



香港工業總會
FHKI

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Federation of Hong Kong Industries

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Industry News

Press Release

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The FHKI Welcomes the Pragmatic and Comprehensive Supporting Measures On I&T Announced in the Policy Address

Chief Executive Carrie Lam today (Wednesday) announced her maiden Policy Address, which Federation of Hong Kong Industries (FHKI) Chairman Jimmy Kwok considers it comprehensive and pragmatic, and that the new administration is adamant in shouldering the responsibility in the areas of governance, economic development, housing, education and healthcare.

As the Policy Address sets out dedicated measures on a number of core issues in Hong Kong, in particular stipulating the importance of the development of innovation and technology (I&T) and design related fields and rolling out tax concession policies, Mr Kwok believes that these measures would be instrumental in enhancing the competitiveness of Hong Kong's business landscape and sustaining the development of the economy and society as a whole.

Mr Kwok says, "Not only will the Chief Executive personally lead a high-level, inter-departmental Steering Committee on Innovation and Technology to examine and steer measures relating to I&T and smart city developments, she also set a goal to double the domestic R&D expenditure as a percentage to the Gross Domestic Product from the current level of 0.73% to 1.5% over the next five years. This truly exemplifies the Government's resolve in jumpstarting Hong Kong's lackluster I&T development in which we are very pleased to see."

Mr Kwok is also glad to see that the Policy Address has answered to the FHKI's call for promotion of I&T through comprehensive and pragmatic measures. Policies announced by the Government today covers a range of issues such as resources for research and development (R&D), capital, talents, infrastructure, legislation review and government procurement.

"As for encouraging enterprises' investment in R&D, the Government proposes the first HK\$2 million eligible R&D expenditure will enjoy a 300% tax deduction with the remainder at 200%. We are particularly upbeat as we have been advocating for such tax incentive for more than ten years," Mr Kwok adds. As a big supporter of this, the FHKI will proactively encourage its members and the industry to make use of these policies and measures, so as to achieve transformation and upgrading and solidify Hong Kong's economic foundation.

Regarding the two-tier profits tax system which was previously highlighted by the Chief Executive, the profits tax rate for the first HK\$2 million of profits of enterprises will be halved from 16.5% to 8.25%, which proved to be even lower than expectation. Mr Kwok expects the



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new system will effectively lighten the tax burden on micro, small and medium enterprises and startups, which gives them an opportunity to re-invest their limited profits and further expand their businesses.

Mr Kwok continues, "Apart from enhancing Hong Kong's overall competitiveness through the abovementioned tax policies, the Government is also channeling additional resources into R&D, including putting forward the HK\$500 million Technology Talent Scheme, HK\$3 billion studentships for postgraduate research programmes, and the HK\$2 billion Innovation and Technology Venture Fund for supporting startups. I believe all these will not only attract local and overseas investors and startups to station their businesses in Hong Kong, which in turn would help to enrich the overall business environment, they also help to enhance Hong Kong's long term I&T competitiveness and diversification, and thereby lowering the city's leverage on external environment."

Furthermore, apart from attracting more youngsters to join I&T and related industries to soften the issue of labour shortage, he hopes that these policies will help them to climb up the social ladder and improve their livelihoods by offering more diversified education and career opportunities.

As for human resources and labour policies, the Policy Address proposes to prolong the statutory maternity and paternity leaves in which Mr Kwok suggests that, in view of the allocation of manpower, such issue should first be discussed in the Labour Advisory Board for reaching a consensus among the employees and employers. Meanwhile, as far as the offsetting mechanism of the Mandatory Provident Fund is concerned, the FHKI will continue to proactively work with all stakeholders and seek a proposal that takes into account the interests of both employers and employees as well as the affordability of micro, small and medium enterprises.

Mr Kwok goes on to point out that, as the Commission for the Planning of Human Resources, chaired by the Chief Secretary for Administration, is set to commence operation by early next year, the Commission should consolidate the resources and efforts of the Government and various sectors, such as the business, education and professional sectors as soon as practicable, and collectively formulate and roll out effective policies on human resources in a holistic manner that are tailored to Hong Kong's needs.

The Policy Address also mentions that, with local workers' employment being prioritised, the Government will explore with stakeholders of industries that are heavily shorthanded the possibility of increasing imported labour on an appropriate and limited scale, so as to relieve the pressure of labour shortage and recruitment difficulty for some industries. The FHKI welcomes and supports these proposals.

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