

Budget Speech by the Financial Secretary (6)

Innovation and Technology

64. The development of I&T will bring huge economic benefits to Hong Kong. The intellectual property so generated can be commercialised to drive ancillary economic activities, thus creating quality employment opportunities and enabling people to live comfortably by adopting new technology.

65. The current-term Government spares no effort in promoting I&T development, focusing on four areas, namely biotechnology, artificial intelligence, smart city and Fintech. I have allocated sufficient resources, with a commitment of over \$100 billion so far.

66. To develop I&T, we need a robust ecosystem and the Government aims to establish through various I&T policy initiatives. We have stepped up support for the scientific research and I&T sectors by developing I&T infrastructure, promoting research and development (R&D), pooling talent, supporting enterprises and promoting re-industrialisation. All these efforts have brought significant enhancements to the local I&T ecosystem.

Developing Innovation and Technology Infrastructure

67. "One cannot make bricks without straw". We need quality infrastructure to attract I&T talent, and facilitate the operation of I&T enterprises. In last year's Budget, I allocated \$3 billion to the Hong Kong Science and Technology Parks Corporation (HKSTPC) for constructing R&D infrastructure and facilities such as laboratories. The construction of some facilities has commenced and they will gradually come into operation. Meanwhile, Stage 1 of the Science Park Expansion Programme is also underway. It will provide an additional floor area of around 74 000 square metres upon its scheduled completion this year.

68. The HKSTPC is also working in full swing to develop a Data Technology Hub and an Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate to support and promote smart production activities and high-end manufacturing industries which have great demand for data services. The two projects are expected to be completed in 2020 and 2022 respectively.

69. Meanwhile, Cyberport has built a digital technology ecosystem with over 1 200 companies and start-ups, and nurtured over 500 start-ups after years of growth. I will earmark \$5.5 billion for the development of Cyberport 5. This will serve to attract more quality technology companies and start-ups to set up their offices in Cyberport and provide a pathway for young people to pursue a career in I&T. The expansion project is expected to provide about 66 000 square metres of floor area, and include facilities such as offices, co-working space, conference venues and data service platforms. We will

proceed with the statutory town planning procedures with a view to commencing construction in 2021 for completion in 2024 at the earliest.

70. The Hong Kong-Shenzhen Innovation and Technology Park at the Lok Ma Chau Loop will become the basecamp for I&T development in Hong Kong. In last year's Budget, I set aside \$20 billion for the Park's first stage construction works, which is now in good progress. Our target is to make the first batch of land available by 2021 for Phase 1 superstructure development. The Park will provide essential infrastructure for the sustainable I&T development in Hong Kong. I will allocate additional resources to ensure timely development of the Park as a world-class R&D hub.

Promoting Research and Development

71. R&D is the foundation of the development of I&T. Hong Kong enjoys a unique edge in this area. To promote local R&D activities, we injected \$10 billion into the Innovation and Technology Fund (ITF) last year to support the continued operation of existing ITF funding schemes and introduce various new initiatives. Furthermore, the Policy Address announced the injection of \$20 billion into the Research Endowment Fund of the Research Grants Council under the University Grants Committee (UGC) to provide sufficient funding.

72. The Government has provided funding of \$10 billion to establish two innovative clusters in the Science Park, namely "Health@InnoHK" focusing on healthcare technologies and "AIR@InnoHK" focusing on artificial intelligence and robotics technologies. The two clusters give us an edge in pooling top-notch local, Mainland and overseas universities, scientific research institutions and enterprises to undertake R&D activities together. They can also seek research funding from the ITF. A number of leading universities like Harvard University, Stanford University, Imperial College London, University College London and Johns Hopkins University have expressed interest in joining the two clusters and collaborating with local universities.

73. In respect of applied R&D, funding for Technology Transfer Offices of designated universities, the Technology Start-up Support Scheme for Universities, State Key Laboratories and Hong Kong branches of the Chinese National Engineering Research Centre will be doubled to support more R&D work and the realisation of R&D results. An additional sum of not less than \$800 million will be provided over five year starting from 2019-20.

74. Technology enterprises are essential drivers of a technology-based economy. To encourage more enterprises to engage in R&D in Hong Kong, the Government has provided a two-tiered enhanced tax deduction for eligible R&D expenditure of enterprises incurred after 1 April 2018.

75. Scientific exploration and academic research in universities lay the foundation for Hong Kong's I&T development. I will set aside a dedicated provision of \$16 billion for UGC-funded universities to enhance or refurbish campus facilities, in particular the provision of additional facilities essential for R&D activities (such as laboratories), with a view to creating

an optimal teaching and research environment for university students and R&D staff. I hope that universities will, in developing or enhancing hardware, give due and priority consideration to I&T needs to ensure that their teaching and research facilities can meet the objective of nurturing I&T talent.

(To be continued.)