

INNOVATION AND TECHNOLOGY FUND

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Memorandum Note

The Innovation and Technology Fund was established on 30 June 1999 by Resolution of the Legislative Council to finance projects to help promote innovation and technology upgrading in manufacturing and service industries. These efforts will contribute to increased productivity and enhanced competitiveness, and hence will be conducive to the long-term economic development of Hong Kong.

2 The Resolution provides, inter alia, that—

- (a) the Fund be administered by the Financial Secretary who may delegate his power of administration to other public officers;
- (b) there be credited to the Fund—
 - (i) such appropriations from the general revenue as may be approved by the Legislative Council for the purposes of the Fund;
 - (ii) all income received by way of interest, dividend or distribution in whatever form from—
 - (1) any loan, advance, investment or payment in whatever form made from the Fund in financing approved projects; and
 - (2) any investment made from the Fund;
 - (iii) all sums received by way of repayment of any loan or advance made from the Fund;
 - (iv) the proceeds of the sale of any investment made from the Fund; and
 - (v) such donations and other moneys as may be received for the purposes of the Fund;
- (c) the Financial Secretary may apply moneys from the Fund for the purpose of—
 - (i) financing projects that contribute to innovation and technology upgrading in the manufacturing and service industries; and
 - (ii) financing projects that contribute to the upgrading and development of the manufacturing and service industries,

in accordance with such terms and conditions as may be specified by the Finance Committee of the Legislative Council;

- (d) the Director of Accounting Services shall, under the authority of a funds warrant issued by the Financial Secretary, pay from the Fund such sums as may be required to meet expenditures from the Fund; and
- (e) the Financial Secretary in his discretion may authorise the investment in such manner as he may determine of any moneys held in the Fund at any time.

3 The Finance Committee approved on 9 July 1999 an appropriation of \$5 billion to the Fund. Since then, the following injections to the Fund have been approved—

- (a) \$5 billion on 27 February 2015;
- (b) \$2 billion as endowment capital to generate investment income to finance projects under the Midstream Research Programme for Universities (MRP) on 10 June 2016;
- (c) \$2 billion for financing the Innovation and Technology Venture Fund (ITVF) on 12 July 2016;
- (d) \$10 billion on 13 July 2018;
- (e) \$10 billion for providing financial support to establish research clusters in Hong Kong on 13 July 2018;
- (f) \$2 billion for financing the New Industrialisation Funding Scheme (NIFS), previously named as Re-industrialisation Funding Scheme (RFS), on 15 May 2020;
- (g) \$4,750 million on 4 June 2021;
- (h) \$425 million on 4 June 2021 transferred from *Head 135 Government Secretariat: Innovation and Technology Bureau Subhead 700 General non-recurrent Item 801 Innovation and Technology Fund for Better Living* (FBL) after merging FBL with *Head 111 Innovation and Technology Subhead 101 Innovation and Technology (block vote)* for enhancing the flexibility in utilising the funds;
- (i) \$4,750 million on 4 May 2022;
- (j) \$5 billion for financing the Research, Academic and Industry Sectors One-plus Scheme (RAISe+ Scheme) on 9 June 2023; and
- (k) \$7 billion on 30 April 2025.

4 Payments from the Fund for 2025–26 and 2026–27 are estimated at \$10,520,801,000 and \$10,269,963,000 respectively.

5 Provision of \$4,683,107,000 under *Subhead 101 Innovation and Technology (block vote)* for 2026–27 is to meet payments for existing projects and new projects that may be approved during the year. Projects each costing over \$50 million will be subject to approval by the Finance Committee and any expenditure arising therefrom will be offset by deleting an equivalent amount under *Subhead 101*.

INNOVATION AND TECHNOLOGY FUND

6 For the subheads created in 2005–06 for projects under the Government’s new funding approach for innovation and technology development, the subhead created in 2016–17 for financing the ITVF, the subhead created in 2018–19 for the research centres/laboratories for establishment of research clusters, the subhead created in 2023–24 for financing the RAISE+ Scheme, the subheads created in 2024–25 for the establishment and operation of the Hong Kong Microelectronics Research and Development Institute (MRDI), for financing the New Industrialisation Acceleration Scheme, and for the operation of the Hong Kong Applied Science and Technology Research Institute (ASTRI), and the subheads created in 2025–26 for financing the Hong Kong-Shenzhen Innovation and Technology Park Incubation Support Programme for Life and Health Technology Start-ups, the Frontier Technology Research Support Scheme, the Innovation and the Technology Industry-Oriented Fund and the Pilot Innovation and Technology Accelerator Scheme, the following provisions are to meet payments for them in 2026–27:

- (a) \$119,760,000 under *Subhead 104 The Nano and Advanced Materials Institute*;
- (b) \$55,302,000 under *Subhead 105 The Hong Kong Research Institute of Textiles and Apparel*;
- (c) \$83,923,000 under *Subhead 107 The Logistics and Supply Chain MultiTech R&D Centre*;
- (d) \$500 million under *Subhead 110 Innovation and Technology Venture Fund Corporation*;
- (e) \$847 million under *Subhead 111 Research Centres/Laboratories for Establishment of Research Clusters*;
- (f) \$1,229,473,000 under *Subhead 113 Research, Academic and Industry Sectors One-plus Scheme*;
- (g) \$61,352,000 under *Subhead 114 Hong Kong Microelectronics Research and Development Institute*;
- (h) \$219,246,000 under *Subhead 115 New Industrialisation Acceleration Scheme*;
- (i) \$151,800,000 under *Subhead 116 The Hong Kong Applied Science and Technology Research Institute*;
- (j) \$39 million under *Subhead 117 Hong Kong-Shenzhen Innovation and Technology Park Incubation Support Programme for Life and Health Technology Start-ups*;
- (k) \$1,200 million under *Subhead 118 Frontier Technology Research Support Scheme*;
- (l) \$1 billion under *Subhead 119 Innovation and Technology Industry-Oriented Fund*; and
- (m) \$80 million under *Subhead 120 Pilot Innovation and Technology Accelerator Scheme*.

7 Receipts taking the form of investment income, net income from projects and refund of grants for 2025–26 and 2026–27 are estimated at \$926,815,000 and \$734,087,000 respectively.

**INNOVATION AND TECHNOLOGY FUND
(Payments)**

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.2025	Revised estimate 2025–26	Estimate 2026–27
	\$'000	\$'000	\$'000	\$'000
Head 111—Innovation and Technology				
101 Innovation and Technology (block vote)	—	—	6,949,612	4,683,107
104 The Nano and Advanced Materials Institute	1,515,300	1,132,467	115,520	119,760
105 The Hong Kong Research Institute of Textiles and Apparel	733,800	558,800	57,300	55,302
106 Centre of Advanced Power and Autonomous Systems ^α	384,200	345,897	26,082	—#
107 The Logistics and Supply Chain MultiTech R&D Centre	901,600	639,162	83,421	83,923
110 Innovation and Technology Venture Fund Corporation	2,000,000	384,246	61,000	500,000
111 Research Centres/Laboratories for Establishment of Research Clusters	10,000,000	4,320,696	977,000	847,000
113 Research, Academic and Industry Sectors One-plus Scheme	10,000,000	25,250	181,106	1,229,473
114 Hong Kong Microelectronics Research and Development Institute	2,838,400	773,247	1,911,360	61,352
115 New Industrialisation Acceleration Scheme	10,000,000	—	—	219,246
116 The Hong Kong Applied Science and Technology Research Institute	481,300	—	158,400	151,800
117 Hong Kong-Shenzhen Innovation and Technology Park Incubation Support Programme for Life and Health Technology Start-ups	200,000	—	—	39,000
118 Frontier Technology Research Support Scheme	3,000,000	—	—	1,200,000
119 Innovation and Technology Industry-Oriented Fund	10,000,000	—	—	1,000,000
120 Pilot Innovation and Technology Accelerator Scheme	180,000	—	—	80,000
<i>Head 111: total</i>	<u>52,234,600</u>	<u>8,179,765</u>	<u>10,520,801</u>	<u>10,269,963</u>
Total (Payments)				
	<u>—</u>	<u>8,179,765</u>	<u>10,520,801</u>	<u>10,269,963</u>

^α This item was previously named as “The Automotive Platforms and Application Systems Research and Development Centre”. It was renamed as Centre of Advanced Power and Autonomous Systems (APAS) upon its incorporation into the Hong Kong Productivity Council (HKPC) on 1 April 2025.

APAS’s operating expenditure will be absorbed by HKPC from 2026–27 onwards.

**INNOVATION AND TECHNOLOGY FUND
(Receipts)**

	Actual receipts 2024–25	Revised estimate 2025–26	Estimate 2026–27
	\$'000	\$'000	\$'000
Investment income	984,362	868,580	734,000
Net income from projects	145	46	87
Refund of grants	60,192	58,189	—
Transfer from General Revenue	—	7,000,000 [^]	4,000,000*
Total (Receipts)	<u>1,044,699</u>	<u>7,926,815</u>	<u>4,734,087</u>

[^] The injection of \$7 billion into the Innovation and Technology Fund was approved in the context of the Appropriation Bill 2025. The transfer of \$7 billion into the Fund was effected in 2025–26.

* An injection of \$4 billion into the Innovation and Technology Fund is sought in the context of the Appropriation Bill 2026.

INNOVATION AND TECHNOLOGY FUND

Movement of the Account

	Actual				Revised Estimate	Estimate
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	\$m	\$m	\$m	\$m	\$m	\$m
Opening Balance	23,003	25,819	27,659	27,890	20,249	17,655
Revenue	1,288	1,733	1,135	1,045	927	734
Expenditure	3,647	4,643	5,904	8,686	10,521	10,270
Surplus/(Deficit) before Transfer from GRA	(2,359)	(2,910)	(4,769)	(7,641)	(9,594)	(9,536)
Transfer from GRA	5,175	4,750	5,000	—	7,000	4,000
Surplus/(Deficit)	2,816	1,840	231	(7,641)	(2,594)	(5,536)
Closing Balance	25,819	27,659	27,890	20,249	17,655	12,119

Revenue Analysis

	Actual				Revised Estimate	Estimate
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	\$m	\$m	\$m	\$m	\$m	\$m
Investment Income	1,224 ^β	1,650 ^β	1,065	984	869	734
Net Income from Projects	—	—	1	—	—	—
Refund of Grants	64	83	69	61	58	—
Total Revenue	1,288	1,733	1,135	1,045	927	734

^β The amount has included the investment income brought back from the Housing Reserve.

INNOVATION AND TECHNOLOGY FUND

Expenditure Analysis

	Actual				Revised Estimate	Estimate
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	\$m	\$m	\$m	\$m	\$m	\$m
Payments	3,647	4,643	5,904	8,686	10,521	10,270
Total Expenditure	3,647	4,643	5,904	8,686	10,521	10,270

Estimated Outstanding Commitment of Innovation and Technology Fund

	Outstanding Commitment#
As at 31 March 2026	\$m 40,484

For Subheads 104 to 107, 110, 111 and 113 to 120 only.