

### **FHKI: Driving Forward Industry 4.0 and Re-industrialisation is the Trend**

At a Forum held today (Thursday), Chairman of the Federation of Hong Kong Industries (FHKI) Prof Daniel M Cheng said that under the current global economic environment and the prominent changes it has brought to the market, driving forward Industry 4.0 and re-industrialisation is deemed to be the big trend. Hong Kong should make good use of its advantages in creativity, design, research and development (R&D), relatively low financing costs, good intellectual property rights protection, free access to information and high-end services, etc, to drive the growth of high value-added industries, thereby bringing more impetus to Hong Kong's development and creating more employment opportunities.

Entitled *Industrialist Forum 2016: Re-industrialisation and Industry 4.0 in Hong Kong*, the forum was co-organised by the FHKI and KPMG. Secretary for Innovation and Technology Nicholas Yang, Chairman of Hong Kong Applied Science and Technology Research Institute (ASTRI) Wong Ming-yam together with more than 10 speakers from the Government, business sector, research institutes and professional service sector had in-depth discussions on a range of topics under the theme "Re-industrialisation and Industry 4.0" such as government policies, enterprises' practical experiences, existing limitations and their respective solutions.

Karmen Yeung, Tax Partner and Head of Industrial Manufacturing (Hong Kong), KPMG China, said, "Traditional manufacturing is currently facing a number of challenges. Design, innovation and new technologies are needed to maintain its sustainable development and competitiveness. Innovation and technology are also vital for re-industrialisation and Industry 4.0. Hong Kong has outstanding industrialists, a large talent pool and quality professional services providers. We need to think outside of the box and be innovative to stimulate industry development. We should also utilise our own competitive advantages in the process of re-industrialisation to maintain high-value manufacturing processes in Hong Kong and build a new industrial environment."

Prof Cheng pointed out that against the backdrop of slowing global economic growth, Industry 4.0 has gained the attention of major economies, which are formulating industrial strategies with their own industrial characteristics. For instance, the US is adopting re-industrialisation by strengthening its advanced manufacturing; Germany is reshaping its industrial system and ways of production by wide application of information technology and internet; Japan is closely developing according to the global trend; and China is catching up with the manufacturing powers by constantly transforming and upgrading itself. "Under this global trend of re-industrialisation, Hong Kong definitely needs to

proactively plan and commit resources to promote industrial transformation and upgrading to build the most efficient supply chain in the Pan River Delta (PRD),” Prof Cheng stated.

He explained, “Re-industrialisation does not simply mean the return of industries from the PRD to Hong Kong. It is re-distribution and re-arrangement of production lines in the Mainland and Hong Kong. Our re-industrialisation encourages better utilisation of Hong Kong’s environment, facilities and strength in talent. On one hand, it promotes transformation and upgrading of factories in the Mainland and moving certain production processes such as R&D, design and high value-added production processes back to Hong Kong or setting up new production lines here. On the other, it strengthens the co-operation between the Government, industry, academia and research sector on innovation and technology R&D and commercialisation. It shapes a new and advanced manufacturing sector in Hong Kong, and reinforces Hong Kong’s competitive industries by boosting their R&D and technology development.”

Prof Cheng added that the FHKI is also actively encouraging Hong Kong enterprises to enhance the city’s industrial strength by applying innovation and technology. “Last year, we set up creative industries, design and automation solutions groups, in order to create synergy through their interaction with traditional manufacturing. In March, our General Committee formally endorsed the creation of a start-up membership category and we are now preparing for the setting up of a Start-up Council which will provide timely support and assistance to start-up members. These services include mentorship schemes, training and investment matching, through which we hope to help start-ups use their disruptive innovation and technology to play a role in driving forward re-industrialisation and Industry 4.0 and seek development opportunities.” Prof Cheng said.

Summarising the discussion, FHKI Deputy Chairman Dr Daniel Yip pointed out that re-industrialisation in Hong Kong is not only important to the industrial sector, it can also attract high value-added production process, promote new industries and create more business opportunities for the high-end services sector and financial market as well as more diversified employment opportunities.

Dr Yip also stated that Government’s support is crucial to the city’s implementation of re-industrialisation and Industry 4.0. These include providing financial support to enterprises, encouraging focused R&D studies and their applications in industries by universities and research centres, and strengthening industrial assistance for high value-added industrial production from organisations such as Hong Kong Productivity Council, Hong Kong Science Park, etc. In parallel, enterprises should make good use of the applied research results of universities and research institutions in Hong Kong to combine with innovative design and the advantages of Mainland production capacity to drive the development of high value-added products and services.

**Photo captions:**

1. Nicholas Yang, Secretary for Innovation & Technology (ninth left); Wong Ming-yam, ASTRI Chairman (seventh left); Dr David Chung, Under Secretary for Innovation and Technology (seventh right); Prof Daniel M Cheng, FHKI Chairman (ninth right), and three FHKI Deputy Chairmen including Jimmy Kwok (third left), Eric Yim (second left) and Dr Daniel Yip (first left) attend the *Industrialist Forum 2016: Re-industrialisation and Industry 4.0 in Hong Kong* jointly organised by the FHKI and KPMG.



2. Nicholas Yang, Secretary for Innovation & Technology, speaks at the Forum.



3. Chairman of FHKI Technology Development Committee Dr Samson Tam (middle) hosts a discussion panel at the Forum.





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