

LCQ6: Development of innovation and technology and advanced industries

Following is a question by the Hon Holden Chow and a reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (May 11):

Question:

The Chief Executive (CE) proposed in the 2021 Policy Address to reserve a total of about 250 hectares of land for innovation and technology (I&T) to focus on the development of I&T and advanced industries. Besides, the Government has invited the Hong Kong Science and Technology Parks Corporation to plan conceptually for the construction of the second Advanced Manufacturing Centre (AMC). In this connection, will the Government inform this Council:

(1) given that the Government plans to construct a railway running through Hung Shui Kiu to link up the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, and that Hung Shui Kiu has the geographical advantage of being relatively close to Nanshan District, a major I&T hub near Qianhai, whether the Government will consider setting up the second AMC in Hung Shui Kiu or Tuen Mun, so as to create employment opportunities locally for residents in Northwest New Territories; if so, of the details; if not, the reasons for that;

(2) as some professionals in the industries have pointed out that Hong Kong is well positioned to produce new generation semiconductors, and that semiconductors are in high demand on the Mainland and in other parts of the world, whether the Government will introduce measures, such as providing special land and offering preferential treatment in a bid to attract enterprises and talents to Hong Kong to engage in the production of semiconductors, so as to support the development of such an advanced industry; if so, of the details; and

(3) given that the CE has earlier announced the proposal on the reorganisation of government structure, under which the Innovation and Technology Bureau is proposed to be expanded into an Innovation, Technology and Industry Bureau by the next-term Government, whether the Government will at the same time set a target on the percentage of the contribution of the manufacturing industry to the gross domestic product so as to facilitate performance measurement, thereby promoting the development of re-industrialisation in Hong Kong?

Reply:

President,

Thank you Hon Chow's for the questions and suggestions. With our strong research and development (R&D) capabilities and advantage of being international and market-oriented, the Government has been actively promoting re-industrialisation to develop the advanced manufacturing industry, which is less land- or labour-intensive, based on new technologies and smart production. It is conducive to creating quality employment opportunities, and fostering the diversification of economic development. The 2021 Policy Address suggested re-organising the Government structure, including renaming the Innovation and Technology Bureau (ITB) as the Innovation, Technology and Industry Bureau to highlight the role of innovation and technology (I&T) in promoting the development of re-industrialisation in Hong Kong.

Having consulted the Development Bureau and the Policy Innovation and Co-ordination Office, our reply to the various parts of the question is as follows:

(1) The Northern Metropolis Development Strategy (Development Strategy) proposes the construction of the Hong Kong-Shenzhen Western Rail Link to connect the Hung Shui Kiu/Ha Tsuen New Development Area (HSK/HT NDA) and the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Qianhai Cooperation Zone), which promotes and deepens the co-operation between Hong Kong and Shenzhen on development of high-end economy, as well as expanding the HSK/HT NDA. The expanded HSK/HT NDA would be enhanced and transformed into a modern services centre, becoming one of the economic and employment blocks in the Northern Metropolis. The Development Strategy also proposes to build sizable landmark facilities of I&T industry at Lau Fau Shan to facilitate application of software/digital technology in order to promote innovative finance and provide services to I&T industry and modern services industry. This can add impetus to Hong Kong's in-depth co-operation and integrated development with the Qianhai Cooperation Zone and Nanshan District. The expanded HSK/HT NDA can provide more new economy jobs, create local employment opportunities in the northwest New Territories and improve home-job balance. The construction of the cross-boundary rail link also facilitates cross-boundary employment.

The Development Strategy is a conceptual strategic plan with a view to proposing key action directions, conceptual action items and policy initiatives. The Government still needs to refine the recommendations of the Development Strategy and the related work plans as well as conducting detailed planning and engineering studies to confirm the feasibility and the implementation of these plans.

On the other hand, given the favourable response of the industry to the Advanced Manufacturing Centre (AMC) at Tseung Kwan O InnoPark, the 2021 Policy Address announced to invite the Hong Kong Science and Technology Parks Corporation (HKSTPC) to plan for the construction of a second AMC. We understand that the industry has a strong demand for land for re-industrialisation, and the granting of land often involves lengthy and complicated statutory procedures. Developing the second AMC at an InnoPark may speed up the construction of this important facility. The HKSTPC is carrying out initial preparatory works, including identifying a site from its

three InnoParks, and conducting an economic benefit analysis and a technical feasibility study for the second AMC, so as to provide space and facilities for specialised industries to set up advanced manufacturing production lines.

(2) Since inauguration of the current-term Government, the ITB has been promoting re-industrialisation and smart manufacturing in five areas: infrastructure, talent, capital, technology and scientific research, including support for semiconductor development and production.

In terms of infrastructure, the construction works for the first AMC were completed February this year and those for the Data Technology Hub were also completed in 2020. Leasing activities for the two centers have commenced with a satisfactory market response. In addition to the idea of constructing a second AMC, the 2021 Policy Address also announced that the Hong Kong-Shenzhen Innovation and Technology Park and the Lok Ma Chau/San Tin area would be consolidated and developed into San Tin Technopole, which will enable greater clustering effect for the technology sectors and provide more land for advanced manufacturing.

As far as semiconductors are concerned, Hong Kong has advantages in the areas of chip design and packaging industries. Currently, there are about 60 related companies operating in the Hong Kong Science Park and the InnoParks. The HKSTPC is developing the Microelectronics Centre (MEC) in the Yuen Long InnoPark to provide the industry with the necessary dedicated facilities and shared ancillary facilities for the development, testing, trial production/prototype production of microelectronic products, such as semiconductor chips including sensors, third-generation semiconductors and heterogeneous integrated microelectronics, etc. The construction works for the MEC is expected to be completed in late 2023, and will provide over 36 000 square metres of gross floor area to support and promote the development of the microelectronics industry in Hong Kong, and the application of R&D in high value-added industries.

On technology, the Hong Kong Productivity Council has been assisting enterprises to move towards high value-added production, adopt new industrial technologies and gradually upgrade to Industry 4.0, including organising a wide range of training courses and seminars and assisting various sectors in setting up smart production lines in Hong Kong.

In respect of talent training, the Government launched the Reindustrialisation and Technology Training Programme in August 2018, which funds local enterprises, on a matching basis, for their staff to receive training in advanced technologies, especially those related to Industry 4.0, including digitalised electronic industry and smart industrial systems, etc. The Global STEM Professorship Scheme launched in 2021 supports local universities in recruiting world-renowned STEM scholars or those with great potential.

Regarding capital, the Government launched the Re-industrialisation Funding Scheme in July 2020, which subsidises manufacturers, on a matching basis, to set up new smart production lines in Hong Kong. Subsidised

enterprises come from different industries, including biotechnology, construction, medical devices, nanofiber materials and electronics, etc. Enterprises interested in setting up new smart production lines in Hong Kong (including semiconductor enterprises) are most welcome to apply relevant subsidy.

As for scientific research, the five R&D Centres established by the Government will also continue to carry out R&D work related to re-industrialisation and facilitate the commercialisation of R&D results in close collaboration with the relevant industries.

(3) The Advisory Committee on Innovation and Technology published a report in 2017, which set a target of reversing the declining trend of the manufacturing sector's contribution to the gross domestic product (GDP) by 2020. In fact, the trend on the manufacturing sector's contribution to the GDP has largely stable in recent years, as opposed to the continuous decline in the past two decades or so. There have been voices from the industry indicating that industries in Hong Kong are not limited to traditional manufacturing, and should include supporting services for the manufacturing sector. This new and broader perspective would better reflect the industry's contribution to Hong Kong's economy. In order to keep abreast of the latest development of the manufacturing industry, the ITB has been maintaining close liaison with the Census and Statistics Department to explore the development of such metrics.

Many enterprises have implemented "re-industrialisation" successfully in recent years. Many friends from the industry have also expressed interests in investing in smart production, and have been proactively upgrading their existing production lines. These momentums demonstrate that our work in promoting re-industrialisation is on the right track, and the achievements have gradually emerged. As the development of various land sites and facilities for supporting advanced manufacturing are in the pipeline, we can foresee that the development of re-industrialisation will continue to gain traction. The Government remains open to the suggestion of drawing up a target for the manufacturing sector's contribution to the GDP, and will look into further support measures that are applicable to the actual situation in Hong Kong.

The National 14th Five-Year Plan and the development of the Greater Bay Area provide Hong Kong with endless opportunities. We will continue to work in close collaboration with the industry, the academia and research institutes, proactively integrate Hong Kong into national development, and enhance our work in promoting I&T and re-industrialisation.

Thank you, President.