

LCQ17: Hong Kong Investment Corporation Limited

Following is a question by the Hon Mrs Regina Ip and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (July 3):

Question:

The Chief Executive announced the establishment of the Hong Kong Investment Corporation Limited (HKIC) in the 2022 Policy Address, and nearly two years later, the HKIC finally signed a strategic partnership agreement (the Agreement) with the innovation and technology (I&T) enterprise, SmartMore Corporation Limited (SmartMore), last month, marking the first time the HKIC signs a strategic partnership agreement with a technology enterprise. In this connection, will the Government inform this Council:

(1) of the specific amount of the HKIC's investment in SmartMore under the Agreement; if the amount of investment cannot be disclosed, of the reasons for that; whether it has drawn up a timetable for disclosing the arrangements under the Agreement;

(2) given that in the reply to a question raised by a Member of this Council on the Estimates of Expenditure 2024-2025, the Government has indicated that the Board of Directors of the HKIC will formulate appropriate disclosure arrangements for the HKIC in accordance with factors such as the actual needs of its investment operation, of the current progress of the relevant work; when the Government plans to disclose the investments made by the HKIC in various enterprises and explain how such investments will bring into play its role of channelling capital and leveraging market resources;

(3) as it is learnt that SmartMore has undertaken in the Agreement to establish the first artificial intelligence (AI) research institute in Hong Kong to nurture local AI talents, whether the Government has assessed the economic benefits that the project will bring to Hong Kong; if so, of the details; if not, the reasons for that;

(4) whether, in addition to the establishment of an AI research institute, there are other plans under the Agreement to build an I&T ecosystem in Hong Kong; if so, of the details; if not, the reasons for that;

(5) as it is learnt that an AI-powered real-time translation service was provided on the spot at the signing ceremony of the Agreement, and SmartMore's official website has uploaded both the Chinese and English versions of the press release on the signing ceremony, but the HKIC's official website has only uploaded the Chinese version of the press release and the speech delivered by its Chief Executive Officer (CEO) one week after the signing ceremony, and there are views that the relevant practice may hinder the HKIC's external publicity work, of the reasons why the HKIC did

not upload the English version of the press release and the speech delivered by its CEO; and

(6) whether the HKIC has formulated measures to step up its external publicity work; if so, of the details; if not, the reasons for that; whether the Government has formulated corresponding performance indicators for the HKIC; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Hong Kong Investment Corporation Limited (HKIC), the reply to the six parts of the question is as follows:

(1) The HKIC plans to join hands with SmartMore in accelerating the advancement in the continued development and application of cutting-edge technologies in artificial intelligence (AI) large language models (LLM) in Hong Kong, with a view to contributing to the economic and social developments of Hong Kong. Key content of the strategic partnership agreement was disclosed on the date of signing, which includes the establishment of the first AI Research Institute by SmartMore in Hong Kong to focus on nurturing Hong Kong young talents for AI development, putting Hong Kong as the priority location for initial public offering in its future development plan, and deployment of resources to enhance the computing power of Hong Kong. Owing to the confidentiality clauses regarding the commercially sensitive information in the agreement, details on the investment amount cannot be disclosed.

(2) The HKIC has started to implement certain direct and co-investment projects in June this year covering the themes of Hard and Core Technology, Biotech, New Energy and Green Technology. All of these investment projects target companies that are at the forefront of technology or operate in critical sectors, and are medium to long term investments. The HKIC aims to exert its influence as "patient capital", accelerating the construction of the information innovation and technology (I&T) ecosystem in Hong Kong and generating investment return by way of investing and signing collaboration agreements. The HKIC will have appropriate disclosure arrangements in its annual report regarding its operations and investment.

(3) "Science and technology is primary productive force, talent is primary resource, and innovation is primary driver of growth". Talent is a key element in I&T. Nurturing talents in the specialised field of AI is very important for the fostering and continued development of the relevant ecosystem in Hong Kong. SmartMore will establish the first AI Research Institute in Hong Kong, which will focus on nurturing Hong Kong's young talents for AI development. The relevant Research Institute will be situated in a reputable university in Hong Kong, with details being discussed in depth. Talent development is an important factor for the HKIC when selecting strategic partners or investment projects.

(4) Other key content of the strategic partnership agreement includes putting

Hong Kong as the priority location for initial public offering in SmartMore's future development plan, and deployment of resources to enhance the computing power of Hong Kong. SmartMore's strategic partnership with the HKIC means that SmartMore is plugged into the I&T ecosystem of Hong Kong as well as the broad network of the HKIC, benefiting from more cross-jurisdictional and cross-sectoral resources. The HKIC's investment strategy includes bringing more collaborative opportunities and development potential to its investee companies and strategic partners, and creates more value for Hong Kong on that basis.

(5) The Chinese and English bilingual press release for the signing of the strategic partnership agreement between the HKIC and SmartMore has been uploaded to the official website of the HKIC. Regarding the speech, its release adheres to the customary practice of the Government, under which the deployed version was used.

(6) The HKIC conducts publicity and promotion work on an on-going basis for its investment strategy under which the ecosystem construction is driven by capital. Such work covers the participants and potential participants of the ecosystem of cutting-edge technologies locally, in the Mainland and overseas, with a view to allowing them to develop a deeper understanding. It is believed that targeted publicity will help attract the relevant enterprises to Hong Kong.

The Chief Executive Officer (CEO) of the HKIC only assumed office in last October. Considering that the HKIC is still in its initial operation, the Board of Directors acknowledges that full deployment of capital takes time, and that it also takes time for the invested capital to yield reasonable return. Meanwhile, another important policy objective of the HKIC's investment is to help enhance Hong Kong's medium to long term competitiveness. Therefore, the CEO's work objectives and performance indicators set by the Board of Directors primarily include the establishment of governance and investment mechanisms as well as the team; construction of extensive and close connections with the investment, industry, academic and research sectors in Hong Kong, the Mainland and overseas; identification of high quality investment projects, enterprises and partners; and promotion of the I&T ecosystem construction in Hong Kong.