FOR IMMEDIATE RELEASE

<u>**Hong Kong Computer Society's Response to Budget 2025:**</u>
<u>Supporting the Government in Continuing Investments in Innovation and Technology,</u>
<u>Promoting Artificial Intelligence, Developing New Quality Productive Forces,</u>
<u>Supporting Digital Transformation and Talent Cultivation</u>

February 26, 2025. Hong Kong ⸺The Hong Kong Computer Society (HKCS) has voiced its support and appreciation for the 2025 Budget presented by Financial Secretary Paul Chan today. Despite navigating a fiscal deficit, the Government remains steadfast in its commitment to advancing the innovation and technology sector amidst the complex global landscape shaped by rising protectionism and unilateralism. The Government aims to accelerate the development of new quality productive forces, drive high-level technological self-reliance, and foster high-quality development through tailored strategies. Key policies include reinforcing Hong Kong's advantages in the innovation and technology industry, focusing on artificial intelligence development, leveraging technology to drive "new quality productive forces," and launching infrastructure projects in the Northern Metropolis and the Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone. Additionally, the Government will empower public services and various industries with technology, promoting digital transformation. The Society welcomes efforts to attract multinational tech corporations and startups to Hong Kong, attract more tech talent, and cultivate local talent.

Project Items	Fundings
Developing AI as a Core Industry and related Policies	
● To establish the Hong Kong AI Research and Development Institute. ● The Digital Policy Office (DPO) will formulate the establishment arrangements of the institute and its specific goals, focusing on facilitating upstream R&D, midstream and downstream transformation of R&D outcomes and expanding application scenarios.	$1 billion
● Since its launch in October last year, the AI Subsidy Scheme has approved five projects led by local universities, research institutions, etc., to accelerate local R&D work relating to big language models, new materials, large synthetic biology models, etc.	5 projects have been approved.
Driving New Quality Productive Forces and related Policies	

• The New Industrialisation Funding Scheme has been enhanced 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.	$1.3 billion has been invested
• The New Industrialisation Acceleration Scheme was launched 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.	The first application for the project has been approved
• The Government is planning 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. • $100 million has been earmarked for the Scheme, benefitting some 400 enterprises.	Total $100 million, funding support of up to $250,000 to each enterprise
• The Government will draw up a medium- to long-term development plan for new industrialisation in Hong Kong. • It 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.	$10 billion
• The Government is preparing to launch the $180 million I&T Accelerator Pilot Scheme. • The Government will provide up to $30 million in funding, on	Total $180 million, funding support of up to

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.	$30 Million to each enterprise
For Technology Empowering Industry Development	
• To develop smart port, the Government has set aside $215 million to install the port community system, with a view to enhancing the flow of data among stakeholders in the maritime, port and logistics industries. • The Government will seek funding approval from LegCo this year.	$215 million
Supporting the Growth of I&T Industries	
• Hong Kong Investment Corporation Limited (HKIC), as patient capital, 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.	Over 90 technology enterprises were invested
Land for Innovation and Technology Use	
• The Hetao Shenzhen Hong Kong Science and Technology Innovation Co-operation Zone • The Hong Kong Park will enter into operational phase this year. The first three buildings of Phase 1 are about to complete and the first batch of tenants from life and health technology, AI, data science and other pillar industries will begin to move in this year. • $3.7 billion has been earmarked to expedite the provision of infrastructure and public facilities of Phase 1 development of the Hong Kong Park. • The Government will identify suitable land parcels for invitation of private development proposals this year with a view to expediting the development by leveraging market forces.	$3.7 billion

• Upon completion of the whole Hong Kong Park, its annual contribution to Hong Kong's economy is expected to reach $52 billion, and about 52,000 job opportunities will be created.	
• The San Tin Technopole: Twenty hectares of land will be delivered in phases, starting from 2026-27, for development and operation by the HKSTPC. • The HKSTPC is carrying out a master planning study, which is expected to be completed in the third quarter of this year. • In order to support commercial and innovative development in the NM, the Government will also identify suitable sites there for constructing facilities to meet various conference and exhibition needs.	
• Sandy Ridge in the North District for use as data centres • The Government has commenced the procedures last year to re-zone a 10-hectare site at Sandy Ridge in the North District for use as data centres. • The re-zoning procedures are expected to be completed in the middle of this year.	

Dr. Rocky Cheng, President of HKCS, remarks: "In spite of facing a fiscal deficit, we are pleased to see the Government adopting prudent financial management while leveraging innovation and technology to stimulate economic growth and allocating additional resources to support the development of the innovation and technology industry, investing in the future. Moreover, we strongly agree with the Financial Secretary's statement that, through technological innovation, Hong Kong can catalyse new modes and new impetus to accelerate the nurturing of new industries and to transform and upgrade traditional industries. At the same time, we must nurture and attract talent by better means to promote the integrated development of education, technology and talent, which in turn provides staunch support for reform and innovation."

Dr. Cheng continues: "Facing a public fiscal deficit, the budget still allocates funds to various innovation and technology sectors, including creative policies such as promoting artificial intelligence as a core industry, establishing the Hong Kong AI Research and Development Institute, enhancing the computing power of Cyberport's AI Supercomputing Centre, and implementing initiatives like the 'New Industrialisation Acceleration Scheme,' an enhanced 'New Industrialisation Funding Scheme,' and the two-year 'Pilot Manufacturing and Production Line Upgrade Support Scheme

(Manufacturing+)' to promote new quality productive forces. Additionally, the 'Innovation and Technology Industry Oriented Fund' will aid Hong Kong in promoting re-industrialisation, aligning with national development strategies to drive economic growth through new quality productive forces. These initiatives are visionary and commendable. Furthermore, the Government has consistently endeavored to deliver more efficient and higher-quality public services experience to citizens by leveraging technology, streamlining processes, and driving the digital transformation of public services, which will benefit the development of eGovernment and smart cities."

"Other innovation and technology allocations include comprehensive efforts to attract innovation and technology corporations, funds, and talent, supporting the development of financial technology, virtual assets, smart ports, green technology, and further advancing eGovernment and corporate digital identity platforms. These efforts support the digital transformation of various industries empowered by technology. Aligning with national policies to build Hong Kong into an international innovation and technology center, the Government also fosters startups, strengthens tech talent cultivation, relaxes public listing rules for innovation companies, and implements the development of the Northern Metropolis and the Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone. These initiatives demonstrate the Government's determination and vision to promote Hong Kong's innovation and technology development, which is encouraging and inspiring to us," stated Dr. Cheng.

Dr. Cheng concludes: "The Hong Kong Computer Society has always been committed to promoting the professional development of the industry and nurturing young talents. The Government's preparation for the future AI-driven technological era aligns with the Hong Kong Computer Society's forward-thinking approach. HKCS brings together industry elites and is willing to provide the Government with ideas and suggestions. We look forward to contributing to the necessary preparation works in bringing Hong Kong into a new era of AI technology."

About the Hong Kong Computer Society (HKCS)

Founded in 1970, the Hong Kong Computer Society (HKCS) is a recognised non-profit professional organisation focused on developing Hong Kong's Information Technology (IT) profession and industry. Their members come from a broad spectrum of Hong Kong's IT community, from corporations to like-minded individuals, all coming together to raise the profile and standards of the IT profession and industry. As a well-established IT professional body, the Society is committed to professional and industry

development as well as community services to ensure the IT sector continues to make a positive impact on peoples' lives with three main goals, namely, 1) talent cultivation and professional development, 2) industry development and collaboration, and 3) the effective use of IT in our community.

For more details, please visit http://www.hkcs.org.hk.

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Issued by: Hong Kong Computer Society
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Appendix: IT-related Measures of Budget 2025

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● **Developing AI as a Core Industry and related Policies**

- AI is at the core of developing new quality productive forces. The Government will leverage the edge of "One Country, Two Systems" and our internationalised characteristic to develop Hong Kong into an international exchange and co-operation hub for the AI industry.

- Through frontier research and real-world application, we will endeavour to develop AI as a core industry and empower traditional industries in their upgrading and transformation.

- AI Supercomputing Centre: The first-phase facility of Cyberport's AI Supercomputing Centre has just commenced operation, and the computing power will be ramped up gradually to 3 000 petaFLOPS this year.

- Hong Kong Microelectronics Research and Development Institute: it established last September, spearheads collaboration among universities, research and development (R&D) centres and the industry on the R&D of third-generation semiconductor core technology.

- Hong Kong AI Research and Development Institute: To spearhead and support Hong Kong's innovative R&D as well as industrial application of AI, the Government has set aside $1 billion for the establishment of the Hong Kong AI Research and Development Institute. The Digital Policy Office (DPO) will formulate the establishment arrangements of the institute and its specific goals, focusing on facilitating upstream R&D, midstream and downstream transformation of R&D outcomes and expanding application scenarios.

- AI Subsidy Scheme: Since its launch in October last year, the AI Subsidy Scheme has approved five projects led by local universities, research institutions, etc., to accelerate local R&D work relating to big language models, new materials, large synthetic biology models, etc.

- The Hong Kong Investment Corporation Limited (HKIC) will be:
  - ◆ Hosting the first International Young Scientist Forum on Artificial Intelligence to promote research of AI technology and its development as an industry.
  - ◆ Hosting 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.

- 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.

- 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. The target is to complete the relevant work this year.

● **Driving New Quality Productive Forces and related Policies**

- The New Industrialisation Funding Scheme was enhanced 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.

- The New Industrialisation Acceleration Scheme was launched 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.

- The Government plans 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.

- 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.

- The Government is 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.

- 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.

- 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.

- The HKSTPC will develop the InnoCentre in Kowloon Tong into a leading green technology hub – "GreenTech Hub", bringing together more than 200 green technology companies.   The HKSTPC will invite financial and business institutions, universities, institutions supporting business, etc. to become partners of the admitted companies and provide support such as talent training, testing and application scenarios, and business matching.

- **Technology Empowering Industry Development**

  - International Financial Centre and Fintech
    - The Government has submitted the subsidiary legislation with regard to the implementation of the uncertificated securities market regime to LegCo.   The SFC and HKEX are working closely with the industry to carry out system upgrades and technical preparations, with a view to implementing the regime early next year.
    - The SFC and the HKMA have set up a task force to formulate a roadmap, covering the development of primary and secondary bond markets and foreign exchange markets, as well as infrastructural enhancement.   The Government will also organise a flagship forum in the second half of this year to promote Hong Kong's strengths in this regard.
    - The Government will conduct research into the current legal and regulatory regime related to the issuance and transactions of digital bonds and explore enhancement measures to promote the wider

adoption of tokenisation in Hong Kong's bond market.

◆ The Government will regularise the issuance of tokenised bonds. The HKMA is preparing for issuing the third tranche of tokenised bonds, and will continue to encourage digital bonds issuances through the Digital Bond Grant Scheme, while actively exploring tokenising traditional bonds issued.

◆ To promote the connection of e-payment between the Mainland and Hong Kong, the PBoC and the HKMA are working closely to implement the linkage of faster payment systems of both places, with a view to providing round-the-clock real-time, small-value cross-boundary remittance service for residents in both places. The service is expected to be launched in the middle of this year at the soonest.

◆ Virtual Assets:

✧ "Consensus", an annual flagship event of the sector, was successfully held in Hong Kong recently, bringing together a few thousands of industry elites and companies from across the world in virtual assets, blockchain, Web3 and fintech, etc.

✧ The Government will soon promulgate a second policy statement on the development of virtual assets to explore how to leverage the advantages of traditional financial services and innovative technologies in the area of virtual assets, enhance security and flexibility of real economy activities, and encourage local and international companies to explore the innovation and application of virtual asset technologies.

✧ The Government will conduct consultation on the licensing regimes of virtual asset over-the-counter trading services and custodian services this year.

✧ The Government has introduced into LegCo a bill to put in place a regulatory regime for issuers of fiat-referenced stablecoins. Upon the passage of the Bill, the HKMA will expedite the vetting of licence applications.

■ Life and Health Technology

◆ 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.

- ◆ 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
  - ◆ 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, the Government hope to expand and enrich the scope of low-altitude flying activities, bringing new areas of growth for Hong Kong's economy.
  - ◆ The Government is reviewing civil aviation legislation to enhance the regulatory regime in support of long-term development of the low-altitude economy.
  - ◆ The Government plan to introduce proposed amendments to the Small Unmanned Aircraft Order into LegCo in the second quarter of this year.
  - ◆ The Government 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
  - ◆ Local technology companies will be provided 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.
- ■ International Trade Centre
  - ◆ The Government will make reference to the Model Law on Electronic Transferable Records advocated by the United Nations Commission on International Trade Law and consider legislative amendments to facilitate digitalisation of trade documents.   We will submit the relevant legislative proposal to LegCo next year.
  - ◆ HKTDC will strengthen B&R project matching, particularly on green

development and I&T.
- International Transportation Centre:: To develop smart port, the Government has set aside $215 million to install the port community system, with a view to enhancing the flow of data among stakeholders in the maritime, port and logistics industries.   The Government will seek funding approval from LegCo this year.
- The HKTB will enhance the one-stop travel information platform, Discover Hong Kong to provide a "Live Travel Map" and a "Smart Itinerary Planner" so as to provide visitors with more comprehensive and personalised itinerary suggestions, travel information and offers.
- Last year, the Government invited expressions of interest for the smart and green mass transit system projects in Kai Tak, East Kowloon and Hung Shui Kiu/Ha Tsuen and Yuen Long South NDAs.

- **Supporting the Growth of I&T Industries**

  - Hong Kong Investment Corporation Limited (HKIC) as patient capita:
    - 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.
  - Land for Innovation and Technology Use at Northern Metropolis
    - The Hetao Shenzhen Hong Kong Science and Technology Innovation Co-operation Zone:
      - The Hong Kong Park will enter into operational phase this year.   The first three buildings of Phase 1 are about to complete and the first batch of tenants from life and health technology, AI, data science and other pillar industries will begin to move in this year.
      - $3.7 billion was earmarked to expedite the provision of infrastructure and public facilities of Phase 1 development of the Hong Kong Park.
      - Meanwhile, the Government will identify suitable land parcels for

invitation of private development proposals this year with a view to expediting the development by leveraging market forces.

- ✧ Upon completion of the whole Hong Kong Park, its annual contribution to Hong Kong's economy is expected to reach $52 billion, and about 52 000 job opportunities will be created.

◆ San Tin Technopole:

- ✧ Twenty hectares of land will be delivered in phases, starting from 2026-27, for development and operation by the HKSTPC.
- ✧ The HKSTPC is carrying out a master planning study, which is expected to be completed in the third quarter of this year.

◆ Data Facility Cluster at Sandy Ridge: The Government commenced the procedures last year to re-zone a 10-hectare site at Sandy Ridge in the North District for use as data centres. The re-zoning procedures are expected to be completed in the middle of this year..

◆ In order to support commercial and innovative development in the NM, we will also identify suitable sites there for constructing facilities to meet various conference and exhibition needs.

- **Attracting I&T Enterprises and Talents and Related Policies**

  ■ The Office for Attracting Strategic Enterprises (OASES) : OASES has attracted 66 strategic enterprises, 80 per cent of which have established or planned to establish their global or regional headquarters in Hong Kong. Many are I&T enterprises with a market valuation of over $10 billion and engaging in cutting-edge technologies.

  ■ Invest Hong Kong (InvestHK): successfully attracted over 500 Mainland and overseas enterprises to set up or expand their businesses in Hong Kong last year, representing an increase of over 40 per cent. These enterprises are expected to bring in direct investment of over $67.7 billion.

  ■ The Civil Service College will enhance the content on technology application in civil service leadership training, equipping departmental leaders to optimise their information technology systems, better utilise big data and AI, and arrange appropriate training for their staff.

  ■ To stimulate primary and secondary school students' interest in I&T:
    ◆ The Government has invited the HKIC, the HKSTPC and Cyberport to co-ordinate the efforts of more than 100 technology enterprises under their purview to engage in interactions and exchanges with students to share frontier exploration and start-up experience in technology

through organising product display in schools, site visits, etc., in the coming year. These technology enterprises cover various domains such as AI, robotics, and green technology.

◆ The Government is also encouraging technology enterprises in Hong Kong to provide resources, technical guidance and practice scenarios for technology education such as coding and AI learning in schools, with a view to further enhancing young people's interest and capability in I&T application through integrating theoretical learning and practical application.

● **Enhancing Collaboration with Cities in the Greater Bay Area**

■ The facilitation measure on the "Standard Contract for the Cross-boundary Flow of Personal Information Within the Guangdong-Hong Kong-Macao Greater Bay Area (Mainland, Hong Kong)" helps promote the safe and orderly cross-boundary flow of authorised personal information, and has been well-received by the telecommunications sector since its launch. The measure has already been opened up for participation by other sectors.

■ Cyberport has been actively collaborating with the Qianhai Management Authority to facilitate the landing of start-up enterprises at respective parks. So far, some 10 Cyberport enterprises are exploring setting up their operations in Qianhai, whilst two enterprises on AI and digital entertainment from Qianhai have established businesses at Cyberport.

● **Enhancing Public Service Efficiency**

■ The Government is striving to realise "single portal for online government services", with a view to providing a one-stop shop for citizens to obtain information, apply for services and settle bills. Since the launch of the "iAM Smart" mobile application, the number of registered users has exceeded 3.2 million. "iAM Smart" connects about 500 services of the Government as well as public and private organisations and provides nearly 600 electronic government forms.

■ The DPO is planning to progressively implement a "Digital Corporate Identity" Platform before the end of next year. This will enable Hong Kong enterprises to undergo corporate identity authentication and digital signature process in a secure and convenient manner when using electronic government services or conducting online business transactions. This measure will

facilitate digital transformation of enterprises, and help enhance government departments' efficiency in processing online applications.

- The Transport Department will roll out a number of electronic licensing services, including electronic driving licences, progressively from the middle of this year to early next year.   The Department will continue to launch various electronic permits and integrated, user-friendly online services.   It also plans to introduce a bill into LegCo on electronic driving licence in the first half of this year to provide the option of displaying driving licences through dedicated applications on smartphones.

- The Housing Bureau has selected 10 public rental housing estates as the pilot sites for smart estate management to adopt more technologies, such as Internet of Things sensors, robots, etc., in daily estate management.   It will also launch a centralised estate management platform this year to enhance management efficiency and service quality.

- DEVB is driving digitalisation of public works in full swing, and applying AI technology for big data analysis to reduce the risk of project delay and cost overrun.   DEVB is also driving the wider application of highly-effective construction robots in projects with functions including automated processes, remote control, AI, etc., to support construction personnel in various fields to enhance work efficiency, cost-effectiveness, site safety and works quality.