

(Translation)

**Speaking Notes for
the Secretary for Innovation and Technology
at the Special Meeting of the Finance Committee
on 11 April 2019 (Thurs)**

- Chairman, since the setting up of the Innovation and Technology Bureau (“ITB”), the Government has put in a huge amount of resources for perfecting the innovation and technology (“I&T”) ecosystem in Hong Kong. The current-term Government has been promoting I&T development along the eight major areas set forth by the Chief Executive. Initiatives on various fronts including developing I&T infrastructure, promoting research and development (“R&D”), pooling I&T talent, supporting technology enterprises and promoting “re-industrialisation” have injected a strong impetus into the I&T ecosystem in Hong Kong.
- On this occasion, I would like to thank the Finance Committee of the Legislative Council (“LegCo”) for the support rendered to ITB’s work, in particular for approving all our funding and establishment proposals in the past year, enabling us to move ahead with our agenda with adequate manpower and resources. These proposals include the injection of \$10 billion to the Innovation and Technology Fund to continue its operation, the respective allocations of \$10 billion and \$300 million to the Hong Kong Science and Technology Parks Corporation (“HKSTPC”) and the Cyberport, and the creation of a new Assistant Commissioner’s post in the Innovation and Technology Commission. I also thank LegCo Members for supporting our proposal to amend the Inland Revenue Ordinance so that the proposal to provide a two-tier additional tax deduction for eligible R&D expenditures of enterprises can be implemented in the last financial year to encourage enterprises to carry out more R&D activities.
- The Financial Secretary announced in the 2019-20 Budget an investment of an additional \$6 billion for I&T development and enhancement of existing initiatives.
- In respect of new initiatives, the Budget has set aside a total of \$6 billion to enhance the long-term development of the information technology (“IT”) industry, including \$5.5 billion for the construction of Cyberport 5, providing about 66 000 square metres of floor space to accommodate more quality technology companies and start-ups to

set up their offices in the Cyberport, and create room for development of other new technology areas such as insurance technology (InsurTech), financial regulatory technology (RegTech) and Legal Technology (LawTech), thereby providing a platform for young people to pursue a career in I&T. As regards nurturing talent, \$500 million has been set aside for implementing the IT Innovation Lab in Secondary Schools initiative. The initiative is an enhancement of the existing Enriched IT Programme. The number of secondary schools benefiting will increase from eight partner schools providing Enriched IT Class and more than 140 involving in Enriched IT Activities, to approximately 500 publicly-funded secondary schools in Hong Kong. We will provide up to \$1 million for each of the secondary schools in the coming three academic years to enable them to upgrade their facilities and organise extra-curricular activities related to IT. This facilitates secondary school students to learn about the latest IT, as well as enhances young people's interest in IT and innovative thinking, thereby promoting an I&T learning atmosphere and encouraging them to pursue tertiary education in relevant technology areas and a career in I&T in the future.

- In respect of enhancement of existing initiatives, since the day the Budget was announced, we have increased the monthly allowance under the Researcher Programme, and extended the maximum engagement period for the Researcher Programme and the Postdoctoral Hub from two years to three years. We have also regularised the Technology Voucher Programme and introduced enhancement measures, including doubling the funding ceiling to \$400,000, expanding the application eligibility, increasing the maximum number of approved projects from three to four, and streamlining application and monitoring procedures, so as to encourage more local enterprises and institutions to use technology to improve efficiency and services.
- In the coming year, the external environment will continue to be volatile. My colleagues and I will continue to work hard to promote the development of I&T and enhance the overall competitiveness of Hong Kong. Our key tasks include –
 - First, to participate in full in the development of an international I&T hub in the Guangdong-Hong Kong-Macao Greater Bay Area, creating a broader arena for the I&T sector;

- Second, to press ahead with the establishment of two research clusters to facilitate the setting up of laboratories by research institutions, thereby promoting R&D collaboration between top local and overseas researchers;
 - Third, to continue taking forward various I&T infrastructure projects, especially the Hong Kong-Shenzhen Innovation and Technology Park in the Loop, the InnoCell, the Data Technology Hub and the Advanced Manufacturing Centre;
 - Fourth, to launch the Re-industrialisation Funding Scheme and support the HKSTPC to build dedicated manufacturing facilities in industrial estates to expedite the realisation of “re-industrialisation”;
 - Fifth, to continue promoting smart city development, including preparing for the launch of electronic identity (eID) and smart lampposts;
 - Sixth, to organise the first City I&T Grand Challenge to drive the I&T atmosphere in Hong Kong; and
 - Seventh, to organise a number of large-scale I&T events, including the I&T Summit and the InnoCarnival to promote I&T culture.
- I hope Members and the public will continue to support our work.
 - Thank you, Chairman.

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