

LCQ4: Boosting development of industries that enjoy advantages in process of Hong Kong's re-industrialisation

Following is a question by the Hon Wu Chi-wai and a reply by the Secretary for Innovation and Technology, Mr Nicholas W Yang, in the Legislative Council today (June 13):

Question:

The Policy Address published in January last year stated that industries enjoying advantages in the process of Hong Kong's re-industrialisation (advantageous industries) included biotechnology. It is learnt that quite a number of Mainland and overseas cities have implemented various concessionary measures in respect of land, capital and taxation to attract innovation and technology enterprises to establish their bases there. However, Hong Kong has not implemented similar measures, nor did it provide with concessions in taxation, housing, etc to attract innovation and technology talents to come to Hong Kong for career development. On the other hand, some academics have pointed out that Hong Kong should leverage its strength in higher education by establishing a higher education institution that aims to nurture students' business start-up capability so as to boost the development of advantageous industries. In this connection, will the Government inform this Council:

(1) whether it will, by making reference to the practices of Mainland and overseas cities, formulate more competitive measures to attract enterprises in advantageous industries to establish their bases in Hong Kong, and to attract relevant talents to come to Hong Kong for career development; if so, of the details; if not, the reasons for that;

(2) whether it has examined if Hong Kong's existing policies on land and taxation, infrastructure facilities, pool of talents, etc are sufficient to meet the needs of biomedicine enterprises in terms of factory sites and scientific research talents; if so, of the details; if not, the reasons for that; and

(3) whether it will consider allocating lands in the Lok Ma Chau Loop or other suitable locations for the construction of a superb scientific research base that will bring together the scientific research strengths of various universities in Hong Kong, and for the construction of a business start-up institution to boost the development of advantageous industries; if so, of the details; if not, the reasons for that?

Reply:

President,

Innovation and technology (I&T) is the driving force of economic development in the new era. Promoting re-industrialisation is an important part of the Government's I&T policy. Over the past few years, an atmosphere favourable to I&T development has gradually built up in Hong Kong, with internationally renowned research institutions settling herein one by one. We will continue to focus on promoting the development of targeted technology areas, including: biotechnology, artificial intelligence (AI), robotics, smart city etc.

Our reply to the various parts of the question is as follows:

(1) and (2) With an independent judicial system and intellectual property protection system, a world-class financial centre, a level-playing field and comprehensive infrastructure, as well as the unique edges under "one country, two systems" and the huge opportunities brought about by the development of the Guangdong-Hong Kong-Macao Bay Area, Hong Kong is among the first choices of business destinations for Mainland and multinational companies.

Using the examples of healthcare technologies, AI and robotics technologies, the Government is working on the establishment of the research clusters on healthcare technologies and on AI and robotics technologies in the Hong Kong Science Park (Science Park). We have set aside \$10 billion to provide financial support to non-profit-making research centres or laboratories operating at the two clusters.

Separately, the Government will allocate \$10 billion to the Hong Kong Science and Technology Parks Corporation (HKSTPC) for constructing research-related infrastructure and facilities for common use to strengthen Hong Kong's research and development (R&D) capabilities, and for enhancing support for the HKSTPC's tenants and incubatees, which includes expanding its Corporate Venture Fund and Incubation Programme, as well as attracting international technology enterprises to set up bases in the Science Park through providing incentives.

As regards healthcare technologies, the Biomedical Technology Support Centre in the Science Park is now providing more than 80 types of ready-to-use life science experimental instruments for use by tenants or incubatees. The HKSTPC will make use of the allocation to construct specialised facilities for healthcare technologies, including pilot batch production facilities, animal research and drug testing facilities, and bio bank and medical informatics, etc. Also, there are 23 pharmaceutical plants in the three Industrial Estates (IEs) managed by the HKSTPC, occupying an area of more than 200 000 square metres. To tie in with the development of the upstream, midstream and downstream industrial chain of healthcare technologies, the Government will explore with the HKSTPC to identify suitable premises in the IEs of Tai Po or Yuen Long for developing healthcare technology industry upon conversion and remodelling.

Stage 1 of the Science Park Expansion Programme is now underway. Upon

expansion, some floors will be set aside for laboratory and research work spaces for healthcare and AI/robotics technologies. The HKSTPC will also convert a building in the Science Park for healthcare research laboratory.

In recent years, the Government has invested a large sum of resources to improve the I&T ecosystem in Hong Kong through various targeting measures, with a view to attracting to Hong Kong top research institutions and technology enterprises as well as technology talents from the Mainland and overseas. Relevant measures include –

(i) On land and infrastructure, the Government actively identifies land to dovetail with I&T development, and is developing the Hong Kong-Shenzhen Innovation and Technology Park (the Park) in the Lok Ma Chau Loop, thereby facilitating the sustainable development of I&T and re-industrialisation in Hong Kong.

(ii) On funding support, to encourage enterprises to carry out more R&D projects locally, we will provide enhanced tax deduction for the qualifying local R&D expenditure incurred by enterprises. The relevant Amendment Bill was introduced to the Legislative Council on May 2, 2018 for scrutiny.

(iii) On pooling talent, we have announced the introduction of the pilot Technology Talent Admission Scheme to facilitate the admission of overseas and Mainland technology talent to work in Hong Kong by tenants and incubatees of the HKSTPC and Cyberport that are engaged in certain technology areas. We will also launch the pilot Technology Talent Scheme to nurture local technology talent in the third quarter of this year. Besides, the InnoCell will provide residential units and ancillary facilities to target tenants, incubatees and overseas/Mainland visitors in the Science Park starting from 2021.

The Government will from time to time review existing policies and measures, and make enhancement as and when appropriate, having regard to the need arising from I&T development, thereby maintaining Hong Kong's competitiveness.

The Innovation and Technology Bureau will collaborate with the Invest Hong Kong and the Economic and Trade Offices in overseas and Mainland to promote Hong Kong's latest I&T situation and opportunities, thereby attracting international R&D institutions and technology enterprises to Hong Kong.

(3) In accordance with the Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen, both sides have agreed to set up an integrated advanced training platform in the Park, with a focus on the provision of postgraduate programmes and professional training courses on new or advanced technology, aiming to nurture talents, and engender synergy and clustering effects with the facilities in the Park. We encourage the world's top higher education institutions to set up I&T related branches or facilities in the Park. With reference to the overall development plan of the Park, the Education Bureau will commence discussion and study on the details

of establishing higher education facilities in the Park in due course.

Regarding the setting up of a superior scientific research base, the Government has proposed to establish two research clusters with an aim to attract top-notch local, Mainland and overseas research institutions. We will consider whether to expand the scale of the two clusters and whether to establish new clusters having regard to the experience of the implementation of the two research clusters and the global technology development, etc.