

FS uses Budget to help diversify economy, promote innovation and technology

The Financial Secretary, Mr Paul Chan, in his 2019-20 Budget today (February 27) unveiled a raft of initiatives to promote economic development and diversify Hong Kong's economy to enhance competitiveness and overcome challenges posed by changes in the external economy.

Mr Chan said innovation and technology (I&T) development was a priority for Hong Kong, with over \$100 billion committed by the current-term Government.

"The development of I&T will bring huge economic benefits to Hong Kong," he said.

"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."

Mr Chan earmarked \$5.5 billion for the development of the Cyberport 5 expansion project, which is expected to provide about 66 000 square metres of floor area, including offices, co-working space, conference venues and data service platforms.

Mr Chan proposed allocating not less than \$800 million over the next five years to support applied research and development (R&D) work in designated universities, key laboratories and research centres.

He set aside \$16 billion for University Grants Committee-funded universities to enhance or refurbish campus facilities, including the provision of additional facilities essential for R&D activities.

The Budget also proposes increasing the monthly allowance for researchers to a maximum of \$21,000 under the Researcher Programme and extends from two to three years the funding period under the Researcher Programme and the Postdoctoral Hub Programme.

Under the Technology Start-up Support Scheme for Universities, the Government will double the maximum annual funding for each university to \$8 million, starting from 2019-20, to better nurture university start-ups.

To help foster local technology talent, \$500 million will be allocated to launch the IT Innovation Lab in Secondary Schools Programme over the coming three school years.

Mr Chan announced the launch of a Re-industrialisation Funding Scheme under the Innovation and Technology Fund (ITF), injecting \$2 billion into the ITF to subsidise manufacturers on a matching basis to set up smart production

lines in Hong Kong.

On fintech, Mr Chan said virtual banking licences would soon be issued by the Hong Kong Monetary Authority (HKMA). He also announced that the HKMA would set up an Academy of Finance in mid-2019 to groom financial talent.

Other initiatives to promote financial services include:

- * issuing the first batch of government green bonds;
- * studying establishing a limited partnership regime and introducing a more competitive tax arrangement to attract private equity funds to set up and operate in Hong Kong;
- * promoting mutual recognition of funds with other jurisdictions;
- * providing tax concessions for marine insurance and the underwriting of specialty risks, and facilitating the issuance of insurance-linked securities;
- * promoting the use of the Faster Payment System for payment of government fees and charges; and
- * increasing to \$400 million the amount of seed capital for the Financial Reporting Council.

To enhance Hong Kong's role as a international hub for legal services, the Financial Secretary earmarked \$150 million to support the development and initial operation of an online arbitration and mediation platform by non-governmental organisations.

He also set aside \$353 million to enable the Hong Kong Tourism Board to expand its promotion of Hong Kong's image as a premier tourism destination.

On creative services, the Government will inject an additional \$1 billion into the Film Development Fund in the 2019-20 fiscal year. The Government will also raise the production budget limit of the Film Production Financing Scheme to \$60 million, and the maximum subsidy for each film to \$9 million, to support local mid budget film productions.