

## LCQ4: Promoting development of innovation and technology

Following is a question by Dr the Hon Lo Wai-kwok and a reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (June 17):

Question:

The Government has over the years been promoting the collaboration among the government, industry, academic and research sectors, and has established the Innovation and Technology Fund (ITF) to finance projects that contribute to the innovation and technology upgrading in the manufacturing and services industries. On the other hand, the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (Outline Development Plan) promulgated by the Central People's Government in February last year outlines the vision of developing an international innovation and technology hub. On promoting the development of innovation and technology, will the Government inform this Council:

(1) as there have been comments that the various funding schemes under ITF lack overall efficacy due to the absence of collaboration, whether the Government will consolidate the various funding schemes as well as formulate a set of unified and specific targets and performance indicators, with a view to enhancing the efficacy of ITF; if so, of the details; if not, the reasons for that;

(2) whether it has formulated any overall planning to enhance the collaboration among universities, research institutions (including Hong Kong Cyberport Management Company Limited, Hong Kong Science and Technology Parks Corporation and Hong Kong Applied Science and Technology Research Institute Company Limited) and the industries, with a view to dovetailing the targets set out in the Outline Development Plan, such as enhancing the in-depth integration of industries, academia and research and promoting the commercial application of technological achievements; if so, of the details; if not, the reasons for that; and

(3) given that Hong Kong has during the past six months been relentlessly affected by the Sino-US trade conflicts, social incidents and the coronavirus disease 2019, resulting in the research and development activities of tertiary institutions, production of the manufacturing industry, and even the businesses of related industries (such as testing and certification) having been dealt a heavy blow, whether the Government has assessed the impacts of the aforesaid situation on the collaboration among the government, industry, academic and research sectors, and rolled out corresponding measures; if so, of the details; if not, the reasons for that?

Reply:

President,

Development of innovation and technology (I&T) requires the collaboration among the Government, industry, academia and research institutes to create synergy. The current-term Government has been pushing I&T development along eight major areas, which include increasing resources for research and development (R&D), pooling together technology talent and providing technological research infrastructure, etc., with a view to facilitating co-operation among the Government, industry, academia and research institutes.

My reply to the three parts of Hon Lo's question is as follows:

(1) Currently, there are 16 funding schemes under the Innovation and Technology Fund (ITF), each having its own objectives which include supporting R&D, facilitating technology adoption, nurturing I&T talents, supporting technology start-ups and promoting I&T culture. Each of the funding schemes has its specific target group(s) and modus operandi, and the ways and criteria to evaluate their effectiveness differ.

Take the Innovation and Technology Support Programme (ITSP) as an example. Organisations being funded are required to submit reports to the Innovation and Technology Commission (ITC) two years after project completion to report in detail the intellectual property rights generated from the project, whether the project has been successfully commercialised, commercialisation incomes received, the number of jobs created, etc. As regards the Technology Voucher Programme which encourages enterprises to adopt technology solutions, applicants are required to report six months after project completion on whether it has improved the productivity or helped in upgrading or transformation of the enterprises.

However, it is rather difficult to quantitatively measure the effectiveness of some funding schemes. For instance, the General Support Programme supports non-R&D projects that help upgrade local industries and promote an I&T culture in Hong Kong, such as conferences, exhibitions, etc. As the cultivation of an I&T culture is a long-term and continuous endeavour, it may not be suitable to assess the effectiveness of the programme by quantitative evaluation.

To further support and bring convenience to the industry, from time to time we review and consolidate different schemes when appropriate. For example, the ITC consolidated the former University-Industry Collaboration Programme and the collaborative stream of the ITSP in January last year to launch the more flexible Partnership Research Programme, which supports collaborative research projects jointly conducted by local universities and public research institutes with private companies. Moreover, from July this year, we will merge the Researcher Programme and the Postdoctoral Hub to provide more flexibility for enterprises in engaging researchers.

(2) The development of an international I&T hub is a work focus of the

Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area. Hong Kong has strong R&D capabilities and advantages as an international and market-oriented economy, while other cities in the Greater Bay Area can provide a sizeable market as well as capabilities in commercialising R&D results and advanced manufacturing. Hong Kong can achieve synergistic development with other cities in the Greater Bay Area with regard to their comparative strengths and build up a comprehensive industry chain, ranging from R&D, commercialisation of R&D results to production, logistics and marketing. In this regard, the Government will continue to strengthen the I&T ecosystem in Hong Kong and actively participate in the work of developing the Greater Bay Area into an international I&T hub.

We are pressing ahead with the establishment of the two InnoHK research clusters in the Hong Kong Science Park. The first batch of R&D laboratories is expected to be set up progressively this year. To further promote global R&D collaboration in Hong Kong, we are also actively exploring the establishment of a third InnoHK research cluster.

In terms of facilitating the flow of key elements of scientific research, the Central Government announced in May 2018 that universities and research institutes in Hong Kong could gradually bid for funding to undertake central fiscal science and technology projects on the basis of merit and competition, and the approved project funding can be remitted across the boarder for use in Hong Kong. Over the past two years, the Ministry of Science and Technology and some provinces and cities in the Mainland have approved over RMB 250 million for local universities and research institutes to conduct R&D projects or establish laboratory.

We are also developing the Hong Kong-Shenzhen Innovation and Technology Park (the Park) in the Lok Ma Chau Loop as a key base for co-operation in scientific research. Various planning and infrastructural works have commenced progressively. We expect the development of the Park will complement with the industries that Shenzhen possesses an edge, and further promote the commercialisation of R&D results.

On the other hand, the Hong Kong Science and Technology Parks Corporation and Cyberport have launched corresponding measures and schemes to facilitate the expansion of business of local enterprises in the Greater Bay Area market. The Hong Kong Applied Science and Technology Research Institute will also continue to collaborate with enterprises operating business in both Hong Kong and the Greater Bay Area, and assist the industry in applying technology and exploring business opportunities.

(3) The social events happened in the past half year or so, as well as the epidemic and the conflicts between China and the United States, did to a certain extent impact on the development of I&T in Hong Kong in the short run. Amongst which, social events and the uncertainty brought by external economic and trade environment have made some of the companies, especially small and medium enterprises or start-ups which have less capital, to put on hold their business expansion. The epidemic has also affected the outbound exchanges of the academia and technology companies. However, the current

epidemic has also created some opportunities for the I&T sector, such as the software and hardware required for distance business and e-learning. The Government, industry, academia and research institutes are all determined to turn the crises into opportunities and respond to changes proactively and flexibly.

To support the industry, the Government has set aside \$380 million under the Anti-epidemic Fund to provide a full, six-month rental waiver for tenants and start-ups in the Hong Kong Science Park, Industrial Estates and Cyberport. It is estimated that about 1 800 enterprises will be benefitted.

We have also launched the Distance Business Programme to provide funding support to enterprises to adopt information technology (IT) solutions for developing distance business. The Programme Secretariat has received a total of 3 834 applications to enroll on the IT Service Providers Reference List, as well as over 13 000 funding applications from enterprises so far.

At the same time, the Government has been proactively adopting local R&D outcomes to help combat the epidemic. The ITC launched a special call for projects under the Public Sector Trial Scheme of the ITF to support product development and application of technologies for the prevention and control of the epidemic, as well as to foster the commercialisation of relevant R&D results. So far, 25 applications have been approved under the special call, involving a funding amount of about \$42.8 million for trials in over 40 public sector organisations. The Government will also collaborate with the Hong Kong Trade Development Council to share with overseas markets Hong Kong's experience in applying technology to combat the epidemic, and explore more business opportunities for Hong Kong's I&T industry.

In fact, Hong Kong enjoys tremendous strength in scientific research, the advantage as an international and market-oriented economy. It is believed that with the collaborative efforts across all sectors, the local I&T industry will continue to prosper in the long run.

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## [US Dollar Liquidity Facility tender result](#)

The following is issued on behalf of the Hong Kong Monetary Authority:

US Dollar Liquidity Facility tender result:

|                 |                             |
|-----------------|-----------------------------|
| Tender date     | : June 17, 2020 (Wednesday) |
| Settlement date | : June 18, 2020 (Thursday)  |
| Repayment date  | : June 26, 2020 (Friday)    |

|                                |   |        |
|--------------------------------|---|--------|
| Tenor                          | : | 8 Days |
| Amount applied                 | : | Nil    |
| Amount allotted                | : | Nil    |
| Lowest interest rate accepted  | : | Nil    |
| Highest interest rate accepted | : | Nil    |

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## LCQ18: Trunk Road T2 and Cha Kwo Ling Tunnel

Following is a question by the Hon Wong Kwok-kin and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (June 17):

Question:

In October last year, the Finance Committee of this Council granted funding approval for the construction of the Trunk Road T2 and Cha Kwo Ling (CKL) Tunnel to connect the Tseung Kwan O-Lam Tin Tunnel and the Central Kowloon Route to form Route 6. The infrastructure project is expected to be completed in 2026. It is expected that the traffic load in Kowloon East will be relieved upon the commissioning of the entire Route 6. In this connection, will the Government inform this Council:

(1) whether it has assessed in detail any factors that may cause delay to the completion of the aforesaid project, and formulated the relevant contingency plans; if so, of the details;

(2) given that a section of the Trunk Road T2 is adjacent to the New Acute Hospital (NAH) in the Kai Tak Development (KTD) which is projected to be completed in 2024, and if the Civil Engineering and Development Department (CEDD) is unable to expeditiously complete that part of the works which may generate higher levels of noise and vibration, the CEDD will need to adopt additional mitigation measures to avoid any impact on the sensitive medical equipment in and the normal operation of NAH during construction, whether, according to the Government's current estimation, the relevant mitigation measures need to be adopted; if so, of the additional expenditure and construction time involved; and

(3) whether it has reserved sufficient space at the Trunk Road T2 and CKL Tunnel for constructing public transport interchanges and road links to connect with important places including NAH and Hong Kong Children's Hospital in KTD in order to divert traffic and bring convenience to members of the public; if so, of the details; if not, the reasons for that, and whether it will give any consideration to it?

Reply:

President,

The construction works of Trunk Road T2 and Cha Kwo Ling Tunnel commenced last November immediately upon the funding approval by the Finance Committee of the Legislative Council last October. The works mainly comprise the construction of a dual two-lane trunk road of approximately 3.4 kilometres (km) long, with about 3.1 km in the form of a tunnel.

My reply to the various parts of the Hon Wong Kwok-kin's question is as follows:

(1) The Civil Engineering and Development Department (CEDD) has already conducted a detailed site investigation during the detailed design stage of the Trunk Road T2 and Cha Kwo Ling Tunnel project to collect geotechnical and geological data, especially the levels and properties of the rocks along the alignment of the tunnel. This will enable the Department to have a better grasp of the geological condition of the sites along the alignment, which will form the basis for the assessment of time required for the construction works. In accordance with contractual requirements, the contractor is carrying out additional geological drilling for its construction proposal, so as to enhance control over the actual construction process and timeframe. Judging from the current progress, we expect that the construction works of Trunk Road T2 and Cha Kwo Ling Tunnel will be completed in 2026.

(2) Currently, the parts of construction works of Trunk Road T2 which may generate higher levels of noise and vibration (such as soil supporting and excavation works) are being carried out in tandem with the construction of the New Acute Hospital (NAH) in the vicinity. Given the current progress, we anticipate that such works will be completed before the completion of the NAH. The CEDD will continue to closely monitor the progress of construction.

(3) Trunk Road T2 and Cha Kwo Ling Tunnel will form part of Route 6. As a whole, Route 6 provides an important road link from West Kowloon to Tseung Kwan O (TKO) New Town with intermediate interchanges at Kai Tak and Lam Tin (see Figure). Eastbound traffic from West Kowloon will be able to use Kai Tak Interchange to access the Kai Tak Development (KTD) directly, whereas westbound traffic from TKO will be able to use Lam Tin Interchange to access the KTD via the Kwun Tong Bypass.

Upon the completion of Trunk Road T2 and Cha Kwo Ling Tunnel, Route 6 will be fully commissioned. It will divert existing traffic between East Kowloon and West Kowloon, so as to ease traffic in Kowloon Bay District and Kwun Tong District. With smoother traffic flow, it will facilitate vehicular access to the Hong Kong Children's Hospital and the NAH to be completed in future in the KTD via the road networks in the two districts (including Kwun Tong Bypass).

In addition, the CEDD is currently constructing Road D3 (Metro Park Section) along the western part of the former runway area of Kai Tak with a

view to connecting Shing Kai Road with Shing Fung Road, which links to the Hong Kong Children's Hospital and the NAH to be completed in future. With the construction works of the new road scheduled for completion in 2022, it will further improve the transport infrastructure of KTD.

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## LCQ13: Grade structure review for disciplined services

Following is a question by the Hon Chan Hak-kan and a written reply by the Secretary for the Civil Service, Mr Patrick Nip, in the Legislative Council today (June 17):

Question:

At the meeting of the Legislative Council Panel on Public Service held on January 20 this year, the then Secretary for the Civil Service stated that the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Standing Committee on Directorate Salaries and Conditions of Service were working independently on the grade structure review for the disciplined services in accordance with their respective terms of reference and framework of review, and had invited both the management and staff sides of the various disciplined services to submit their views. Upon completion of the review and submission of reports by the two Standing Committees to the Government, the Government would consult stakeholders on the relevant recommendations, and submit the proposed way forward to the Chief Executive-in-Council for consideration. In this connection, will the Government inform this Council:

(1) of the work progress of the aforesaid review, as well as the expected timing (i) for the two Standing Committees to submit reports to the Government, and (ii) for the Government to submit the proposed way forward to the Chief Executive-in-Council;

(2) whether it knows the total number of submissions from members of the public received by the two Standing Committees since the commencement of the review; given that assessments of members of the public on the work performance of individual disciplined services were polarised in the past 12 months, how the two Standing Committees will come to a conclusion amid such divergent views;

(3) whether it knows if the two Standing Committees will take into account the following factors in the course of conducting the review: the immense pressure exerted on disciplined services staff by the social movement that has taken place since the latter half of last year (e.g. substantial increase in workload, increased exposure to dangerous situations, and the staff members themselves and their family members being doxxed), as well as the

impacts on the recruitment exercises caused by a decline in the recognition for the disciplined services; if the two Standing Committees will not, of the reasons for that; and

(4) of the respective wastage rates of staff members in various disciplined services in each of the past three years; whether it knows if the two Standing Committees will take into account the wastage of staff members in disciplined services in the course of conducting the review?

Reply:

President,

The civil service pay policy is to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service; and to maintain broad comparability between civil service and private sector pay. To implement this policy, the Government devised the Improved Civil Service Pay Adjustment Mechanism in 2007, under which civil service pay is compared with private sector pay through different pay surveys. However, as it is difficult to identify comparable posts and jobs in the private sector for the disciplined services, and individual disciplined services grades are also facing recruitment or retention difficulties, the Chief Executive-in-Council decided to conduct a grade structure review (GSR) for the disciplined services in October 2018, and once every 10 years in future, to ensure that the grade structure and remuneration of the disciplined services can effectively attract and retain talents.

The Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) has accepted the Government's invitation to conduct a GSR for the disciplined services grades. At the same time, the Standing Committee on Directorate Salaries and Conditions of Service has also agreed to advise on the salaries and conditions of service of the heads of the disciplined services. The two advisory committees are conducting the review in accordance with their terms of reference and the review framework. They will take into account all the relevant factors, including the job nature, duties and workload of the disciplined services in recent years; recruitment and retention situation; public expectation; and financial commitment, etc. The wastage rate of each of the civil service disciplined services in the past three years is at Annex.

The two advisory committees have earlier on invited submissions from the management and staff side of each of the disciplined services, and are consolidating and analysing the views and proposals received. The SCDS has also paid a number of visits to the disciplined services and held meetings with the management and staff side to better understand their latest work situation and listen to their views. As of early June this year, the SCDS has held 18 meetings with the management and staff side of the disciplined services. The SCDS will continue its work in this respect.

The entire GSR for the disciplined services was originally expected to

be completed in about 18 months. However, as a result of the social events and the COVID-19 epidemic (e.g. scheduled visits to the disciplined services departments as well as meetings with the management and staff side had to be postponed and rearranged), it would be unlikely for the entire review to be completed according to the original timetable, despite the continued efforts of the two advisory committees in taking it forward. In fact, as the GSR covers all the disciplined services grades and ranks in each of the disciplined services, the two advisory committees have received a substantial number of comments on the pay and conditions of service of the disciplined services, including over 1 380 submissions from members of the general public. The review exercise is very challenging. Before presenting their recommendations to the Government, the two advisory committees must be given sufficient time to carefully review all relevant issues (including the latest work, recruitment and wastage situation) in detail such that they may put forward their recommendations upon thorough consideration. The two advisory committees are pressing ahead with the tasks with a view to completing the review properly and in a timely manner.

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## **LCQ 17: Impacts of the revocation of Hong Kong's special trade status**

Following is a question by the Hon Charles Mok and a written reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (June 17):

Question:

The innovation and technology sector as well as the information technology sector in Hong Kong are concerned about the impacts on technology enterprises as well as research and development activities which will be brought about by the initiatives of the United States (US) of revoking the tariff preferences given to Hong Kong and imposing restrictions on the export of technology products to Hong Kong amid the trade war between China and the US. In this connection, will the Government inform this Council:

(1) whether, according to the Government's assessment, those industries of areas such as biotechnology, information security, artificial intelligence, automobile, robotics, genetic engineering and financial technologies, which are for military use or civilian use, will be affected by the US's initiatives; according to its estimation, which technology products will be subject to export controls or bans, as well as the quantities and the total value of the products involved;

(2) of the number of the following projects, according to the Government's assessment, which may be affected by the US's initiatives: (i) projects of

research clusters under InnoHK which are in progress and those projects which have been approved and will commence shortly, and (ii) financing projects for technology start-ups of the Cyberport/ Hong Kong Science and Technology Parks Corporation; whether it has studied providing support and taking remedial measures to mitigate the impacts on such projects; if so, of the details;

(3) whether it has assessed how the US's initiatives will affect the effectiveness of the work of Invest Hong Kong in attracting foreign-funded enterprises and start-ups to set up businesses in Hong Kong; if so, of the details; and

(4) given that according to the estimation made by some members of the innovation and technology sector, the US's initiatives may include imposing (i) export bans on sensitive and precision technologies and products, (ii) additional export tariffs on technology products, and (iii) restrictions on investment projects involving hardware, software and know-how, whether the Government has any measures to assist the sector in coping with the situations concerned; if so, of the details?

Reply:

President,

In consultation with the Commerce and Economic Development Bureau, the consolidated reply to the various parts of the question is as follows:

Hong Kong and the United States (US) have been maintaining a mutually beneficial co-operative relationship over the years, and the US has enormous economic interests in Hong Kong. Any unilateral change of policy or restrictions against Hong Kong by the US would affect the relations between the two sides as well as the US' own interests. This is unjustified and in nobody's interest.

While the US said it would change its policy towards Hong Kong, we need to examine its actual actions before we can assess the substance and the actual impact on the development of innovation and technology (I&T) in Hong Kong. In fact, in recent years, various I&T stakeholders in Hong Kong have been sourcing equipment and technology products from around the world or developing related products and technologies locally. We have also been promoting Hong Kong's technology enterprises in various overseas markets. Hence, the impact of any policies adopted by individual countries on Hong Kong's I&T development should be relatively limited. In regard to the InnoHK research clusters, after a rigorous selection and assessment process, we are following up with the institutions whose proposals are recommended for admission, with a view to having the first batch of R&D laboratories to be set up progressively in the Hong Kong Science Park this year. We will continue to keep in view the relevant development.

Under the prevailing tough and uncertain business environment caused by various factors (e.g. the COVID-19 epidemic), the Hong Kong Science and Technology Parks Corporation (HKSTPC) and Hong Kong Cyberport Management

Company Limited (Cyberport) provided their tenants and start-ups with a 50 per cent rental concession for six months between October 1, 2019 and March 31, 2020. Subsequently, the Government provided full rental waiver under the Anti-Epidemic Fund for another six months between April 1 and September 30, 2020. HKSTPC and Cyberport have also provided additional subsidy for their incubatees during the period. Relevant incubatees/I&T tenants can also apply for funding under the Researcher Programme and Postdoctoral Hub of the Innovation and Technology Fund to hire up to two researchers and two postdoctoral talents to undertake research and development work. Besides, the Corporate Venture Fund of HKSTPC and the Cyberport Macro Fund of Cyberport co-invest, on a matching basis, with private funds in their tenants/incubatees. The above measures can provide relevant I&T companies with financial support to tide over the difficult period. The Government will closely monitor any development, and explore taking further measures to assist the I&T sector as and when appropriate.

Regardless of whether the US will impose restrictions against Hong Kong in the end, Invest Hong Kong will continue its efforts in all channels to proactively attract and assist overseas and Mainland companies and start-ups to set up or expand their businesses in Hong Kong, by leveraging Hong Kong's full range of advantages.

Hong Kong possesses a very strong foundation. With the current-term Government devoting over \$100 billion to I&T development, together with the massive Mainland market and opportunities derived from the Guangdong-Hong Kong-Macao Greater Bay Area development, we strongly believe that Hong Kong's I&T ecosystem can maintain its competitiveness in the long term.