

Press Releases

Speech by CE at Internet Economy Summit 2017 Main Forum (English only) (with photos/video)

Following is the speech by the Chief Executive, Mr C Y Leung, at the Internet Economy Summit 2017 Main Forum today (April 12):

Director Zhuang (Deputy Director of the Cyberspace Administration of China, Mr Zhuang Rongwen), Director Chen (Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, Mr Chen Dong), President Ma (President of the China Internet Development Foundation, Ms Ma Li), distinguished guests, government colleagues, ladies and gentlemen,

Good morning. A warm welcome to the Internet Economy Summit, the second edition.

It was just 26 years ago that the world's first website went live to the public. Two years later, the World Wide Web software entered the public domain.

Today, nearly half of the world's population use the Internet in one way or another, and over two billion are using smartphones around the world.

In connecting us, the Internet has changed the world and everything we do, from business and finance to culture, entertainment, communications and so much more.

And it is only just getting going. The Internet economy is expected to grow at 8 per cent annually for developed economies, and 16 per cent for developing ones. In Southeast Asia alone, the Internet economy will surge to a massive US\$200 billion annually in just a decade's time.

So this year's Internet Economy Summit is very much welcomed. It underlines Hong Kong's commitment to technology and innovation. A key milestone was laid in November 2015, with the establishment of the Innovation and Technology Bureau to drive our I&T (innovation and technology) agenda. One that has, since then, been fuelled by our HK\$18 billion investment in I&T programmes and initiatives - a centrepiece of my Policy Address last year.

That funding targets mid-stream research in universities, stimulates venture capital investment, nurtures start-ups, lays the ground for a Smart City, and promotes the use of technology to improve the competitiveness of our SMEs. The funding will also support the expansion of the Hong Kong Science Park, and the building of a Data Technology Hub in the Tseung Kwan O Industrial Estate.

Most of these initiatives have already been rolled out. As for the remaining two - the HK\$2 billion Innovation and Technology Venture Fund and the HK\$500 million Innovation and Technology Fund for Better Living - they will be launched by mid-year.

To be sure, it takes more than money to realise Hong Kong's

I&T future. Our Internet economy future.

And that, first and foremost, means technology infrastructure. We certainly enjoy a competitive edge in this regard. Hong Kong has one of the world's highest penetration rates in mobile phone and household broadband usage. And we have one of the fastest Internet connections anywhere.

Our ICT infrastructure is world class. That includes a robust telecommunications network connected by ten regional and trans-Pacific submarine cable systems, as well as ten satellites for external communications, amounting to 45 terabits per second in capacity.

Next year, our capacity will increase by 120 terabits per second, when Google and Facebook complete a new trans-Pacific cable between Hong Kong and Los Angeles. This cable will come with enough capacity for Hong Kong to run 80 million simultaneous high-definition video calls with Los Angeles. I would say that puts us in a good position to become Asia's data hub. As a matter of fact, many global data centre providers already, or have plans to, set up cloud computing facilities here.

All these are exciting news for the Internet economy, and the I&T sector in general. But what is special about Hong Kong, what gives us a niche in the I&T race, is our unique connectivity, and combined advantages under "one country, two systems".

With the "China advantage" under "one country", we have preferential access to not only the huge market of the Mainland of China, but also one of the world's fastest, and biggest industrial bases. This enables our companies to turn innovations and technologies into products - quickly, and efficiently. Under "two systems", we maintain a network with businesses, universities and research institutes around the world. So we are a "super-connector" - linking the rest of China with the rest of the world. We bring together all the essential elements for growing I&T - talent, technology, capital, production and market.

A number of internationally renowned research institutes and investors have already turned to Hong Kong over the past year. The Karolinska Institutet, a leading medical university in the world, formally opened its Ming Wai Lau Centre for Reparative Medicine, last October, at the Science Park. This is the first overseas centre for Karolinska in its 200-year history. Last year, as well, the Massachusetts Institute of Technology set up its first overseas Innovation Node in Hong Kong. Alibaba launched a HK\$1 billion fund to support Hong Kong start-ups and young entrepreneurs. And Sequoia Capital committed HK\$300 million for a Hong Kong X-Tech Startup Platform, partnering with several Hong Kong universities.

The good news continues this year, with the Hong Kong and Shenzhen governments agreeing to develop the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop area. This 87-hectare park, with a site area four times the size of the Science Park, will rise as a key I&T research base, attracting talent and investments from the Mainland of China and all over the world.

The Government will also consider offering enhanced tax deductions for I&T expenditure, encourage overseas I&T enterprises to set up business here, invest more in university R&D, develop a Smart City blueprint, and promote the use of data

analytics and technology solutions in business.

So we are making heady inroads in building a new economy, a new future for Hong Kong. One that is driven by technology, by the Internet, and by innovation.

My thanks to the Cyberspace Administration of China and the China Internet Development Foundation for supporting the Internet Economy Summit. My thanks, as well, to Cyberport, our co-organiser, and all the other organisations that helped bring this valuable Summit to engaging life.

I wish you all a rewarding Summit today. Thank you.

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