

Chapter 7: Recommendations for Hong Kong Enterprises

In light of the rapidly changing business environment, Hong Kong-invested industrial enterprises (HKIEs) are generally pursuing the following development directions: implementing a “China+N” diversified supply chain strategy to mitigate risks; exploring emerging markets to drive sales growth; leveraging technological innovation, brand development, and provide differentiated products to avoid race-to-the-bottom competition; and strengthening digital capabilities to enhance operational efficiency.

Given the varying operating conditions of different Hong Kong-funded industrial enterprises, it is challenging to make broad recommendations. The following four recommendations hold relevance across different sectors.

7.1 Making Effective Use of Support Measures Provided by the HKSAR Government

HKIEs can leverage various support measures introduced by the HKSAR Government to enhance their competitiveness. These measures encompass business information, funding support, brand promotion, research and innovation, and talent training.

7.1.1 Public Funding Schemes

Depending on their specific circumstances and business development needs, HKIEs may apply for government funding, such as the “Dedicated Fund on Branding, Upgrading and Domestic Sales” (BUD Fund) under the Trade and Industry Department. HKIEs can also apply for schemes under the Innovation and Technology Commission, including the “New Industrialisation Acceleration Scheme” (NIAS), the “New Industrialisation Funding Scheme” (NIFS), and the “New Industrialisation and Technology Training Programme” (NITTP), to obtain financial support from the HKSAR Government. In addition, non-listed HKIEs can also obtain government loan guarantees through the “SME Financing Guarantee Scheme” (SFGS).

Figure 7-1 Public Funding Schemes Related to Industry by the HKSAR Government (as of 4 Sep 2025)

Scheme	Funding Mode	Scope of Funding
Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) ¹	<ul style="list-style-type: none"> • Provided on a matching basis of 1 (Government): 3 (Enterprise) • Under the "Mainland Programme" and the "FTA & IPPA Programme", the maximum cumulative funding per enterprise (including audit fees) is HK\$7 million, and the maximum funding per project (including audit fees) is HK\$800,000 	<ul style="list-style-type: none"> • Brand development, such as strategy formulation, positioning and image design, equity research, and promotion • Upgrading and restructuring, such as new product design, adoption of advanced technology, management system enhancement, manufacturing automation, etc • Promoting domestic market sales, such as market research, strategy planning, sales channel establishment, promotion of products/services, etc
New Industrialisation Acceleration Scheme (NIAS) ²	<ul style="list-style-type: none"> • Provided on a matching basis of 1 (Government): 2 (Company) • The funding ceiling per project is one-third of the total approved project cost or HK\$200 million, whichever is lower • Each enterprise may have a maximum of two projects approved, receiving up to HK\$200 million in total 	<ul style="list-style-type: none"> • Commit an investment of no less than HK\$200 million of funding that is within the approved funding scope in the setting up of new smart production facilities in Hong Kong in the three designated technology areas (ie, life and health technology, AI and data science, and advanced manufacturing and new energy technologies) • "Smart production facilities" shall involve high-end and advanced technology, ie, the integrated and intelligent use of smart technologies such as Internet of Things, real-time data acquisition, application of data analytics and advanced human-machine interfaces, AI/machine learning/deep learning, automation and robotics, sustainable technology, sensors and actuators in the production process

¹ The Official Guide to Application: https://mainland.bud.hkpc.org/sites/default/files/download/Mainland-Guide-to-Application-EN_202503.pdf (Mainland Programme); https://fta.bud.hkpc.org/sites/default/files/download/FTA_IPPA-Guide-to-Application-EN_202503.pdf (FTA and IPPA Programme)

² The Official Guide to Application: https://www.itf.gov.hk/filemanager/en/content_114/nias-guide-e_202509.pdf

Scheme	Funding Mode	Scope of Funding
New Industrialisation Funding Scheme (NIFS) ³	<ul style="list-style-type: none"> • Provided on a matching basis of 1 (Government): 2 (Company) • The funding ceiling per project is one-third of the total approved project cost or HK\$15 million, whichever is lower • There is no limit on the total number of projects that may be approved in respect of a company, but each company may only in total have 3 project applications and ongoing projects under the NIFS at any one time 	<ul style="list-style-type: none"> • Expenses directly related to the establishment of the new production line in Hong Kong • For instance, the costs of procurement, installation and commissioning of the machinery/equipment/apparatus, fees for engaging technical consultant(s) for the design and setting up of the production line concerned, relevant testing and staff training, patent registration fee, external audit fee, as well as legal service fee related to the legal charge on the funded production line
New Industrialisation and Technology Training Programme (NITTP) ⁴	<ul style="list-style-type: none"> • Provided on a matching basis of 1 (Government): 1 (Enterprise) • Maximum funding support is HK\$250,000 for each enterprise in each financial year 	<ul style="list-style-type: none"> • Supports local Hong Kong enterprises in providing advanced technology training for employees, especially training related to "New Industrialisation"
Pilot Manufacturing and Production Line Upgrade Support Scheme (Manufacturing+) ⁵	<ul style="list-style-type: none"> • Provided on a matching basis of 1 (Government): 2 (Enterprise) • Each enterprise operating a production line in Hong Kong may receive up to HKD\$250,000 in funding 	<ul style="list-style-type: none"> • Formulation of smart production strategies and introduction of advanced technologies into existing production lines

³ The Official Guide to Application: https://www.itf.gov.hk/filemanager/en/content_39/nifs-guide-e_202509.pdf

⁴ The Official Guide to Application: https://www.itf.gov.hk/filemanager/en/content_41/NITTP_Guidance_Notes_Training_Grant_Applications_EN_20250801_.pdf (Applicable to Companies) https://www.itf.gov.hk/filemanager/en/content_41/NITTP_Guidance_Notes_Course_Applications_EN_20250801_.pdf (Applicable to Public Course Providers and Companies)

⁵ The 2025-26 Budget. Paragraph 47. <https://www.budget.gov.hk/2025/eng/budget06.html>

7.1.2 Integrated Business Support Platform

HKIEs can access general business information and consulting services through the “Four-in-One” Integrated Services of SME Centres. The SME Link platform also consolidates information on various funding schemes and support services.

The "SME Link" website features information on over 70 government funding schemes, covering areas such as financial assistance, technical support, and market development. Enterprises can use the website's search tools to find the most suitable funding schemes based on their specific needs and conditions.

Besides, through the "Support and Consultation Centre for Small and Medium Enterprises" (SUCCESS) under the Trade and Industry Department, enterprises can access the “Meet-the-Advisors” Business Advisory Service (BAS) to receive free professional advice in areas such as company formation, marketing, legal matters, and accounting. The “Digital DIY” platform launched by the Hong Kong Productivity Council (HKPC) aggregates digital transformation solutions and successful industry cases to help Hong Kong SMEs implement digital transformation strategies.

The "SME Centre" of the Hong Kong Trade Development Council (HKTDC) provides a comprehensive range of business support services, including a business library, meeting areas, multi-purpose rooms, and various business support services. HKTDC also offers a three-month "T-box Transformation Sandbox" for Hong Kong SMEs, recommending suitable services based on their needs (e.g., brand upgrading, digital transformation, production and supply chain solutions, market expansion, and sustainability). These services include business consultation, workshops, government funding, market intelligence, and networking opportunities.

The "TecONE" Centre of the Hong Kong Science and Technology Parks Corporation (HKSTP) provides business matching services and consultation on public funding schemes for local innovation and technology enterprises. These include the NIFS, Research Talent Hub (RTH), Technology Talent Admission Scheme (TechTAS), Enterprise Support Scheme (ESS), and more.

Additionally, HKIEs may participate in the "Hong Kong Awards for Industries", supported by the HKSAR Government. Award-winning enterprises may display the award logo on corporate promotional materials or product labels, and receive promotional support from the HKSAR Government's offices in Mainland China and overseas, thereby enhancing their brand value.

7.2 Leveraging Chamber of Commerce Resources

Enterprises can make effective use of the resources and professional services offered by chambers of commerce to support their business development. For example, in brand development, businesses can enhance the visibility, recognition, and competitiveness of their products and services through various certification services provided by different chambers of commerce.

In the area of intellectual property (IP) protection, enterprises can also benefit from services offered by chambers of commerce, such as free consultations, application strategy advice, trademark/patent searches, assistance with registering

trademarks/patents/industrial designs, infringement analysis, and IP licensing and transfer registration.

In terms of trade, various chambers also provide business visa and customs clearance services, including issuing certificates of origin, commercial certificates, consular authentication, and converting paper import/export documents into electronic formats.

Additionally, enterprises can take advantage of chamber-organised delegation trips to explore opportunities for establishing overseas production bases and expanding sales channels.

7.3 Exploring Suitable AI Solutions in the Market

Today, numerous AI solutions focusing on the industrial sector are available in the market. These solutions are characterised by modular design, cloud-based subscriptions, and rapid deployment capabilities, resulting in significantly lower application costs compared to the past.

HKIEs can begin by examining their own pain points (such as inconsistent product quality, frequent equipment downtime, poor inventory management, difficulty in customer acquisition, etc.). They can then search the market for suitable AI solution products that address these specific issues and proactively engage with relevant service providers to gain a deeper understanding of how AI technology can be implemented within their organisations.

On the application front, enterprises can begin with pilot projects, selecting a specific process or production line for testing while simultaneously collecting data to evaluate the solution's effectiveness. If the pilot project proves successful, the scope of application can be gradually expanded to enhance overall operational efficiency. Additionally, enterprises can collaborate with AI solution providers to develop digital talent within their own organisations.

AI solution products have a wide range of applications in the industrial sector. They can help enterprises reduce costs, improve efficiency, and create value across various scenarios, including but not limited to:

- **Intelligent Demand Forecasting and Inventory Management Software:** By leveraging machine learning technologies and big data, such as production data, logistics trajectories, market sentiment, and inventory status, these tools build demand forecasting models for different regions and products. Based on these models, the system automatically calculates and recommends optimal inventory levels and procurement quantities, helping to avoid overstocking or stockouts and accelerating cash flow.
- **End-to-End Supply Chain Visualisation and Risk Warning Platforms:** These services provide a real-time view of global logistics networks, monitoring every stage from raw materials to finished products. Using AI and big data to analyse external factors such as weather, port congestion, and geopolitical risks, the system issues early warnings about potential delays or disruptions. This gives enterprises time to activate contingency plans (such as switching transport routes or suppliers), thereby building a resilient supply chain.

- **Production Process Optimisation Tools:** By applying AI algorithms to analyse production data, such as equipment operating parameters, material flow, labour records, and order demand, these tools help identify bottlenecks, idle resources, or inefficient processes. This enables better inventory control and production scheduling. As a result, companies can reduce costs, shorten production cycles, improve resource utilisation, and achieve lean manufacturing.
- **Visual Inspection Systems:** Many automation equipment providers offer pre-trained visual inspection modules for quality control on production lines. These systems can perform high-precision inspections continuously and reliably, quickly identifying product defects, improving yield rates, and reducing losses from sales returns.
- **Predictive Maintenance:** Enterprises can use AI technology to process real-time data from sensors to detect potential issues in production equipment at an early stage. This helps prevent unexpected downtime and the associated losses.
- **Workplace Safety Monitoring:** Many AI products use technologies such as image recognition and voice recognition to monitor workers' behaviour on-site in real time. For example, if a worker operates machinery incorrectly or enters a restricted area, the system can automatically detect the incident, issue a warning, and upload the event record to the backend management system. This helps enterprises reduce the cost of manual inspections while enhancing accident prevention and compliance management efficiency.
- **Dynamic Route Planning Systems:** By applying AI technology to build intelligent logistics systems, these solutions analyse real-time data such as traffic conditions and order volumes to automatically plan the most efficient delivery routes, thereby reducing transportation costs.
- **Intelligent Marketing Solutions:** For example, virtual customer service and digital human products can enable 24/7 business operations. Through 3D digital twin technology, products can be visually and virtually showcased. Additionally, large language models can be used to automatically generate marketing content.

7.4 Sustaining Hong Kong's Headquarters Role and Leveraging Diversified Services to Support Global Business

As an international business and trade hub, Hong Kong offers a robust legal system, free flow of capital, low tax rates, and a business-friendly environment aligned with global standards, making it an ideal platform for enterprises to build global operational networks. HKIEs can continue to position Hong Kong as their regional and global headquarters, while leveraging the city's high-quality producer services to optimise supply chain management and enhance market responsiveness. This will facilitate strategic global deployment and efficient operations. For example:

- Utilise Hong Kong's financial and insurance services to engage in cross-border financing and insure overseas operations, providing capital support and risk protection for business expansion.
- Leverage Hong Kong's professional services in accounting, legal affairs, and related fields to enhance corporate compliance and tax efficiency. This includes establishing internationally aligned accounting systems, providing legal safeguards for cross-border operations, and managing overseas investment and tax arrangements.
- Collaborate with local R&D institutions in Hong Kong to conduct high-value-added activities such as product development and design. In addition, make use of Hong

Kong's intellectual property regime to register and protect patents, trademarks, and copyrights, thereby safeguarding innovation outcomes.

- Partner with local logistics and warehousing companies in Hong Kong to adopt technologies such as smart warehousing, automated sorting, and cold-chain logistics, in order to build efficient regional and international distribution systems for procurement, transshipment, and sales activities.
- Capitalise on the international strengths of Hong Kong-based market consultancy firms to conduct market positioning research, brand revitalisation, and product packaging design, thereby enhancing brand image. Furthermore, actively participate in international trade fairs held in Hong Kong to increase brand visibility and conduct B2B networking, expanding access to potential clients and partners from around the world. Lastly, make full use of cross-border e-commerce platforms to broaden overseas sales channels.

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