

Budget Speech by the Financial Secretary (7)

Pooling Innovation and Technology Talent

76. In the face of keen global competition for technology talent, we introduced the Technology Talent Admission Scheme in June last year to expedite the admission of such talent to undertake R&D activities in Hong Kong. Participating enterprises are required to employ local employees and interns concurrently. So far, over 200 places have been approved under the scheme. We will review the implementation details of the scheme in the first half of this year.

77. The Researcher Programme has so far sponsored over 3 700 local graduates to join the I&T industry. The Postdoctoral Hub Programme launched last year has also sponsored over 350 postdoctoral talents to pursue a career in R&D. To attract more local graduates to the industry, we will increase, with immediate effect, the monthly allowance from \$16,000 to \$18,000 for researchers with a Bachelor's degree, and from \$19,000 to \$21,000 for researchers with a Master's degree. We will also extend the funding period of both the Researcher Programme and the Postdoctoral Hub Programme from two years to three years with immediate effect. This means R&D institutes or enterprises can hire relevant R&D talents for three years which give them ample time for demonstrating their professional strengths in R&D projects.

78. Accommodation is an issue pertaining to the recruitment of researchers. The HKSTPC is constructing an InnoCell, which will offer about 500 residential units with flexible design to tenants, incubatees or visiting researchers in the Science Park. This project is expected to be completed by 2021.

79. To pave the way for nurturing local technology talents, we will also encourage the promotion of popular science education in schools. I will deploy \$500 million to implement the IT Innovation Lab in Secondary Schools Programme in the coming three school years. Each secondary school benefiting will be granted \$1 million to procure the necessary information technology (IT) equipment and professional services, and organise more relevant extra-curricular activities to deepen students' knowledge of cutting-edge IT, such as artificial intelligence, blockchain, cloud computing and big data, with a view to helping young people build a good IT foundation early during their secondary school years. In addition to financial support, the Office of the Government Chief Information Officer (OGCIO) will set up a one-stop professional support centre to provide assistance.

Supporting Technology Enterprises

80. Technology enterprises and start-ups in particular, are an integral component of the I&T ecosystem, with an important role in facilitating

commercialisation and application of R&D results as well as developing innovative ideas. In 2014, we launched the Technology Start-up Support Scheme for Universities, which has so far supported 188 start-ups established by university teams to venture beyond their campus. Some of the funded start-ups have secured investment exceeding \$300 million. I will raise the maximum annual funding for each university from the existing \$4 million to \$8 million starting from 2019-20 to better nurture university start-ups.

81. Last year, I reserved \$7 billion for the HKSTPC to enhance support for its tenants and incubatees, with part of the funding dedicated to expand Incubation Programme. The programme has been well-received, with over 120 applications so far. Besides, the Corporate Venture Fund (CVF), launched by the HKSTPC in 2015, co-invests on a matching basis with angel investors or venture capital funds in tenants and incubatees of the Science Park. The CVF has already committed the entire fund of \$50 million to invest in nine projects and acted as a catalyst in attracting more than \$670 million from co-investors. Building on the success, the HKSTPC will expand the CVF to \$200 million to support the growth of its tenants and incubatees.

82. In last year's Budget, I injected \$200 million into Cyberport to enhance the support for its tenants and start-ups. In this connection, Cyberport has increased the financial subsidy under its incubation programme to \$500,000 and introduced the Overseas/Mainland Market Development Support Scheme to offer an additional subsidy of \$200,000. Moreover, Cyberport launched the Easy Landing Scheme to attract multinational corporations to set up offices and R&D units in Cyberport through rental concessions.

83. To encourage private investments in local I&T start-ups, the Government set up the \$2 billion Innovation and Technology Venture Fund to co-invest in local I&T start-ups together with venture capital funds. We selected a total of six Co-investment Partners in mid-2018, and have been receiving co-investment proposals.

Promoting Re-industrialisation

84. The Policy Address proposed allocating an additional \$2 billion for the HKSTPC to build dedicated facilities required by the advanced manufacturing sector in industrial estates to facilitate more manufacturers to set up operations in Hong Kong. We plan to inject \$2 billion into the ITF for launching a Re-industrialisation Funding Scheme to subsidise manufacturers on a matching basis to help them set up smart production lines in Hong Kong. These initiatives for developing real high-end production will help reduce our economy's over-reliance on service industries. The Innovation and Technology Bureau (ITB) will seek funding approval from the Legislative Council (LegCo) as soon as possible, with a view to implementing these initiatives in the second half of this year.

85. I visited five local R&D centres last year to see for myself their work on applied R&D. I am impressed with the immense potential Hong Kong has in pursuing the commercialisation of R&D results and technology transfer in areas such as advanced materials, nanotechnology, microelectronics, etc.

which can boost the development of industries and re-industrialisation. The Committee on Innovation, Technology and Re-industrialisation, which I chair, will explore appropriate measures for promoting the development in this regard.

Other Supporting Measures

86. The Government is striving to remove unnecessary constraints for I&T development and create more opportunities for the procurement of I&T products and services. We will introduce a pro-innovation government procurement policy this April so that innovative proposals stand a better chance of winning government contracts. The Policy Innovation and Co-ordination Office has started reviewing existing laws which are outdated and impede I&T development.

The Way Forward

87. We are now in an excellent position to promote I&T development, and are presented with unprecedented opportunities arising from the Greater Bay Area development. From the perspective of regional development, with our strong R&D capabilities, world-class universities, advantages as an international and market-oriented economy and robust intellectual property protection regime, Hong Kong serves as an I&T pioneer in the region. On the other hand, with a sizeable market, the Greater Bay Area offers more cooperation opportunities for local I&T enterprises as well as capabilities in commercialising R&D results and advanced manufacturing. We can promote technological collaboration, interaction among industries and productisation of scientific and technological achievements, thereby facilitating the development of the Greater Bay Area into an international I&T hub.

88. Financial services and I&T aside, the Government will also roll out measures in other economic sectors to promote the development of industries. I will talk about these measures later.

(To be continued.)