

LCQ18: Developing Hong Kong into international innovation and technology hub

Following is a question by the Prof Hon Sun Dong and a written reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (February 16):

Question:

The State President indicated clear support for Hong Kong's development into an international innovation and technology (I&T) hub in as early as 2018, and "The Chief Executive's 2021 Policy Address" also devoted a substantial part to I&T development and the development of an international I&T hub. However, there are views that the Government has not formulated specific medium- and long-term planning so far for developing Hong Kong into an international I&T hub. In this connection, will the Government inform this Council:

(1) when the medium- and long-term planning for developing Hong Kong into an international I&T hub will be introduced; as there are views that the establishment of an international I&T hub will help Hong Kong achieve economic restructuring, boost economic growth and resolve deep-rooted conflicts, of the implementable proposals that the Government has in place;

(2) given that the Chief Executive set a goal in the 2017 Policy Address to increase the ratio of the gross domestic expenditure on research and development (R&D) to the Gross Domestic Product (GDP) (R&D expenditure ratio) from 0.73 per cent to 1.5 per cent by the end of the current Government's term of office, but the ratio still only stood at 0.99 per cent as at 2021, of the measures that the Government will take within its current term of office to achieve such goal;

(3) as it has been reported that the R&D investment in Hong Kong is lower than that on the Mainland and in the surrounding regions (taking 2019 as an example, the R&D investments on the Mainland and in South Korea represented 2.23 per cent and 4.64 per cent of their GDP respectively, and the R&D spending in the Taiwan region represented 3.5 per cent of its GDP, while the R&D expenditure ratio in Hong Kong was less than 1 per cent), of the measures that the Government will take within its current term of office to narrow the gap between Hong Kong and the Mainland as well as other regions; and

(4) whether the I&T development in the Northern Metropolis aims to build up an advantageous I&T industry in Hong Kong; if so, how much growth in GDP is expected to be achieved, and how many upward mobility opportunities in terms of employment, career development and entrepreneurship are expected to be provided for young people; if not, of the reasons for that?

Reply:

President,

â€‹The National 14th Five-Year Plan (the Plan) promulgated in March last year set out in its prologue to develop our country into an innovative nation with strong science and technology. The Plan put forward the development pattern of "dual circulation", which takes the domestic market as the mainstay while enabling domestic and foreign markets to interact positively with each other, and expressed clear support for Hong Kong to develop into an international innovation and technology (I&T) hub.

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

(1) The current-term Government has unprecedentedly invested over \$130 billion to promote I&T development along the eight major areas since 2017. In the future, to better complement the country's I&T development, the Government has put forward forward-looking and ground breaking I&T initiatives in the 2021 Policy Address.

Regarding setting aside additional land and infrastructure development, the Government has reserved a number of sites for I&T development, such as consolidating the Hong Kong-Shenzhen Innovation and Technology Park (HSITP) in the Lok Ma Chau Loop and the areas around Lok Ma Chau / San Tin to form the San Tin Technopole, building landmark I&T facilities with a scale comparable to Cyberport in Lau Fau Shan, reviving the Ma Liu Shui reclamation project, providing land to universities for research and development (R&D) use, planning for the construction of the second Advanced Manufacturing Centre, etc.

In terms of promoting R&D and strengthening our talent pool, the Government will set up an InnoLife Healthtech Hub in HSITP to focus on R&D in life and health disciplines. The Hong Kong Science and Technology Parks Corporation (HKSTPC) will also explore collaboration with the Hospital Authority on better utilising its clinical data for R&D purposes. Moreover, the Government will explore the extension of the Immigration Arrangement for Non-local Graduates to cover those graduated from the Hong Kong universities' campuses in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and will continue to implement the Global STEM Professorship Scheme.

As for supporting start-ups in gaining a foothold in the GBA, the GBA InnoAcademy and GBA InnoExpress set up by the HKSTPC at its branch in Shenzhen will commence operation within this year. The HKSTPC will also work with the local universities which have campuses in the GBA to establish incubator networks in those campuses.

Our country provides staunch support for Hong Kong's I&T development. We will continue to communicate closely with the relevant Central Government departments and the Guangdong Provincial Government to actively explore measures to facilitate further cross-boundary flow of innovation elements including talent, capital, information and technologies, such as enhancing the two-way flow of talent within the GBA.

(2) and (3) While direct comparison between Hong Kong and other economies is hardly possible due to differences in modes of economic and social development, Hong Kong's I&T ecosystem has become increasingly vibrant. Despite impact from various challenges in recent years such as the social unrest and the COVID-19 pandemic, Hong Kong's gross domestic expenditure on R&D increased from around \$19.7 billion in 2016 to around \$26.5 billion in 2020. While the ratio of the gross domestic expenditure on R&D to Gross Domestic Product had hovered at around 0.74 per cent, it increased to 0.99 per cent in 2020. Hong Kong's I&T development has also been internationally acclaimed. For example, Hong Kong ranked first in Asia and second worldwide, and first worldwide in terms of "Technology" in the World Digital Competitiveness Ranking 2021.

The Government will continue to launch various initiatives to promote I&T development. Apart from the initiatives mentioned in part (1) above, the InnoHK research clusters, the Government's flagship I&T project in the Hong Kong Science Park, is committed to developing Hong Kong into a global research collaboration hub, and has successfully attracted over 30 world-renowned universities and research institutes around the world to collaborate with local universities and research institutes in setting up 28 research laboratories in Hong Kong. To encourage more enterprises to conduct R&D activities in Hong Kong, the Government introduced enhanced tax deduction for qualifying R&D expenditure incurred by enterprises on or after April 1, 2018. The deduction is 300 per cent for the first \$2 million of the aggregate amount of the relevant expenditure, and 200 per cent for the remaining amount. There is no cap on the amount of the relevant tax deduction.

In addition, local universities have established close collaborative relationships with research institutions in the Mainland over the years through various research programmes, of which many have borne fruit. In recent years, the Central Government and some provincial and municipal governments have opened up quite a number of R&D projects and funding schemes to researchers in Hong Kong. The Government will set up a dedicated fund to further finance local universities or research institutes to participate in national R&D projects.

(4) Under the Northern Metropolis Development Strategy, HSITP and the areas around Lok Ma Chau / San Tin will be consolidated to form the San Tin Technopole, which, together with Lau Fau Shan, can provide about 240 hectares of land for I&T-related uses and about 150 000 jobs in I&T industries.

The San Tin Technopole, together with the Shenzhen I&T Zone, will form the Shenzhen-Hong Kong I&T Co-operation Zone of approximately 540 hectares, which can combine the strengths of both Hong Kong and Shenzhen to pool local and non-local talent, and become an essential propeller for the development of an international I&T hub in the GBA. We are taking forward the development of the HSITP in full swing, with its first batch of eight buildings expected to be completed in phases from end-2024 onwards.

The target of the San Tin Technopole is to become an integrated

community which can attract I&T talent to settle there for living and working. This would provide better support for Hong Kong's I&T development and attract local and non-local enterprises, research institutes and higher education institutions to set up presence and open up new industries in Hong Kong, thereby developing a stronger I&T platform. The San Tin Technopole can also support the development of start-ups and provide our young people with a favourable business environment, room for development and job opportunities to start their business in.