaborative clinical trial projects through the Greater Bay Area Clinical Trial Collaboration Platform and actively contribute to the enhancement of Hong Kong's biopharmaceutical research and development (R&D) ecosystem. (HHB)

- Promote the development of a talent pool for clinical trials in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and actively advance the preparations for the International Clinical Trial Academy, which is expected to be established in 2027. (HHB)
- Deepen international exchanges and co-operation by leveraging Hong Kong's advantages in connecting with both the Mainland and the world, and host regional clinical trial conferences and clinical trial summits with international influence, so as to continuously enhance Hong Kong's influence in the global clinical R&D field. (HHB)
- Set up the Hong Kong Centre for Medical Products Regulation (CMPR) and submit a legislative proposal on regulating medical devices in 2026, thereby empowering the CMPR to regulate Chinese medicines, Western medicines and medical devices (medical products), with a view to establishing the CMPR as an internationally renowned regulatory authority for medical products as soon as possible. The CMPR will enhance the prevailing evaluation, approval and registration mechanism for drugs and implement "primary evaluation" for new drug registration in phases beginning in 2026. (HHB)
- Expedite the "1+" mechanism for new drugs, piloting priority evaluation and approval of innovative drugs recommended by the Hospital Authority (HA) for treatment of life-threatening or severely debilitating diseases, so as to assist pharmaceutical companies in bringing innovative drugs to the market sooner. (HHB)
- Promote the standardisation of clinical data within the GBA, connecting medical institutions in the GBA and integrating real-world data under the measure of using Hong Kong registered drugs and medical devices used in Hong Kong public hospitals in GBA and establishing a GBA Real-World Data Platform to help pharmaceutical companies bring innovative drugs into the Mainland and international markets more quickly. (HHB)
- The HA will set up the Office for Introducing Innovative Drugs and Medical Devices to actively identify needs and benefits of innovative drug treatments for local patients through big data analytics, and contact innovative drug and medical device manufacturers to make good use of the "1+" registration mechanism to proactively introduce into Hong Kong innovative drugs and medical devices that are cost-effective and beneficial to patients. (HHB)

Promote the development of new energy industry

- Seize the opportunity for green and low-carbon transformation in aviation by establishing a sustainable aviation fuel (SAF) industry chain to bolster the competitiveness of Hong Kong's aviation and new energy industries. (EEB, TLB)
- Work with the Mainland government to enable a local enterprise which is a major global SAF supplier to develop in the GBA, covering upstream collection of raw materials, establishment of production plants for large-scale production, etc., so as to enhance production capacity and global competitiveness. The aim is to achieve a specified target SAF consumption ratio for flights departing from Hong Kong International Airport by 2030; and to construct an SAF blending facility to provide cheaper SAF-blended jet fuel in Hong Kong in the long term, thereby boosting the competitiveness of Hong Kong's SAF industry and bolstering the bargaining power of airlines. (EEB, TLB)
- Continue to implement the strategies and initiatives in the Strategy of Hydrogen Development in Hong Kong, including to establish hydrogen standard certification by 2027, set up public hydrogen filling facilities on Hong Kong Island and in Kowloon by 2027 after Hong Kong's first public hydrogen filling station commenced full operation at Au Tau, Yuen Long in June 2025, and promote the implementation of more trial projects. (EEB)

- Actively promote the trial of cross-boundary hydrogen transport and enhance communication with the Guangdong Province to explore the joint development of the GBA Hydrogen Corridor. (EEB)
- Promote the development of the electric vehicle (EV) battery recycling industry to transform the retired batteries into recycled black mass locally for supply to the Mainland and neighbouring regions. (EEB)
- Push forward the expected commencement of operation of Hong Kong's first large-scaled EV battery recycling facility at the EcoPark in the first half of 2026, thereby facilitating the development of the EV battery recycling industry. (EEB)

Promote the Development of the AI and Data Science Industries

Promote AI scientific research and leverage our wealth of talents

- The $3 billion Frontier Technology Research Support Scheme, which was announced earlier, will accept applications shortly to support local subsidised institutions in attracting top-notch international scientific researchers in areas such as artificial intelligence (AI) to Hong Kong to lead basic research in frontier technologies. (ITIB)
- Establish the Hong Kong AI Research and Development Institute in 2026, with a view to facilitating upstream R&D, midstream and downstream transformation of R&D outcomes and expanding application scenarios. (ITIB)

Mobilise capital for AI investment

- The Hong Kong Investment Corporation Limited, as the "patient capital" institution wholly owned by the Government, has invested in a number of AI companies, including AI Large Language Model, cloud computing and AI drug R&D. In the future, it will continue to invest in the AI industry. (FSO)

Strengthen advantages in data for AI

- Leverage the advantages under "One Country, Two Systems" by promoting the early implementation of the cross-boundary flow of Mainland data to the Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone for scientific research under regulatory compliance and security safeguards, thereby facilitating the testing and innovation of AI applications. (ITIB)
- Cyberport's AI Supercomputing Centre to enhance its computing power within 2025 to meet the demand of local institutions, R&D centres and enterprises in computing power and application of AI. (ITIB)
- Continue to implement the $3 billion AI Subsidy Scheme to support local institutions, R&D centres and enterprises, etc. to leverage the computing power of Cyberport's AI Supercomputing Centre. (ITIB)
- Put up for tender in the market a 10-hectare site at Sandy Ridge in the North District for data facility cluster development by end-2025, which will house advanced computing power facilities. (ITIB)

Expand the application of AI in public services

- Under the leadership of the AI Efficacy Enhancement Team, launch various AI tools for data analysis, customer service, clerical work, etc. by 2026, covering 100 public administration procedures and increase this to no less than 200 by 2027, to promote the popular use of AI in government departments in a safe and controllable manner. (ITIB)
- Develop an AI Police Post for reporting non-emergency cases through a voice system, thereby saving the public from complicated steps of filling in forms, simplifying procedures and enhancing efficiency and service quality. (SB)

- Continue to enhance and actively promote the e-licensing services of the Transport Department (TD), including the use of AI for automated verification of information provided by the applicants, thereby expediting the handling, vetting and approval of transport licences, and encouraging the public to submit licence applications and check their licence and permit details online. (TLB, ITIB)
- Drive government departments to launch "AI flagship projects" to use AI to assist departments in expediting their process of handling, vetting and approval of various licences and applications, and provide an "AI assistant" for users of "iAM Smart" and "Digital Corporate Identity" (CorpID) for answering enquiries and providing personalised services, as well as recommending appropriate funding schemes and public service support to enterprises (especially small and medium enterprises). (ITIB and relevant bureaux)
- The AI-based Smart Traffic Management System has been installed in the Kwun Tong Business Area and is currently under trial, with an aim to be put into service by end-2025, operating round the clock to collect real-time traffic data and monitor the traffic situation of the area, enabling the District police and officers of the TD to better deploy resources and manpower to manage and improve traffic flow in the area. (TLB)
- Introducing digital pathology and the application of AI to improve the accuracy of histopathological and cytological examination, and promoting the application of generative AI in clinical processes to enhance patient care efficiency and hospital management and service level. (HHB)
- Introduce an AI-powered video big data analytics system at boundary control points (BCPs) in phases starting from the fourth quarter of 2025 to enhance identification of high-risk individuals in smuggling, boost clearance efficiency and ensure precise enforcement, and extend the system to cover all BCPs by end-2027. (SB)
- Apply the next-generation of AI and big data technologies to develop a specific prediction system for high-impact weather, further enhancing the capabilities in forecasting and coping with extreme weather. (EEB)
- Prioritise the wider adoption of AI technology and construction robots in public works projects, which includes the Integrated Capital Works Platform, AI assistant platform for construction industry knowledge and various applications of construction robots. We will formulate relevant specifications and standards with progressive introduction of policies requiring new public works projects to adopt highly-effective construction robots with functions such as automated processes, remote control, AI, etc. for suitable processes, so that the overall work efficiency and project performance can be fully enhanced. (DEVB)
- Develop a smart flood forecast and alert system that utilises big data and AI for rolling out in selected districts by stages starting from mid-2026 to assist departments in taking pre-emptive prevention and strategic emergency response to possible flooding. (DEVB)
- Employ AI-enabled large vision-language model for monitoring street flooding to facilitate the deployment of emergency response teams to manage flooding. The Drainage Services Department is optimising the system to prepare it for future use in other suitable areas across the territory. (DEVB)
- Test out a smart unmanned drone management system for river and slope monitoring and emergency management work starting from end-2025 with a view to enhancing data collection and analysis capabilities so that resources deployment and emergency response actions will be carried out more effectively. (DEVB)
- Conduct a pilot run on combining the local rainfall data, landslide records and man-made slope data with AI-enabled big data analytics to further enhance assessments of landslide risks and the issuance of landslip warning. (DEVB)

- Develop Smart Slope Catalogue within 2026 which will cover all registered man-made slopes and those natural terrains affecting existing facilities, and gradually increase relevant comprehensive monitoring and management data, through the use of AI for big data analysis to strengthen the management of landslip prevention and mitigation works and government slope maintenance audits, and deploy necessary actions more quickly and effectively when landslides occur. (DEVB)
- The Fire Services Department will introduce drones with higher payload capacity and automated drone docks by the first quarter of 2026, with a view to strengthening capabilities in search and rescue operations and early fire detection. (SB)
- Under the "SmartView" programme, upgrade the closed-circuit television system network across the territory, with over 20 000 additional cameras to be installed annually and a total of about 60 000 cameras expected to cover the entire city in 2028, so as to utilise more real-time data to assist in smart management, enhance accident detection to reduce response time and expedite crime detection, thereby better protecting the public while ensuring transparent and secure use of data. (SB)

Expand the application of AI in business activities

- Roll out the second cohort of the AI Sandbox initiative by the Hong Kong Monetary Authority (HKMA) and Cyberport, featuring enhanced fraud detection, optimised AI customer service experience and others, and promote it to more financial institutions, and issue an updated practice guide to the sector. (FSTB)
- The HKMA is also participating in the development of a method for evaluating AI models to strengthen the security testing of financial systems and assist the financial sector in managing the explainability of AI models more effectively. (FSTB)
- Provide funding support through the Construction Innovation and Technology Fund to private works projects on the application of AI such as real-time data collection, AI-enabled site analysis and AI automated review of contract content and payment application processing. (DEVB)
- Establish an inter-departmental working group to co-ordinate the responsible bureaux to review the legislation needed to complement the wider application of AI. (DoJ)

Continue to enhance digital applications

- Implement fully the Electronic Recordkeeping System for all government bureaux/departments within 2025 to enhance efficiency in preserving and managing government records. (CSO, ITIB)
- Continue to improve the application procedures for Certificates of No Criminal Conviction to allow individuals meeting certain conditions to complete the entire application process online via "iAM Smart", thereby enhancing efficiency and saving resources. (SB)
- Launch the CorpID Platform in end-2026 to progressively support the use of CorpID in digital government services relating to enterprises. (ITIB)
- Promote the integrated functions of "iAM Smart" to realise "single portal for online government" to provide the public with one-stop digital services. (ITIB)
- Compile departmental data catalogues within 2025, and promote inter-departmental data exchange through the Consented Data Exchange Gateway, to provide the public with convenient digital government services. (ITIB)
- Finish rolling out over a hundred of digital government and smart city initiatives within 2025 to enhance the user experience of public services and operational efficiency of departments. (ITIB)

- Continue to provide steer for bureaux/ departments in enhancing project governance and cybersecurity of their information systems as well as those of the related public bodies under their purview. (ITIB)
- Continue to organise annual cybersecurity attack and defence drills and invite various government departments and public bodies to participate. (ITIB)
- Identify on a risk-based principle eight government electronic systems for in-depth compliance audit each year. (ITIB)