

**Speaking Notes for
the Secretary for Innovation and Technology
at the Special Meeting of the Finance Committee
on 7 April 2016**

- Chairman, since the establishment of the Innovation and Technology Bureau in November last year, the Government has been actively promoting the development of innovation and technology (“I&T”) in Hong Kong, so as to drive the transformation of our economy, develop high value-added industries, create diversified employment opportunities, and improve people’s daily living.
- The Policy Address and Budget this year have invested over \$18 billion to promote I&T development, which is an unprecedented big move. The Policy Address, through a number of funding schemes and infrastructure projects, optimises the local I&T ecosystem. They are strategies for the longer term. On the other hand, the various financial support programmes proposed in the Budget focus on the medium and shorter term to expedite the development of the local I&T sector.
- The measures which the Government plans to implement have taken into account the various links of I&T development, as well as the needs of the industry and community, and are very all-round. These include measures that promote research and development (“R&D”), especially encouraging more midstream and downstream R&D projects; measures that promote “re-industrialisation” by providing infrastructure facilities for technology enterprises; measures for I&T start-ups that help them acquire working space, capital and guidance; measures for small and medium enterprises (“SMEs”) that assist them in buying local technology products and services and using technology to upgrade and transform their businesses; measures that nurture talents to inspire those who are interested in I&T, especially young people, to enter the field of I&T; and measures that benefit the general public through I&T and building a connected smart city, so as to raise people’s standard of living and help the underprivileged.
- In terms of promoting R&D, we will launch the “Midstream

Research Programme for Universities” and increase the cash rebate level of the “R&D Cash Rebate Scheme”.

- In terms of promoting “re-industrialisation”, we will expand the Science Park, and develop two pilot projects on high-efficiency multi-storey buildings in Tseung Kwan O Industrial Estate.
- In terms of supporting I&T start-ups, we plan to set up the “Innovation and Technology Venture Fund”, where we will work with private venture capital funds to co-vest in I&T start-ups. Apart from capital, we hope to also bring in the professional knowledge and business network of venture capital funds with a view to enhancing the start-up ecosystem. In addition, Cyberport will launch the “Cyberport Macro Fund”, double the quota of its incubation programme to 100, introduce a designated incubation programme for financial technology, and increase its Smart-Space by 50% to provide co-working space for start-ups.
- In terms of supporting SMEs and the local technology service sector, we will introduce a three-year “Pilot Technology Voucher Programme” to provide funding to local SMEs in using technology services and solutions for business upgrading and transformation; and expand the “Public Sector Trial Scheme” to cover the incubatees of Science Park and Cyberport for them to explore business opportunities.
- In terms of nurturing talents, the monthly allowances of the Internship Programme will be increased, and the Programme will be expanded to cover the incubatees and SME tenants of Science Park and Cyberport, as well as start-ups funded by the “Innovation and Technology Venture Fund”.
- In terms of improving people’s living, we propose to progressively expand the free Wi-Fi network by doubling the number of hotspots to 34 000 in the coming three years. We will formulate the digital framework and technical standards of a smart city suitable for Hong Kong. We also plan to launch the “Innovation and Technology Fund for Better Living” to encourage the use of innovative ideas and

technical applications in improving people's daily living.

- We believe the aforementioned measures can greatly foster I&T development in Hong Kong. We will consult the relevant Legislative Council Panels on the individual measures as soon as possible, with a view to seeking funding approval from the Finance Committee within this legislative year. We hope that Members will support our proposals and support Hong Kong in developing I&T.
- My colleagues and I stand ready to answer questions from Members.

- END -