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Tech entrepreneur and investor Duncan Chiu has long been committed to developing local technology and innovation in Hong Kong. He discusses the current blueprint for advancing

life sciences, advanced manufacturing, AI, big data and FinTech in the region and the need for government involvement to incentivise investment.

The Hong Kong government seems to be focusing a lot of attention on technological development. What can you tell us about the Blueprint brought forward to advance Hong Kong tech and innovation?

In his policy address last October, the Chief Executive emphasised the need for continued government investment in technology. Then in December, the Secretary for Innovation, Technology and Industry, Professor Dong SUN, and his team came up with the *Hong Kong Innovation & Technology Development Blueprint*, which set out the areas we want to invest in: life and health technology, advanced manufacturing and new energy technology, AI and data science and FinTech. We have Financial Secretary's Budget, which also mentioned investment in technology and what he called 'promoting high-quality development', which means digital economy, Web3 and international greentech and greenfi centre. From all this, you can see the direction in which the

government is looking to take Hong Kong towards its goal of becoming an international I&T hub. During the process of drafting the blueprint, I consulted the industry on all aspects of technology development in Hong Kong and submitted the consolidated proposals to the Secretary.

In the blueprint that the government has finally released, which is the directional strategy for Hong Kong's tech development, Professor SUN has largely taken into account the feedback from the industry. From the blueprint, we can see where we are heading in terms of biotech, life sciences, FinTech, AI, big data, and advanced manufacturing. These sectors touch on certain common areas — for example, life sciences and biotech touch on citizens' health data; FinTech touches on monetary data, and AI and big data on privacy and personal data. These are all things that Hong Kong can develop, not only because of the technological human capital here, but also because of the rule of law and the domain expertise that we have built up here, and therefore provide a foundation for good companies to emerge in these areas.

However, the development of the sectors I have mentioned is not just a question of technological development. We need more than just tech-savvy people. We also need compliance and standards, and health and data are areas that require regulations that comply with global regulations, not just those in Mainland China. It's important to mention that in Hong Kong, we have a long tradition of adhering to regulatory standards, and both our financial and legal industries are a testament to that.

The good thing about Hong Kong is that a lot of people from the Mainland come here every year, not just for tourism, but to buy medicines and take them back to the Mainland. This shows that they trust the system here and feel that the standards and quality are guaranteed. And when people from the Mainland invest in the stock market, many will choose Hong Kong because they trust the financial system here; it is fair, and we have a globally compliant system. So, when we talk about tech development in the future, it is not just about having people who do the technology development. It is also about having people who understand the industry, who have experience in other professional areas, and who follow the compliance and governance in operation.

Take FinTech as an example. Successful use cases and solutions developed in Hong Kong can be sold to Mainland China, to 1.4 billion people, and even beyond China, which shows confidence in Hong Kong products and their standards. I think life sciences may be similar. If we do clinical trials in Hong Kong, people can trust the quality of the data and the regulatory framework. After consulting with the industry, this seems to be the direction that Hong Kong should take. Historically, we have had qualified experts and teams for different technology disciplines living in Hong Kong, but we lacked the long-term investment capital to drive innovation and invention. This

is now changing, thanks to the government's recent blueprint, and there are policies and intentions to deploy capital to encourage the commercialization of research and inventions from academia.

Hong Kong may be considered something of a latecomer in some of the industries and technologies you mentioned. Do you see that as a challenge? And is government funding a solution?

As an international tech investor for more than 25 years, I have been to many countries at the forefront of technology: Japan, Korea, Israel, the US, and of course, Mainland China. I do not believe there are 'latecomers' when it comes to technology because if you invest in the next big thing, you can still be successful and be the first to build the next big thing. Shenzhen, for example, started from nothing; it was farmland 30 years ago.

It is more about whether you want to have strategic involvement in building futuristic technologies in one place, and every government has a role to play in that. If you look at Japan or Korea in the 1980s and the car and mobile phone industries they developed, you can see that a lot of it was government-led. Israel's government has been actively involved in supporting its cybersecurity developments. Canada has also put a lot of resources into AI and quantum computing. Singapore is completely top-down. China is another example of planning and leading to develop technology sectors. The US in the 1960s and 70s is a possible exception to this, where a lot of development was driven by universities and the private sector, and suddenly you had big companies like HP, IBM, and Apple popping up, which then took the lead in supporting and incubating the next batch of startups and innovations. But if you look at Tesla, for example, it got funding from the Department of Energy to start the company, so there is also an impetus and incentive from the US government for certain technology aspects, such as clean energy companies, to succeed.

Under the current administration, the government has become more directly involved in setting technology policy directions and also in providing technology investment. Prior to this term of our government, many of Hong Kong's tech efforts were mainly driven by the private sector, and the government never had a clear direction in this area.

With respect to support for developing innovation and tech in Hong Kong, how far will the government's involvement go?

As a private investor for many years, I tend to think that a private investor will invest and choose companies more wisely and better than government-led grants. The government should do things to encourage private investors to invest in technology, and private investors should also put in matching funds so that they are not getting money for free. Relying on the private sector is always going to be a better solution. If you look at Israel, for every dollar the government invests, they get nine dollars from private and professional investors. Shenzhen also brings in a lot more money from the private sector when compared with Hong Kong. The average amount of money they invest in R&D each year is about five to six times what Hong Kong invests. For every bit of money, they put in, they leverage many times more private investment. That's why the tech and start-up scene there is so vibrant.

Do you have any views on the development of life science, and potentially how this can converge with other technologies that are part of the blueprint like AI and data?

There are a lot of life science experts in Hong Kong. We have some good teams and professors who work on research in universities, but I think a lot of them have always worked on their own. Universities do not have much capital to invest, especially if they are working on big data, life science, new materials, etc., which can be quite expensive. If they do not have sufficient computing resources in universities, they can only rely on trial runs on third-party supercomputers. If Hong Kong wants to be a biotech hub and we want to get all of these companies to come to Hong Kong, we need to improve our digital infrastructure.

The government should invest in digital infrastructure and computing power and provide the resources at a low cost so that overseas scientific teams can come to Hong Kong and prove their solutions, methods, and scientific findings. That is why I have been talking extensively about proposing the establishment of supercomputing capabilities in Hong Kong. In the Mainland, this is actually quite common. A lot of Mainland cities have supercomputing centres, and there are nine in China already.

Hong Kong is a relatively expensive place to live. How much of an impact does the cost of living have when it comes to attracting talent?

As a government, if we want to attract people to work in the tech industry in Hong Kong, the most important thing we have to do is to provide opportunities. Of course, you can complain about

housing, but if you go to Silicon Valley, it has the most expensive housing in the US. And Israel is expensive too. Shenzhen is not cheap by Chinese standards either, but anyone who wants to work in a start-up still goes to Shenzhen. One thing we need to do is reduce the cost of living in Hong Kong because housing is extremely expensive. But apart from housing, if you compare the cost of food and transportation, Hong Kong is actually a little cheaper than Singapore. In terms of salary, Singapore is at the same level as Hong Kong, and they also have a shortage of talent.

Apart from that, I think the most important thing we have to do is to provide more opportunities. If there are opportunities, people will come. We need more professional and private funds to support the creation of startups, and we should attract large enterprises from China and overseas with incentives and tax breaks.

Attracting Mainland Chinese companies to Hong Kong is perhaps easier that encouraging international companies to settle there. Are you also looking to attract companies from outside of China?

We are always looking to attract Western companies, and we should always keep our door open to them. I am also pushing hard for the government's policy of proactive development of virtual assets. I think this is a good demonstration of the 'One Country, Two Systems' because, on the Mainland, they have their own policy on virtual assets.

On the negative side, there has been a lot of news coming from outside of Hong Kong in recent years that is quite hostile to China and Hong Kong. This is something we cannot control, but what we can do is always urge the government to maintain the 'One country, Two systems' principle. We can only do our best and let people know that companies can still come here to Hong Kong and take advantage of our unique system to do business with China.

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