

Innovation & Technology

Overview

With opportunities brought by the National 14th Five-Year Plan and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), Hong Kong can capitalise on its advantages in R&D capabilities, technology infrastructure, legal system and intellectual property to act as a strategic bridge for innovative companies looking to access the Mainland market, thereby developing into an international innovation and technology hub.

The Government is promoting innovation and technology (I&T) development along eight major areas: increasing resources for R&D, pooling technology talent, providing investment funding, providing I&T infrastructure, reviewing existing legislation and regulations, opening up government data, leading changes to procurement arrangements, and popularising science education. So far, the Government has committed over \$110 billion (US\$14.1 billion) to different initiatives in these eight areas.

Innovation and technology stakeholders

- **Hong Kong Science Park** is home to about 900 technology companies, providing them with infrastructural and one-stop support.
- **Cyberport** is a creative digital community with over 1,700 companies.
- **Hong Kong Science and Technology Parks Corporation (HKSTPC)** has set up a subsidiary company – Hong Kong-Shenzhen Innovation and Technology Park Limited – to build, operate, maintain and manage the Hong Kong-Shenzhen Innovation and Technology Park in Lok Ma Chau Loop.
- Five research centres established by the Government, namely the **Automotive Platforms and Application Systems R&D Centre**, the **Hong Kong Applied Science and Technology Research Institute**, the **Hong Kong Research Institute of Textiles and Apparel**, the **Logistics and Supply Chain MultiTech R&D Centre**, and the **Nano and Advanced Materials Institute**, drive applied R&D in selected focus areas and foster commercialisation of R&D outcomes and technology transfer.
- The **Hong Kong Academy of Sciences** and the **Hong Kong Young Academy of Sciences** advise the Government on research and technology-related policies.
- The **Massachusetts Institute of Technology** set up its first overseas Innovation Node in Hong Kong in 2016.
- **Karolinska Institutet** (Sweden) opened a research facility at Science Park in 2016 to strengthen research in regenerative medicine.
- **Hong Kong-Mainland collaboration**: There are currently 16 State Key Laboratories in Hong Kong and 6 Hong Kong branches of the Chinese National Engineering Research Centres.
- The **Ministry of Science and Technology (MOST)** and the Hong Kong Special Administrative Region Government (HKSAR Government) signed the “Arrangement on Enhancing Innovation and Technology Cooperation between the Mainland and Hong Kong” and the “Agreement on Commencing Jointly Funded Projects between the MOST and the Innovation and Technology Bureau of the HKSAR Government” in September 2018.
- The Chinese Academy of Sciences (CAS) and the HKSAR Government signed the “Memorandum of Understanding on Establishing Affiliated Institution by the CAS in Hong Kong” in November 2018.

I&T infrastructure

- Develop Lok Ma Chau Loop into the **Hong Kong-Shenzhen Innovation and Technology Park (HSITP)**. First batch of eight buildings is expected to be completed in phases starting from end-2024.
- Support, and participate in, developing the **GBA** into an international I&T hub.
- Hong Kong and Shenzhen jointly develop the **Shenzhen-Hong Kong Innovation and Technology Co-operation Zone**, which comprises the HSITP and the Shenzhen Innovation and Technology Zone(SZ I&T Zone), to establish "one zone, two parks" at "one river, two banks" under the auspices of "one country, two systems".
- Hong Kong and Shenzhen governments signed the "Co-operation Arrangement on the Establishment of 'One Zone, Two Parks' in the Shenzhen-Hong Kong Innovation and Technology Co-operation Zone at the Lok Ma Chau Loop" (Co-operation Arrangement) in September 2021. Under the Co-operation Arrangement, the HKSTPC will kick start the establishment of the Shenzhen branch of Hong Kong Science Park (HKSP) in the SZ I&T Zone, allowing institutes and enterprises that are interested in starting business in the GBA to first establish presence in the Co-operation Zone. At the same time, in order to attract talent and enterprises to develop in the Co-operation Zone, the governments of both sides have launched the Joint Policy Package for the Shenzhen-Hong Kong Innovation and Technology Co-operation Zone in the Loop to provide measures conducive to the flow of talent, scientific research resources and business development etc.
- The HKSTPC will set up the InnoAcademy of the GBA in the Shenzhen Branch of the HKSP to provide comprehensive services to I&T talent of both sides, covering three important functions of a resource centre, a training hub, and an exchange platform.
- The HKSTPC will also set up InnoExpress of the GBA, providing business development support for Hong Kong and Mainland I&T enterprises.
- Hong Kong is a leading digital economy, consistently achieving top rankings in digital readiness and Internet access capabilities. Hong Kong has 11 **submarine cable systems** and operates 11 **satellites** for external communications. Several submarine cable systems will be ready in the coming two to three years, enhancing the city's connectivity with other parts of the world.
- Launched the \$2 billion **Re-industrialisation Funding Scheme** in 2020 to subsidise manufacturers, on a matching basis, to set up smart production lines in Hong Kong. Another \$2 billion has been provided to the HKSTPC to develop a **Microelectronics Centre** in the Yuen Long Industrial Estate.
- The **Data Technology Hub** in Tseung Kwan O commenced operation, providing a purpose-designed infrastructure for the data technology and telecommunications services industry.
- Expand the campus of **Cyberport** to provide additional space for technology companies and start-ups. Construction is expected to complete in 2025 at the earliest.
Earmark \$3 billion for Phase 2 of the **Hong Kong Science Park Expansion Programme**. Nearly 90 per cent of the areas in the two buildings under the Stage 1 expansion has been occupied.

Promoting R&D

- Universities and research institutions in Hong Kong can apply for **Mainland science and technology funding** for use in Hong Kong. This policy allowing cross-boundary remittance of research funding will inject further impetus into Hong Kong's research sector. Up to August 2021, the MOST, the National Natural Science Foundation of China, the Department of Science and Technology of Guangdong Province, the Science and Technology Bureau of Guangzhou Municipality and the Science, Technology and Innovation Commission of Shenzhen Municipality have approved over RMB 370 million (about HK\$440 million) for universities and research institutes in Hong Kong to conduct R&D or set up laboratories.
- In September 2021, the MOST announced a series of new measures benefitting Hong Kong which include opening up more national-level science and technology programmes to Hong Kong, allowing young academics in Hong Kong to apply for the "Young Scientists Fund" under the National Natural

Science Foundation of China, welcoming personnel and experts in Hong Kong's science and technology sector to participate in nationwide academic associations of the China Association for Science and Technology as well as be admitted to the National Science and Technology Expert Database and the Award Assessment Expert Database, enhancing the mechanism on shared use of large-scale instruments and equipment for R&D with Hong Kong, deepening science and technology exchanges between people in the Mainland and Hong Kong, and supporting Hong Kong to participate in the setting up of a National Center of Technology Innovation.

- Establish **InnoHK research clusters** at the Hong Kong Science Park. The first two clusters are Health@InnoHK focusing on healthcare technologies, and AIR@InnoHK on artificial intelligence (AI) and robotics technologies. The first batch of 24 R&D centres under InnoHK have commenced operation progressively. It is anticipated that the remaining three R&D centres will commence operation later this year.
- Launched the inaugural **City I&T Grand Challenge** in 2020, inviting I&T solutions to tackle problems facing the city and people in their daily lives and promote the adoption of I&T.
- Local R&D innovations have made a substantial contribution to the battle against COVID-19, address livelihood needs and commercialise efforts.

Nurturing and pooling talents

- A **Global STEM Professorship Scheme**, at an estimated cost of about \$2 billion, was launched in June 2021 to attract more world renowned scholars to engage in I&T-related teaching and research activities in Hong Kong.
- The **Research Talent Hub** provides funding support to each eligible company or organisation to engage up to four I&T talents to conduct R&D work. In the past three years, it has funded over 3,700 R&D positions.
- **Technology Talent Admission Scheme** extended to cover all companies conducting R&D activities in 13 designated technology areas in Hong Kong.
- The **STEM Internship Scheme** subsidises local universities to arrange **short-term internships** for undergraduates and postgraduates taking STEM programmes.
- The \$500 million **IT Innovation Lab in Secondary Schools Programme** provides funding support for all publicly funded secondary schools. The 2021-22 Budget set aside over \$200 million extending the programme to primary schools.
- The **GBA Youth Employment Scheme** sets aside 700 places for Hong Kong youth who aspire to the I&T sector to assist them in developing their career in GBA.
- **Re-industrialisation and Technology Training Programme** has provided over 6,300 on-the-job technology training sessions for over 5,000 employees.

Supporting start-ups

- **3,360 start-ups** in Hong Kong in 2020 (+51% over 2017), and **10,688 start-up jobs** (up 69% over 2017) according to the 2020 start-up survey by InvestHK.
- **\$2 billion Innovation and Technology Venture Fund (ITVF)** set up by the Government to co-invest on a matching basis with selected private venture capital funds in Hong Kong. In the past two years, the ITVF has invested more than \$120 million in 20 local start-ups, which also attracted more than \$660 million in private investment.
- The **Public Sector Trial Scheme** provides funding support to assist eligible local technology companies and organisations in realising and commercialising their R&D outcomes and encourages public sector organisations to utilise more local R&D outcomes.

- **Private sector:** Alibaba Group launched a \$1 billion Hong Kong Entrepreneurs Fund; Sequoia Capital initiated the Hong Kong X-Tech Startup Platform.
- **Cyberport: Cyberport Incubation Programme** and \$200 million Cyberport Macro Fund (CMF) to provide initial venture capital funding support for start-ups to scale up and accelerate their progress. In 2018, the Government injected \$200 million for Cyberport to strengthen support to its tenants and start-ups. As at end June 2021, CMF has invested more than \$162 million in 20 companies, attracting over \$951 million private investment. Cyberport has injected an additional \$200 million into the CMF and extended its scope to cover Series B and later stage investments.
- The **HKSTPC** has invested over \$200 million in 20 technology enterprises through its Corporate Venture Fund, attracting over \$2.5 billion private investment. \$350 million will be injected into the fund to extend its scope.
- The HKSTPC has expanded three existing incubation programmes, namely Incu-App, Incu-Tech and Incu-Bio. It also implemented the Science and Technology Entrepreneur Programme to provide pre-incubation support for technology talents who are interested in starting their business.
- The **InnoCell**, adjacent to Hong Kong Science Park, has been completed. It provides 500 residential units with ancillary facilities to foster the development of the I&T ecosystem in Hong Kong. Successful applicants will move in from July 2021 onwards.
- In the past three years, the **Technology Start-up Support Scheme for Universities** has provided funding of about \$120 million to about 140 start-ups. More than half have launched their products.
- The **Technology Voucher Programme** provides funding support to assist local enterprises and organisations in using technological services and solutions to improve productivity, or upgrade or transform their business processes.

Smart city

- **Hong Kong Smart City Blueprint 2.0:** more than 130 initiatives categorised under major areas, namely "Smart Mobility", "Smart Living", "Smart Environment", "Smart People", "Smart Government", "Smart Economy", "Use of I&T in Combating COVID-19" and "Smart Village Pilots", to bring benefits and convenience to members of the public in their daily lives.
- **Smart City key infrastructure projects: "iAM Smart" platform** (offering over 150 commonly used public and commercial online services as at August 2021); smart lampposts; Next Generation GovCloud; and Big Data Analytics Platform.
- **5G network** now covers over 90% of Hong Kong.
- The 2020-21 Budget earmarked around \$1 billion for the **Smart Traffic Fund** to provide funding support for research and application on vehicle-related I&T.
- \$100 million has been allocated to **develop an integrated digital platform** for data integration and information exchange of all public works projects.
- **The Geospatial Lab**, established in May 2021, helps raise public interest in spatial data, and **explores** together with the **community value and application of spatial data** in support of smart city development. .
- **Wi-Fi Connected City** programme: to further expand common brand Wi-Fi.HK coverage in Hong Kong, with over 41,000 "Wi-Fi.HK" hotspots as at the end of July 2021.
- **Asia No.2 and World No. 5 in IMD World Digital Competitiveness Ranking 2020**, which rates the ability of an economy to adopt new digital technology.
- **Asia-Pacific No.2 and World No.3 for digital intelligence** (Digital Intelligence Index 2020 compiled by US-based The Fletcher School at Tufts University and Mastercard)

- **South East Asia & Oceania No.5 and World No.14 in World Intellectual Property Organization’s Global Innovation Index 2021**, which rates the innovation performance of 131 economies worldwide.

Fintech

- Over **600 Fintech companies** operating in Hong Kong; around HK\$13.7 billion (US\$1.75 billion) raised between 2014 and 2020.
- Major Fintech infrastructure includes the **Faster Payment System** [8.37 million registrations as at the end of June 2021; the average daily turnover reached 671,000 real-time transactions (worth HK\$6.3 billion and RMB136 million) in June 2021] and a **blockchain-based “eTradeConnet” trade finance platform** (As of June 2021, cross-border trade finance transactions of trade value amounted to about HK\$26 million were conducted through the pilot run for banks in Hong Kong and the Mainland using the connected trade platforms).
- **8 virtual banks, 4 virtual insurers, 1 virtual asset trading platform and 15 stored value facilities/e-wallets** granted licences. An **Open Application Programming Interface (Open API) Framework** for the banking sector being implemented in phases.
- **Fintech Proof-of-Concept Subsidy Scheme** provides financial incentives for financial institutions to partner up with fintech companies to conduct Proof-of-Concept projects.
- **Regulatory sandboxes** available in the Hong Kong Monetary Authority, the Securities and Futures Commission and the Insurance Authority.
- **InvestHK’s dedicated Fintech team** provides one-stop service for overseas and Mainland Fintech companies to set up in Hong Kong; and organises a series of Fintech events over the year, including the annual flagship **Hong Kong Fintech Week**.

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