



By hand, by email at budget@fstb.gov.hk and by fax at 2147 5770

30 January 2026

Mr Paul CHAN Mo Po, GBM, GBS, MH, JP
Financial Secretary
c/o Budget Consultation Support Team
24/F, Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

Dear Mr CHAN

**Views from The Hong Kong Institution of Engineers to the Financial Secretary for
Formulation of the 2026-27 Budget**

On behalf of the Institution, I am pleased to present to you our views and suggestions as set out in the enclosure for your kind consideration on the captioned subject.

For the development of the profession as well as the welfare of the community as a whole, the Institution is looking forward to working with the Government on all areas of concern by offering our expertise and experiences.

Thank you.

Yours sincerely

Ir Alice CHOW
President

The Hong Kong Institution of Engineers

Enc

cc: Mr Algernon YAU Ying Wah, JP, Secretary for Commerce and Economic Development
(By Fax) Ms Bernadette LINN Hon Ho, JP, Secretary for Development
Dr CHOI Yuk Lin, JP, Secretary for Education
Mr TSE Chin Wan, BBS, JP, Secretary for Environment and Ecology
Mr Christopher HUI Ching Yu, GBS, JP, Secretary for Financial Services and the Treasury
Miss Alice MAK Mei Kuen, SBS, JP, Secretary for Home and Youth Affairs
Ir Winnie HO Wing Yin, JP, Secretary for Housing
Ir Prof Dong SUN, JP, Secretary for Innovation, Technology and Industry
Mr Chris SUN Yuk Han, JP, Secretary for Labour and Welfare
Ms Mable CHAN, JP, Secretary for Transport and Logistics



Enclosure

Views from The Hong Kong Institution of Engineers (HKIE) to the Financial Secretary for the Formulation of the 2026-27 Budget

Executive Summary

The Hong Kong Institution of Engineers (HKIE) submits its views to the Financial Secretary in support of the formulation of the 2026–27 Budget. Amid external uncertainties and domestic structural adjustments, Hong Kong has demonstrated resilience and remains well positioned for long-term growth. Sustained policy clarity, a stable public works programme and continued public investment are essential to reinforcing market confidence, supporting economic recovery and maintaining Hong Kong’s competitiveness.

2. HKIE considers that infrastructure development—particularly the accelerated implementation of the Northern Metropolis—will be a key driver of growth, employment and productivity in the coming decade. As a long-term strategic investment, the Northern Metropolis merits sustained commitment beyond short-term fiscal cycles, supported by innovative governance arrangements and prudent financing tools, including infrastructure-related bond issuance. Early provision of mission-critical infrastructure is especially important for the San Tin Technopole and Hung Shui Kiu / Ha Tsuen area, which are envisaged as hubs for Life and Health Technology. Targeted incentives, dedicated energy and data infrastructure, and streamlined cross-boundary arrangements will be critical to building local capability and maximising economic value.

3. The submission emphasises the importance of engineering-led solutions in advancing sustainability and supporting Hong Kong’s Climate Action Plan 2050. HKIE recommends strengthening local measurement, reporting and verification capabilities under the Hong Kong Taxonomy for Sustainable Finance, explicitly recognising nuclear energy and related infrastructure within the Green Finance Framework, and supporting Sustainable Aviation Fuel infrastructure and local production capacity. Structured horizon scanning and research on emerging low-carbon technologies will help ensure Hong Kong remains prepared for the global energy transition beyond 2035.

4. To support new industrialisation and innovation, HKIE highlights the need for enhanced support for engineering-intensive and hard-technology sectors. Refinement of funding schemes, stronger system-engineering governance for artificial intelligence, and greater emphasis on translational engineering will help bridge the gap between research and real-world deployment. Streamlining approval processes, wider adoption of BIM, Digital Twins and AI, and the promotion of a “facilitator” culture within government will further improve efficiency and project delivery.



5. The submission also addresses Hong Kong’s role as a “Super Connector” and “Super Value Adder” in supporting outbound construction and industrial initiatives, strengthening collaboration within the Greater Bay Area and contributing to the country’s development under the National 15th Five Year Plan. In parallel, HKIE underscores the importance of fire safety following the Tai Po incident and the need for strengthened regulatory oversight and public guidance.

6. Finally, HKIE stresses the importance of sustained investment in talent development, from STEAM education to professional training and early-career support. Targeted measures to support young engineers, hard-technology start-ups and workforce development in emerging sectors will be essential to building a resilient, future-ready engineering profession capable of supporting Hong Kong’s long-term development objectives.



Over the past year, Hong Kong has navigated a complex economic environment shaped by external uncertainties, structural adjustments and evolving development priorities. Notwithstanding these challenges, the city has continued to demonstrate resilience and remains well positioned to advance long-term growth by leveraging its strong institutional framework, professional capabilities and international connectivity. Sustained policy clarity and public investment continue to play an important role in reinforcing market confidence and supporting a stable and orderly recovery.

2. Looking ahead, Hong Kong is entering an important phase of development. The accelerated advancement of the Northern Metropolis, the continued implementation of major infrastructure projects and increased investment in public works are expected to provide renewed momentum for economic activity while strengthening the city's long-term competitiveness. These initiatives not only stimulate near-term growth and employment, but also enhance productivity, connectivity and liveability, thereby laying a solid foundation for future development. In parallel, the commencement of the National 15th Five-Year Plan highlights the importance of aligning Hong Kong's development strategy with national priorities, while capitalising on its unique role as a "super-connector" linking the Chinese Mainland and the global market.

3. During the same period, the engineering sector has faced significant challenges, including project cycle adjustments, cost pressures and workforce constraints. The Hong Kong Institution of Engineers (HKIE) considers that the most difficult period is gradually passing, with signs of stabilisation emerging in certain segments of the industry. The pace and sustainability of recovery remain closely linked to the continuity of infrastructure investment and confidence in long-term development prospects. In this regard, the systematic and steady rollout of public works projects serves as an important stabilising force for the engineering market, supporting talent retention and reinforcing investor confidence.

4. As a professional body dedicated to engineering excellence, public safety and social responsibility, HKIE submits its views and recommendations to the Financial Secretary for consideration in formulating the 2026–27 Budget. These proposals aim to support economic recovery, enhance Hong Kong's competitiveness and promote sustainable and resilient development for the community as a whole.

Supporting the Northern Metropolis as a Foundation for Hong Kong's Future Development

5. Infrastructure development remains a fundamental pillar of Hong Kong's long-term economic growth, social progress and employment creation. The Northern Metropolis, as a strategic development initiative, represents a major transformation of Hong Kong's spatial, economic and industrial landscape. Through the integrated planning and delivery of transportation networks, housing supply, innovation clusters and sustainability infrastructure, the Northern Metropolis is expected to play a decisive role in strengthening Hong Kong's development capacity and long-term competitiveness. HKIE supports the Government's vision and planning framework for



the Northern Metropolis and recognises the value of a comprehensive, forward-looking and engineering-led approach to its implementation.

6. The Northern Metropolis represents a long-term strategic investment with the potential to deliver enduring economic and social value. Its successful development benefits from sustained commitment, coordinated planning and timely infrastructure provision, and merits consideration beyond short-term fiscal cycles. The Institution welcomes the Government's innovative governance arrangements, including the establishment of the Hung Shui Kiu Industry Park Company Limited, which reflect a proactive and flexible approach to accelerating development. HKIE stands ready to contribute professional expertise in support of government-led initiatives, including platforms that facilitate policy clarity, professional alignment and cross-boundary collaboration, thereby reinforcing Hong Kong's role as an international engineering and innovation hub within the Greater Bay Area and beyond.

7. In this context, the Institution supports the continued and prudent use of infrastructure-related bond issuance as a financing tool for the development of the Northern Metropolis and other strategic projects. Given the long asset life and intergenerational benefits of major infrastructure, bond financing provides an appropriate mechanism to align funding with long-term value creation, while preserving fiscal flexibility. The issuance of infrastructure bonds can also broaden funding sources, support orderly project implementation and offer quality investment opportunities for the market, thereby reinforcing confidence in Hong Kong's long-term development strategy.

8. In parallel, Hong Kong's aspiration to develop into an international innovation and technology centre, anchored by the San Tin Technopole, further underscores the importance of robust technology-enabling infrastructure. Engineering-intensive facilities such as data centres, supercomputing platforms and smart utility systems play an increasingly important role not only in supporting innovation-driven industries, but also in advancing smart city development, enhancing operational efficiency and improving urban resilience. Aligning development priorities with available resources contributes to effective delivery and long-term value creation.

9. In particular, the Northern Metropolis—especially the San Tin Technopole and the Hung Shui Kiu/Ha Tsuen area—is envisioned as a hub for Life and Health Technology, which necessitates the early provision of specialised and mission-critical infrastructure that may not be fully addressed through general development planning.

10. From an infrastructure planning perspective, high-tier data centres, biomedical research facilities and advanced laboratories within the Technopole require ultra-stable and reliable energy supply. Consideration may therefore be given to the development of dedicated, low-carbon backbone infrastructure, including substations capable of supporting direct connection of dedicated zero-carbon power source in the region to Hong Kong. Such facilities would enhance energy reliability, support carbon-neutral development objectives and strengthen the Technopole's positioning as a world-class



innovation and research hub.

11. To support the growth of Life and Health Technology, targeted incentives may be considered to encourage private sector investment in specialised laboratories, including radiation dosimetry and calibration facilities. At present, Hong Kong relies heavily on overseas or limited local services for such functions. Establishing these facilities within the Northern Metropolis would strengthen local capability, reduce equipment downtime and serve the broader medical and industrial needs of the Greater Bay Area.

12. The effective development of the Life and Health Technology hub will also depend on efficient cross-boundary collaboration. Certain medical and research applications require the frequent transport of short-lived radioisotopes with very limited usable lifespans. Streamlined cross-boundary arrangements—such as pre-cleared safety protocols, harmonised transport standards and expedited clearance mechanisms—would facilitate timely movement between Hong Kong and Shenzhen, enhance research collaboration and support high-value healthcare services.

13. At the same time, the development of the Life and Health Technology sector will depend on robust quality assurance frameworks, including the strengthening of local monitoring, reporting and verification (MRV) capabilities. With the Office for the Hong Kong Centre for Medical Products Regulation (CMPR) scheduled to be established by 2026, engineering expertise can play an important role in supporting the development of a holistic regulatory and technical approach, thereby reinforcing product quality, patient safety and the provision of high-quality healthcare services.

14. The Government's sustained commitment to infrastructure investment, including additional funding for local works projects and a stable annual public works programme, provides a strong foundation for industry confidence and capacity building. A steady and well-sequenced rollout of public works projects supports the retention of professional talent, the maintenance of engineering capability and the reinforcement of market confidence. Clear communication of a medium-term public works pipeline may further strengthen stakeholders' confidence in Hong Kong's development direction.

15. To maximise the benefits of infrastructure investment, timely and efficient project delivery remains an important consideration. The adoption of Public-Private Partnership arrangements presents opportunities to enhance innovation and broaden participation, highlighting the value of streamlined approval, coordination and facilitation mechanisms.

16. As set out in the 2025 Policy Address, initiatives such as the AI Efficacy Enhancement Team provide a foundation for leveraging technology to enhance efficiency in approval processes and interdepartmental coordination. Promoting a “facilitator” culture across the civil service—balancing standards, fairness and efficiency—supports sustained development momentum and effective project delivery.



Advancing Sustainability through Engineering-Led Solutions

17. Investment in sustainability remains central to Hong Kong's long-term competitiveness, environmental resilience and quality of life. In support of the Climate Action Plan 2050, which targets the cessation of new registrations of fuel-propelled private cars by 2035, continued progress in new-energy transport is important.

18. The introduction of the Hong Kong Taxonomy for Sustainable Finance presents significant opportunities to advance new-energy applications and green building development. Its effectiveness is closely linked to the credibility and enforceability of technical criteria. Hong Kong's engineering profession, with its strong international standing, is well positioned to contribute to bridging Mainland and international standards, developing robust measurement, reporting and verification systems, and supporting long-term compliance. Strengthening local MRV (Monitoring, Reporting, and Verification) capabilities may also facilitate expansion of the Taxonomy into additional categories and transitional activities, reinforcing Hong Kong's position as a trusted regional leader in sustainable development.

19. In this regard, it is recommended that the Hong Kong Green Finance Framework explicitly includes nuclear energy projects and associated infrastructure—such as transmission facilities and safety upgrades—as eligible green assets. Clear inclusion would enhance policy certainty, align with evolving international green finance practices, and attract global capital to support the energy transition and long-term infrastructure resilience.

20. To support data-driven sustainability, comprehensive data governance frameworks, underpinned by secure data storage, processing and analytics capabilities, remain increasingly relevant. Engineering-led initiatives such as smart energy grids and the digital water roadmap contribute to optimising resource efficiency, reducing environmental impact and supporting high-value industries. In parallel, waste reduction efforts may be advanced through investment in recycling infrastructure, carbon capture initiatives and advanced recycling technologies, supporting the development of a circular economy.

21. As Hong Kong develops into a hub for data centres, artificial intelligence and supercomputing, engineering innovation plays an important role in managing rising energy demand. The adoption of waste-heat recovery and energy-recycling systems offers opportunities to enhance energy efficiency, reduce carbon intensity and improve system resilience. Through coordinated implementation of these engineering-led strategies, Hong Kong can advance sustainable growth, deepen collaboration within the Greater Bay Area and strengthen its position as a leading international engineering hub.

22. In parallel, the development of Sustainable Aviation Fuel (SAF) represents a strategically important pathway for decarbonising Hong Kong's aviation sector while safeguarding its competitiveness as a leading international aviation hub. As global aviation faces increasingly stringent carbon-reduction obligations, Hong Kong's



long-term position will depend on its ability to secure a resilient and cost-competitive SAF supply chain anchored locally, rather than relying primarily on cross-boundary imports of finished products. Market participants have indicated that Hong Kong could move expeditiously to establish SAF blending capacity at Hong Kong International Airport, while also developing a local SAF biorefinery within a credible timeframe. This would create an “anchor supply” that reduces exposure to cross-boundary logistics disruption and enhances price stability for airlines seeking multi-year offtake arrangements. By contrast, limiting development to SAF blending alone risks entrenching a structural vulnerability similar to that seen in the retail fuels market, where the absence of local gasoline production exposes consumers and industry to international pricing dynamics and reduced competitiveness. Beyond supply security, local SAF production would enable Hong Kong to capture genuine circularity by converting local waste streams—including used cooking oil, grease-trap waste and other waste lipids—into SAF for consumption at Hong Kong International Airport, thereby strengthening environmental performance while retaining more of the value chain and associated high-value engineering employment in Hong Kong. In this context, consideration may be given to incorporating into the 2026–27 Budget targeted fiscal incentives, pilot funding and regulatory facilitation measures to catalyse private investment in SAF infrastructure and local production capacity, including tax incentives for qualifying low-carbon fuel assets and a dedicated facilitation mechanism to streamline land and statutory approvals for strategic SAF projects. Engineering expertise will be essential in addressing fuel compatibility, safety assurance and systems integration, while alignment with international standards would position Hong Kong as a trusted regional platform for SAF adoption and trading.

23. To bolster Hong Kong’s standing as a leading global aviation hub, a comprehensive strategy is essential to attract international operators, original equipment manufacturers and service providers. The Institution suggests exploring the development of an aviation industrial park to host aircraft maintenance, repair and overhaul, testing, and related engineering services and facilities. Such an initiative would strengthen local aviation engineering capabilities, support high-value technical employment, and realise a long-term vision to enhance Hong Kong’s competitiveness, particularly within the Greater Bay Area.

24. Looking ahead, the evolving global landscape for low-carbon energy technologies warrants structured horizon scanning and technical assessment. This includes developments in green fuels (e.g. green hydrogen), carbon capture, utilisation and sequestration (CCUS), and other related decarbonisation solutions. The Institution suggests considering the allocation of modest funding to establish a dedicated Horizon Scanning Task Force to monitor international developments, assess technical maturity, safety considerations and regulatory frameworks, and identify potential long-term implications for Hong Kong’s energy transition. Such forward-looking work would support informed policy discussion and help ensure Hong Kong remains technologically prepared for post-2035 decarbonisation pathways, without presupposing the adoption or siting of any specific technology.



25. In parallel, the Government may consider supporting research capability development through funding and structured collaboration with academic and professional bodies to establish a focused research centre. Such an initiative would strengthen local technical expertise, support evidence-based policy formulation and enhance Hong Kong's readiness to engage with advanced low-carbon energy technologies in the longer term.

New Industrialisation and Innovation & Technology

26. The continued enhancement of new industrialisation subsidy schemes in recent years reflects the Government's commitment to transforming Hong Kong into a modern, innovation-driven economy. Building on this momentum, opportunities exist to promote wider application of innovative engineering solutions, streamline application procedures, introduce greater flexibility and strengthen support for new market entrants. Such measures can enable more enterprises—particularly those with engineering and manufacturing foundations—to participate in and contribute to Hong Kong's new industrialisation journey.

27. Hard-technology ventures, especially those rooted in engineering and advanced manufacturing, typically involve longer development cycles and higher capital investment than software-based businesses. Refinement of the Enterprise Support Scheme or the introduction of a dedicated funding stream under the Innovation and Technology Fund may better support hardware and engineering start-ups with longer realisation timelines. Optimisation of intellectual property arrangements could also enhance incentives for engineering-led innovation by allowing researchers and engineers to benefit more directly from commercial outcomes.

28. To further bridge the gap between research and commercialisation, facilitating access for Hong Kong start-ups to specialised testing and experimental facilities within the Greater Bay Area presents practical value. A pilot voucher scheme could support fundamental research and high-tech testing in areas such as materials science, life sciences, environmental technologies and new energy, while assisting enterprises in meeting regulatory and performance requirements.

29. Hong Kong's low-altitude economy is entering a new phase following the launch of Regulatory Sandbox X and the forthcoming action plan. Prudent development and public confidence may be supported through enhanced coordination and engagement. The establishment of a cross-sector expert task force comprising government representatives, industry stakeholders, academia and professional bodies could facilitate governance, technical alignment and public communication. In parallel, structured and industry-recognised certification programmes would support workforce development across emerging sectors.

30. The integration of smart construction technologies, automation and applied artificial intelligence presents significant potential to enhance productivity, reduce costs and improve project outcomes. The establishment of a dedicated Applied AI in



Engineering research and development fund could support domain-specific AI and large language models trained on engineering principles, local regulations and compliance requirements.

31. Promoting digital integration with industry-standard software, facilitating public-private partnerships and supporting technologies such as blockchain-based certification systems would further strengthen Hong Kong’s innovation and technology ecosystem and reinforce its position as a regional engineering and innovation hub.

32. With the establishment of the Hong Kong Artificial Intelligence Research and Development Institute (AIRDI) and the HK\$1 billion allocation in the previous Budget, it is timely to strengthen system-engineering governance to ensure that AI research translates into safe, deployable and socio-economically impactful outcomes. The establishment of a Joint System Engineering AIRDI Advisory Council, with mandated HKIE Board representation, would enhance alignment between AI research direction, engineering practice, regulatory requirements and public safety considerations.

33. To reinforce translational impact, the deployment of Professional Engineer-qualified “translational engineers” on structured two-year secondments to AIRDI is recommended. These professionals would embed multi-disciplinary engineering perspectives into research programmes and support the development of regulation-compliant, real-world solutions. AI systems intended for use in critical infrastructure should be subject to independent engineering review prior to commercial deployment, consistent with Hong Kong’s established regulatory frameworks.

34. Over the next three to five years, AIRDI should prioritise application areas where Hong Kong has strong engineering foundations and where early returns are achievable. These include optimisation of the built environment to address high-energy-density infrastructure, structural health and safety monitoring for ageing buildings, and AI-enabled construction planning to reduce project delays and cost overruns. These focus areas leverage existing strengths and justify sustained public investment.

35. To promote transparency and commercialisation, the establishment of an AIRDI Research Portal could provide access to research outputs, technical documentation, licensing pathways and technical support for industry adoption. Quality assurance should form a core pillar of AI deployment, with independent professional review, periodic audits and public reporting of performance outcomes.

36. To accelerate real-world adoption, Hong Kong-specific AI integration guidelines for infrastructure, certified testing facilities for construction robotics and targeted continuing professional development programmes are recommended. In parallel, greater access to applied, engineering-oriented AI projects for undergraduate and early-stage students—supported by shared computing resources and non-sensitive datasets—would strengthen local capability and talent retention.



37. Finally, consideration may be given to establishing a safety-critical AI sandbox within AIRDI to support high-consequence applications in healthcare and energy, alongside collaboration with professional bodies to develop a professional verification framework for AI used in life-critical infrastructure.

Supporting Outbound Construction and Industrial Initiatives

38. In the context of deepening globalisation, Hong Kong’s established professional framework and international connectivity provide a strong foundation for enhancing collaboration between Mainland and overseas engineering communities. Leveraging professional bodies and international networks can facilitate knowledge exchange, professional collaboration and technical alignment in support of outbound construction and industrial initiatives.

39. Platforms for structured professional engagement can be further strengthened through high-level professional exchange initiatives that bring together engineering experts, policymakers and industry representatives from the Mainland, Hong Kong and overseas markets. Such platforms support meaningful dialogue, foster innovative thinking and enable the sharing of best practices relevant to overseas infrastructure development.

40. The Institution is of the view that Hong Kong can continue to enhance its role as a “Super Connector” and “Super Value-Adder” by supporting Chinese Mainland engineering professionals and enterprises in engaging with international markets. Through deeper collaboration, Hong Kong and the Mainland may jointly explore broader market opportunities and achieve mutually beneficial outcomes. HKIE’s participation in international engineering conferences and global platforms has helped facilitate connections between local consultants and international firms, strengthening professional support, regulatory compliance and risk management for overseas projects.

41. Hong Kong’s professional services and consulting sector plays an important supporting role by providing expertise in international standards, regulatory requirements and legal frameworks. Hong Kong firms have contributed to infrastructure projects across Southeast Asia and other regions, serving as an effective bridge for domestic enterprises exploring overseas markets. Continued policy support in this area would further reinforce Hong Kong’s position as a regional centre for engineering excellence and outbound professional services.

Streamlining Processes and Enhancing Efficiency

42. With the foundation for Building Information Modelling now firmly established, wider application of Digital Twin technologies can further advance the digital transformation of the engineering and construction industry. Following the conclusion of the consultation on the Roadmap on Adoption of BIM for Building Plan Preparation and Submission, more extensive use of BIM across project lifecycles can be anticipated. Broader adoption of advanced building technologies and deeper integration of artificial



intelligence and large language models with spatial data from CAD, BIM and GIS platforms can enhance intelligent design validation, facility management and lifecycle simulation, improving project quality and efficiency.

43. To maximise the benefits of adjusted project timelines, streamlining submission and approval processes remains an important consideration. Strengthening a “facilitator” approach within government services, while upholding safety and regulatory standards, can help reduce administrative complexity and enhance operational efficiency. Exploration of centralised, one-stop interdepartmental approval mechanisms may further contribute to shorter processing time and improved coordination.

Contributing to the Country’s Development

44. Under the National 15th Five-Year Plan, Hong Kong is entrusted with a greater role in integrating into and contributing to the country’s overall development. Hong Kong’s well-established professional systems, extensive international networks and globally recognised accreditation standards place it in a strong position to support Mainland engineering professionals and enterprises in expanding their international presence. With the establishment of the Task Force on Supporting Mainland Enterprises in Going Global, broadening strategic partnerships may help leverage Hong Kong’s professional expertise to address the diverse needs of Mainland enterprises pursuing overseas development.

45. Strengthening collaboration within the Greater Bay Area remains critical to deepening professional integration and enhancing the effectiveness of major infrastructure and development projects. The recognition of the Engineering Capability Standards for the GBA as one of the GBA Standards highlights Hong Kong’s role as a “super-connector” in promoting engineering excellence and regional integration. Building on the GBA Engineering “Professional Title” Evaluation Scheme, progressive expansion to additional engineering disciplines may further facilitate professional mobility and service provision.

Tai Po Fire Aftermath

46. In response to the Tai Po incident, the Institution recommends a review of building fire safety protocols with reference to “defence-in-depth” principles to strengthen multi-layered safety safeguards and reduce the risk of similar incidents. The incident has highlighted potential gaps in the regulatory oversight of building rehabilitation works that warrant further examination.

47. The Institution has established a task force to follow up on the matter and provide professional recommendations from an engineering perspective. Practical guidelines are being developed to assist the public, particularly small property owners, in areas such as tender arrangements, professional project supervision and payment mechanisms.



Nurturing Innovation and Technology Talent

48. To meet Hong Kong’s long-term development needs and mitigate potential manpower shortages, sustained investment in nurturing innovation and technology talent remains important. Enhancing efforts to attract and retain young engineering professionals through strengthened training, education and early-career support can help build a resilient professional pipeline. In particular, review of the subsidy level and quota for the HKIE Formal Training Scheme (Scheme “A”) may further enable employers, including small and medium-sized enterprises, to participate in talent development.

49. To solidify Hong Kong’s position as an innovation hub within the Greater Bay Area, it is essential for universities to further strengthen their research and development capacity and enhance the translation of knowledge into industry applications. Achieving this requires strong and timely support from the Government—particularly in expediting approvals for the development of new laboratories and innovation centres in Hong Kong, and in providing the necessary logistical and infrastructural support for these facilities. Such measures will empower universities to drive technological advancement, attract talent, and accelerate the commercialization of research outcomes, ultimately contributing to Hong Kong’s long term competitiveness.

50. Encouraging greater participation of young graduates in the engineering and construction sectors may also be supported through provisions in major public works contracts that facilitate engagement and training opportunities. Such arrangements provide valuable practical exposure while contributing to long-term workforce sustainability.

51. Addressing skills demand arising from infrastructure development, new industrialisation and innovation strategies also calls for continuous investment in local workforce development. Dedicated funding for training in emerging “new productive forces”, together with support for continuous professional development, can help build a multi-tiered workforce for sectors such as healthcare technology, automation, advanced materials and green energy.

52. Young engineers often face high barriers to entry in deep-technology sectors—such as artificial intelligence, green technology and nuclear-related applications—due to high capital requirements, complex physical infrastructure needs and regulatory compliance challenges. To address this, consideration may be given to establishing a dedicated “Hardware & Engineering Start-ups” funding stream under the Innovation and Technology Fund. Unlike software-based ventures, these initiatives typically involve longer gestation periods and higher capital expenditure, and would benefit from matching grants with extended realisation timelines of five to seven years to support the development of physical prototypes, including medical physics robotics, sensors and other specialised engineering systems.



53. In parallel, the establishment of a “nuclear-ready” incubator could significantly lower entry barriers for start-ups developing radiation-related technologies, such as industrial inspection devices, medical isotope tracers and radiation-hardened electronics. A shared, government-supported facility—potentially located in the Science Park or Northern Metropolis—could operate under a central radioactive substances licence, with pre-installed shielding and on-site radiation protection supervision, allowing start-ups to conduct R&D without prolonged regulatory lead times. Complementary “Greater Bay Area Testing Vouchers” could further support Hong Kong start-ups in accessing specialised large-scale facilities in the region that are not available locally, helping bridge the gap between prototype development and commercial validation.

54. At an earlier stage, sustained support for STEAM education remains vital to fostering long-term interest in engineering and innovation. Enhanced funding for STEM and STEAM programmes at primary and secondary levels, combined with stronger industry engagement, can help nurture future talent. At the tertiary level, integration of artificial intelligence and large language model education, complemented by practical training, can better prepare graduates for Hong Kong’s evolving innovation landscape. Expanded apprenticeship, internship and recruitment programmes further support long-term success.

55. The Institution further recommends supporting the development of a credible, technology-enabled certification platform to enhance transparency and recognition of engineering and technology qualifications.