

LCQ12: Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone

Following is a question by the Dr Hon Lo Wai-kwok and a written reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (December 11):

Question:

The Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, consisting of the Shenzhen Park and the Hong Kong Park, is one of the major cooperation platforms among Guangdong, Hong Kong and Macao under the National 14th Five-Year Plan. While the State Council promulgated the Development Plan for Shenzhen Park of Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone in August last year, the SAR Government promulgated the Development Outline for the Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone (the Outline) on the 20th of last month, setting out the major development directions, strategy and target of the Hong Kong Park. In this connection, will the Government inform this Council:

(1) as the Outline proposes that the development of the Hong Kong Park will be taken forward in two five-year phases, but there are views pointing out that the first eight buildings in Phase 1 of the Hong Kong Park are still under construction, and Phase 2 development is still under detailed planning, whereas the development of the Shenzhen Park has already taken shape, with many innovation and technology (I&T) enterprises and personnel stationing there, whether the Government has considered catching up expeditiously by enhancing speed and efficiency in the implementation of the planning of the Hong Kong Park, so as to achieve further coordinated development with the Shenzhen Park; if so, of the details; if not, the reasons for that;

(2) whether the Government will seek innovation and changes to actively play a leading role by introducing more preferential policies in respect of land supply, dedicated funding, tax deductions, etc., so as to attract more international capital and major I&T enterprises to the Hong Kong Park; if so, of the details; if not, the reasons for that; and

(3) in order to dovetail with the implementation of the four major development directions proposed in the Outline (namely (i) to build a world-class industry-academia-research platform, (ii) to establish an internationally competitive research and development transformation and pilot production base for industries, (iii) to foster a hub for pooling global I&T resources, and (iv) to cultivate a testing ground for institutional and policy innovation), whether the Government will expeditiously formulate talent training and talent admission programmes for the relevant industries

and professional services; if so, of the details; if not, the reasons for that?

Reply:

President:

The Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone (Hetao Co-operation Zone), consisting of the Hong Kong Park and the Shenzhen Park and located on the two sides of the Shenzhen River, is established under the vision of "one river, two banks" and "one zone, two parks". It is one of the major co-operation platforms among Guangdong, Hong Kong and Macao Greater Bay Area (GBA) under the "Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China".

The Development Plan for Shenzhen Park of Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone (the Development Plan) promulgated by our country in August last year clearly specifies the three major positioning of the Hetao Co-operation Zone, namely (1) a pilot zone for Shenzhen-Hong Kong active co-operation in technology and innovation, (2) a testing zone for new rules of international advanced technology and innovation, and (3) a cluster for pilot production and transformation for GBA. To further facilitate the country's major strategic development of the Hetao Co-operation Zone, the Hong Kong Special Administrative Region (HKSAR) Government promulgated the Development Outline for the Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone (the Development Outline) in November this year, setting out the key development directions, strategies and targets of the Hong Kong Park and leading its high-quality development through top-level design.

On the basis of the three major positioning of the Development Plan, as well as the vision and mission of the development of the Hong Kong Park, the Development Outline proposes to take forward at full steam the development of the Hong Kong Park in accordance with four major directions, namely, "to build a world-class industry-academia-research platform"; "to establish an internationally competitive research and development (R&D) transformation and pilot production base for industries"; "to foster a hub for pooling global innovation and technology (I&T) resources"; and "to cultivate a testing ground for institutional and policy innovation".

The consolidated reply to the various parts of the question is as follows:

Situated in the Loop in the northern part of Hong Kong, the Hong Kong Park, with about 87 hectares (approximately four times of the size of Hong Kong Science Park), will be developed in two phases from west to east. The current Government has been boosting both the speed and quantity in developing the Hong Kong Park. In order to expedite the development and optimise the functions of Hong Kong Park, the HKSAR Government and the Hong

Kong-Shenzhen Innovation and Technology Park Limited (HSITPL) have, upon conducting review, doubled the gross floor area of Phase 1 to one million square metres. The Hong Kong Park will be made up of different functional zones which mainly include the Life and Health Technology zone, the Artificial Intelligence (AI) and Data Science zone and the New Technology and Advanced Manufacturing zone. The site of Phase 1 will be divided into three batches for development. Batch 1 development consists of eight buildings in total and the first three buildings will be completed starting from the end of this year as originally scheduled. The Hong Kong Park will officially enter into its operational phase next year, and the HSITPL is pressing ahead with the related leasing work. The first batch of tenants from pillar industries, such as life and health technology, AI and data science, is expected to move in starting from the second half of next year. Moreover, HSITPL has commenced the consultancy study on the planning for Phase 2 of the Hong Kong Park, with a view to moving forward the comprehensive development of the Hong Kong Park in full steam.

The Government has all along been supporting the enhancement of technological level and promotion of innovation in Hong Kong by implementing various funding schemes under the Innovation and Technology Fund, with a view to driving the comprehensive development of upstream, midstream and downstream sectors of our I&T ecosystem. To foster the development of the InnoLife Healthtech Hub in the Hong Kong Park, the Government has proposed in the 2024-25 Budget to allocate \$2 billion to support the InnoHK research clusters to establish presence in the Hong Kong Park, and will also allocate \$200 million to provide assistance to life and health technology start-ups in the Hong Kong Park in the form of incubation and acceleration support, etc. The Government has consulted the Legislative Council (LegCo) Panel on Commerce, Industry, Innovation and Technology on the funding proposal for launching the Incubation Support Programme for Life and Health Technology Start-ups in the Hong Kong Park on November 19 this year. As a next step, we will seek funding approval from the LegCo Finance Committee to launch the programme.

The Loop enjoys unique advantages in cross-boundary co-operation. On the basis of "one country, two systems" and "one zone, two parks", the HKSAR Government will continue to seek policy support from relevant Mainland authorities to implement the dedicated policies to facilitate the cross-boundary flow of important innovation elements including personnel, materials, capital and data within the Loop. This will thereby foster complementarity and co-operation between the two parks, and enhance the attractiveness of Hong Kong Park in terms of business and investment attraction.

Among others, on the flow of capital, facilitating cross-boundary capital flow in the Hetao Co-operation Zone is one of the main focuses of the future development of Hong Kong Park. This will help promote the development of Hetao Co-operation Zone into an important foothold for Mainland I&T enterprises to set up international headquarters or global research centres. The HKSAR Government will actively explore with the relevant Mainland authorities facilitation measures on cross-boundary fund transfer for

Mainland enterprises settling in the Hong Kong Park, so as to support mutual financing of industry projects between the two parks.

Meanwhile, the HKSAR Government will continue to explore the formulation of more facilitative policies conducive to the development of I&T, with the aim of attracting and encouraging more Mainland and overseas enterprises to establish presence in Hong Kong (including the Hong Kong Park) or expand the scale of investment in our city, thereby converging international innovation resources. Among which, the HKSAR Government currently offers tax concessions to enterprises engaging in R&D activities in Hong Kong. The qualifying R&D expenditures of such enterprises enjoy an enhanced tax deduction, with the first \$2 million of the total expenditure eligible for a 300 per cent tax deduction, and the amount beyond \$2 million eligible for a 200 per cent deduction. There is no cap on the amount of enhanced tax deduction, and it applies to all eligible enterprises, including those in the Hong Kong Park. As for individuals, the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the Comprehensive Arrangement) entered into force in December 2006. In accordance with the provisions of the Comprehensive Arrangement, tax paid in the HKSAR in respect of income derived from sources in the HKSAR by a resident of Mainland shall be allowed as a credit against Mainland tax imposed on that resident. However, the amount of the credit shall not exceed the amount of Mainland tax in respect of that item computed in accordance with the tax laws and regulations of the Mainland. Moreover, since 2019, a new article for teachers and researchers was added to the Comprehensive Arrangement. With this new article, a qualified teacher or researcher, who is employed in Hong Kong or the Mainland and engages in teaching and research activities on the other side, shall be exempted from taxation on that other side for a period of three years, provided that the relevant income has been subject to tax on the side where the person concerned is employed.

As for the supply and development mode of other sites in the Hong Kong Park, the HKSAR Government keeps an open mind and will consider developing the sites jointly with the market as one of the options. We will select appropriate land parcels and plan to invite expression of interests from the market next year.

As one of the most internationalised cities in our country, Hong Kong has the distinctive advantages of enjoying strong support of the motherland and close connection with the world, which can help pool I&T talents. The Government will continue to implement various measures to attract Mainland and overseas talents to Hong Kong. For instance, the Technology Talent Admission Scheme provides a fast-track arrangement for eligible companies to admit Mainland and overseas technology talents to undertake R&D work in Hong Kong. Meanwhile, the Government has included in the Talent List a number of professions with local manpower shortage in the I&T segment, so as to facilitate the industry in the admission of technology talents through relevant admission schemes. Besides, the HKSAR Government will continue to explore with the Shenzhen Municipal Government the construction of footbridges across the Shenzhen River at the eastern side and western side of

the Hetao Co-operation Zone respectively to directly connect the two parks, so as to facilitate frequent cross-boundary travel of and smooth exchanges between I&T personnel. At the same time, the governments of Hong Kong and Shenzhen are also exploring the provision of innovative and convenient clearance mode and facilities to allow designated personnel of the two parks to enjoy travel convenience by, for example, implementing pre-registration arrangements and using technology to significantly shorten the travelling time between the two parks, with a view to achieving contactless clearance and enhancing clearance experience.

The Government will adhere to the principle of "promoting technology with talents, leading industries with technology, and attracting talents with industries" and continue to promote the development of Hong Kong into an international I&T centre. This will provide more quality jobs and development opportunities for I&T talents in Hong Kong and those coming to Hong Kong, thereby pooling I&T talents from around the globe.

Meanwhile, HSITPL will provide shared space and activity venues, and set up platforms for information exchange, training and promotion resources. Such effort aims to enhance the liaison, collaboration and interface between the R&D institutes and enterprises in the two parks of the Hetao Co-operation Zone and their counterparts outside. This will give people working in the Hetao Co-operation Zone more opportunities for their career development.

The HKSAR Government and HSITPL will continue to work closely with the Shenzhen Municipal Government and relevant stakeholders respectively to promote the development of the Hong Kong Park at full steam according to the development directions and strategies proposed in the Development Outline, joining hands with Shenzhen to develop the Hetao Co-operation Zone into a world-class key I&T platform and an important engine for the high-quality development of the GBA.