

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1681/09-10  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 16 March 2010, at 2:30 pm**  
**in Conference Room A of the Legislative Council Building**

- Members present** : Hon Vincent FANG Kang, SBS, JP (Chairman)  
Dr Hon LAM Tai-fai, BBS, JP (Deputy Chairman)  
Hon Fred LI Wah-ming, SBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon Starry LEE Wai-king  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Dr Hon Samson TAM Wai-ho, JP
- Member attending** : Hon Paul TSE Wai-chun
- Public officers attending** : Agenda Item V  
Mrs Rita LAU NG Wai-lan, JP  
Secretary for Commerce and Economic Development  
Mr Duncan PESCOD, JP  
Permanent Secretary for Commerce and Economic  
Development (Communications and Technology)

Miss Janet WONG Wing-chen, JP  
Commissioner for Innovation and Technology

Mr Andrew LAI Chi-wah  
Deputy Commissioner for Innovation and Technology

**Attendance by invitation** : Agenda Item V  
Hong Kong Science and Technology Parks Corporation  
Mr E Anthony TAN  
Chief Executive Officer

**Clerk in attendance** : Ms YUE Tin-po  
Chief Council Secretary (1)3

**Staff in attendance** : Mrs Constance LI  
Assistant Secretary General 1

Mrs Justina LAM  
Assistant Secretary General 3

Mr Watson CHAN  
Head (Research and Library Services Division)

Ms Annette LAM  
Senior Council Secretary (1)3

Mr Joey LO  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)6

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Action

- I. Confirmation of minutes of meeting**  
(LC Paper No. CB(1)1103/09-10 -- Minutes of meeting held on  
15 December 2009)

The minutes of the meeting held on 15 December 2009 were confirmed.

**II. Information papers issued since last meeting**

(LC Paper No. CB(1)1222/09-10(01) -- Information paper on the 14th Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference and the 3rd Liaison and Co-ordinating Meeting of Hong Kong, Guangdong and Macao in Jointly Taking Forward the Implementation of the Outline of the Plan for the Reform and Development of the Pearl River Delta

LC Paper No. CB(1)1233/09-10(01) -- Submission from Hong Kong Courier Association concerning the effect of the new Postal Law of the Mainland on Hong Kong small and medium enterprises in the courier service industry operating on the Mainland  
(Chinese version only)

LC Paper No. CB(1)1279/09-10(01) -- Information on the financial position of the Applied Research Fund for the period of 1 September 2009 to 30 November 2009

LC Paper No. CB(1)1341/09-10(01) -- Letter from Dr Hon LAM Tai-fai concerning difficulties encountered by Hong Kong processing trade operating on the Mainland)  
(Chinese version only)

LC Paper Nos. CB(1)1342/09-10(01) -- Referral from the Complaints Division enclosing submissions from the Concern Group for a Competitive Exhibition Industry in Hong Kong and relevant stakeholders regarding views on the development of the exhibition industry in Hong Kong  
and CB(1)1346/09-10

LC Paper No. CB(1)1373/09-10(01) -- Submission from Mr Martin OEI concerning the effect of the new Postal Law of the Mainland on Hong Kong courier enterprises operating on the Mainland)  
(Chinese version only)

2. Members noted that the above papers had been issued for the Panel's information and that the item on "Trade relations between the Mainland and Hong Kong" was scheduled for discussion at the regular Panel meeting on 18 May 2010. Members agreed that the effect of the new Postal Law of the Mainland on Hong Kong courier enterprises operating on the Mainland and the difficulties encountered by Hong Kong processing trade operating on the Mainland could be discussed at the May meeting.

**III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)1357/09-10(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1357/09-10(02) -- List of follow-up actions

3. Members noted that the next regular Panel meeting would be held on 20 April 2010 at 2:30 pm to discuss the following items:

- (a) Three-year development plan for the testing and certification industry by the Hong Kong Council for Testing and Certification (HKCTC); and
- (b) Development of the exhibition industry in Hong Kong.

4. On item (b) above, the Panel agreed to invite trade associations and chambers of commerce as well as deputations in the exhibition industry to give views at the meeting. A general notice would be posted on the Legislative Council website to invite members of the public and interested parties to provide submissions on the subject.

**IV. Proposed duty visit to the World Exposition 2010 Shanghai China**

(LC Paper No. FS14/09-10 -- Fact sheet on World Exposition  
(Chinese version only) 2010 Shanghai China prepared by  
Research and Library Services  
Division of the Legislative Council  
Secretariat

LC Paper No. FS15/09-10 -- Fact sheet on China High Speed  
(Chinese version only) Rail prepared by Research and  
*(tabled at the meeting and Library Services Division of the  
subsequently issued on 17 March Legislative Council Secretariat)  
2010)*

Opening remarks by the Chairman

5. The Chairman said that the Hong Kong Special Administrative Region (HKSAR)'s participation in the World Exposition 2010 Shanghai China (Shanghai Expo) was an excellent opportunity to showcase Hong Kong's quality city life, to position itself as a creative capital, and to highlight Hong Kong's role as an important city connecting the Mainland and the rest of the world. He further said that at the House Committee meeting on 12 March 2010, Members discussed briefly the proposal for a duty visit to the Shanghai Expo initiated by the President of the Legislative Council (LegCo). As the Panel had discussed the subject of Shanghai Expo on various occasions, in particular the financial proposals related to the Shanghai Expo and the preparatory work for Hong Kong's participation in the Shanghai Expo, Members considered it appropriate for the Panel to come up with initial views on the proposed visit at its regular meeting scheduled for 16 March 2010. A special House Committee meeting would be held on 23 March 2010 to consider the Panel's suggestion.

*Proposed duty visit to the Shanghai Expo*

6. Mr Fred LI expressed support for LegCo Members to undertake a duty visit to the Shanghai Expo to better understand how HKSAR's participation in the mega event would help promote Hong Kong, given that about HK\$340 million had been approved by LegCo for the construction of a stand-alone Hong Kong Pavilion (HK Pavilion) and participation in the "Urban Best Practices Area" (UBPA) Exhibition, and also other related activities.

7. Expressing support for the proposed duty visit, Mr Jeffrey LAM said that the Shanghai Expo was not only a great national event but also a grand international forum at which LegCo Members could learn from the successful experiences of other participating countries in areas such as economic development, urbanization, and new technologies. Sharing a similar view, Mr Andrew LEUNG and Mr WONG Ting-kwong said that Members should take the opportunity of the visit to tap on other participating countries' innovative ideas on city development, new approaches to eco-friendly lifestyles and working conditions as well as sustainable development. Mr Paul TSE said that the visit by LegCo Members would also help arouse the interest of the people in Hong Kong to visit the Shanghai Expo.

*Timing and duration of the duty visit*

8. Mrs Regina IP enquired about the timing and the duration of the proposed duty visit, and suggested that a tentative schedule be drawn up for Members' consideration. Dr LAM Tai-fai considered that the timing and the duration of the visit should be decided as soon as possible. Mr Paul TSE opined that the Panel should proactively draw up a tentative visit programme to facilitate further discussion at the special House Committee meeting.

9. Mr Andrew LEUNG suggested to schedule the visit for early May 2010 as the weather in Shanghai during June and July would usually be hot and rainy. Expressing reservation for visiting the Expo on the opening day which he anticipated would be very crowded with visitors, Mr Jeffrey LAM was of the view that the visit should take place as early as practicable after the opening ceremony on 1 May 2010.

10. Mr Fred LI held the view that all 60 Members should have the opportunity to join the visit. Sharing a similar view, Ms Emily LAU said that the visit should not be scheduled before the by-election in May 2010 so that those Members who would fill the five vacant seats would have the chance to participate in the visit. She suggested that the visit be held in October 2010 to tie in with the Hong Kong Week to be held at the Shanghai Expo from 18 to 22 October 2010.

11. Mr Ronny TONG said that it would be difficult to find a suitable time from May to September 2010 to conduct the visit, if consideration was to be taken to avoid the by-election, the June Fourth events, the debate on constitutional reform, and the heavy schedule of Council business towards the end of the session. He also anticipated that Members might wish to have a break during the summer recess.

12. Mr Paul TSE, Mr WONG Ting-kwong and Dr LAM Tai-fai considered that the by-election should not be a consideration in determining the timing of the visit. Mr Paul TSE said that from the perspective of promoting tourism, the visit should be conducted as early as possible, preferably towards the end of April or at the beginning of May, in order to promote the event and arouse Hong Kong people's interest to visit the Shanghai Expo. Mr Tommy CHEUNG said that it was undesirable to conduct the visit in October 2010 when the Shanghai Expo would be drawing to a close. He supported conducting a visit in early May, preferably shortly after the opening day. To avoid clashing with other Council business, Mr Paul TSE and Mr Tommy CHEUNG suggested that the visit could take place during a weekend and last for about three to four days, say from 30 April to 3 May 2010, or from 7 to 10 May 2010.

13. Ms Starry LEE suggested conducting the visit in early May 2010 and attending the opening ceremony, if possible. Mr Ronny TONG also suggested attending the opening ceremony on 1 May 2010.

14. Mr WONG Ting-kwong and Dr LAM Tai-fai said that while Members could indicate their preference, it would be for the hosting party to decide on the timing and other arrangements of the visit.

*Itinerary and scope of the visit*

15. The Chairman invited views from members on the itinerary and scope of the proposed duty visit. He said that the LegCo President had indicated the possibility of taking the Wuhan-Guangzhou Express Rail Link.

16. Mr WONG Ting-kwong supported taking the Express Rail Link from Guangzhou to Wuhan in order to gain first-hand knowledge of the economic development in the Mainland.

17. Mr Andrew LEUNG expressed reservations about taking the Express Rail Link given the tight visit programme and the long travelling time involved. As the Shenzhen-Wuhan link would commence operation in July/August 2010, he suggested taking the Express Rail Link to Wuhan on a separate occasion. Dr LAM Tai-fai and Mr Tommy CHEUNG also considered that the duty visit should focus on the Shanghai Expo in view of the tight schedule. Mr Andrew LEUNG, Mr Tommy CHEUNG, Dr LAM Tai-fai and Mr Jeffrey LAM preferred taking direct flights to and from Shanghai to cut short the travelling time.

18. Mr Jeffrey LAM, Mr Paul TSE and Mr WONG Ting-kwong suggested that apart from visiting the HK Pavilion, the UBPA and the China Pavilion, the visit to Expo should cover major highlights featured in the pavilions of other participating countries/places.

#### *Logistical arrangements*

19. Mr WONG Ting-kwong and Mr Andrew LEUNG asked whether the visit would be organized by the LegCo Secretariat, or the HKSAR Government or by invitation from the relevant Mainland authorities. These members were of the view that the relevant Mainland authorities could assist in making arrangements for Members to visit the various selected pavilions.

20. At the invitation of the Chairman, Assistant Secretary General 3 (ASG3) said that Hon Emily LAU had written to the President regarding the duty visit. The President had replied to Ms LAU pointing out that he had conveyed to the Liaison Office of the Central People's Government in HKSAR (Liaison Office) the interest expressed by some Members in visiting the Shanghai Expo and taking the Express Rail Link. The Liaison Office had indicated readiness to provide assistance. ASG3 further said that when the proposed duty visit was briefly discussed at the House Committee meeting on 12 March 2010, Members agreed that the CI Panel could discuss the matter at its meeting on 16 March 2010 and come up with its initial views on the proposed visit for the House Committee to consider at a special meeting scheduled for 23 March 2010. Subject to the views of the House Committee, the President or the Chairman of the House Committee would write to the relevant Mainland authorities. She further said that based on past experience, even if visits to the Mainland were initiated by relevant Panels, such visits only materialized upon invitation by the Mainland authorities.

#### Way forward

21. The Chairman concluded that Members attending the meeting had expressed support for LegCo Members to conduct a duty visit to the Shanghai Expo. While there was a suggestion to avoid scheduling the visit before the by-election, most Members were of the view that the proposed visit should take place as early

as practicable during the first or second week of May 2010. Where possible, Members would like to attend the opening ceremony on 1 May 2010. To avoid clashing with other Council business, the duty visit should preferably take place during a weekend and last for about three to four days. As regards the visit programme, Members considered that it should focus on the Shanghai Expo. They also preferred taking direct flights to and from Shanghai. It was also agreed that Members' views as expressed in the Panel meeting should be relayed to the Liaison Office through the President or the Chairman of House Committee, who should write formally to the relevant Mainland authorities. Where needed, assistance from the HKSAR Government should be sought for making the logistical arrangements.

22. The Chairman said that a paper summarizing the Panel's discussion and views should be prepared for consideration by the House Committee.

*(Post-meeting note: A paper (LC Paper No. CB(1)1431/09-10) was provided for the House Committee meeting on 16 March 2010.)*

**V. Funding arrangement for Science Park Phase 3**

(LC Paper No. CB(1)1357/09-10(03) -- Administration's paper on development of Science Park Phase 3 and proposed financing arrangements

LC Paper No. CB(1)1357/09-10(04) -- Paper on the development of Hong Kong Science Park prepared by the Legislative Council Secretariat (background brief)

Presentation by the Administration

23. At the invitation of the Chairman, Secretary for Commerce and Economic Development (SCED) briefed members on the development plan for Science Park Phase 3, as set out in the Administration's paper (LC Paper No. CB(1)1357/09-10(03)).

Discussion

*Economic impact of the Science Park*

24. Ms Emily LAU expressed concern that despite the injection of billions of capital into the various phases of Science Park, the Park's achievement with the creation of only 7 300 jobs was not commensurate with the Government investment. SCED responded that investment in research and development (R&D) was a long-term commitment, as in the case of the nurturing of local R&D talents which would take a long time to bear fruit. She explained that the five focused technology clusters at the Science Park (namely electronics, information technology

and telecommunications, precision engineering, biotechnology and green technology) had in fact made significant contribution to the innovation and technology industry in Hong Kong. There would be further growth potential especially in the biotechnology and green technology clusters. SCED advised that apart from the employment opportunities provided, there were indirect economic benefits arising from the Science Park. The Hong Kong Science and Technology Parks Corporation (HKSTPC) would step up promoting achievements of the Science Park to the general public. At Ms LAU's request, the Administration undertook to provide supplementary information on the economic impact of the Science Park when submitting the funding proposal to the Finance Committee (FC) for consideration.

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25. Commissioner for Innovation and Technology (CIT) supplemented that the Science Park had made significant contributions to the innovation and technology industry and these were beyond the business activities generated in the Park. Business expenditure on R&D in Hong Kong increased by 110% from \$2.5 billion in 2002 to \$5.3 billion in 2008 and this was attributed to the opening of the Science Park and other policy initiatives launched to promote innovation and technology. Science Park Phase 3 was expected to bring about \$5.35 billion for the period from 2014 to 2019, and \$1.9 billion per year from 2020 onwards of value added to the Hong Kong economy. In response to Dr LAM Tai-fai's enquiry, CIT explained that the \$5.35 billion generally referred to the amount of business receipt arising from Phase 3 minus the cost involved in operating the business. At Dr LAM's request, the Administration undertook to provide supplementary information on the economic impact of Phases 1 and 2 of the Science Park.

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26. On the economic impact of the Science Park, Chief Executive Officer, (CEO/HKSTPC) supplemented that some 310 companies were operating in the Science Park and over 90 incubatees benefited from HKSTPC's incubation programme. In fact, some 139 start-up companies had graduated from the incubation programme from 2002 to 2009, of which 3 companies had been listed on the Growth Enterprise Market of the Hong Kong Exchange. One of the companies which joined the incubation programme in 2003 was currently the second largest integrated circuit (IC) design company in Hong Kong. Another graduate specialized in producing high-definition TV set-top boxes and had become the leader in the local market.

#### *Government expenditure on R&D*

27. Noting the success of Phases 1 and 2 of the Science Park, Mr WONG Ting-kwong said that Members of the Democratic Alliance for the Betterment and Progress of Hong Kong supported the development of Science Park Phase 3. Pointing out the low rate of Government investment in R&D as compared to neighbouring economies such as Taiwan and Singapore, he enquired about Government's plan to increase R&D expenditure.

28. In response, SCED advised that since the opening of the Science Park, there had been a significant increase in private R&D investment in the past decade. Currently, the total R&D investment by the public and private sectors in 2008 amounted to about 0.73% of the Gross Domestic Product (GDP) of Hong Kong. The Administration would launch the R&D Cash Rebate Scheme in April 2010 to further encourage private R&D investment. She stressed that investment in R&D by private companies was vital to corporate survival in today's competitive business environment.

*Development strategy of Phase 3*

29. In response to Mr WONG Ting-kwong's enquiry, SCED advised that the focus of Phase 3 would still be the five focused technology clusters, with special emphasis on green technology and biotechnology. Phase 3 would be the final phase of the Science Park in Pak Shek Kok.

30. CEO/HKSTP supplemented that green technology represented a major source of business opportunities in the Mainland and the world. The design, development and management of Phase 3 would be based on the concept of sustainable development. It aimed to attract well-established green companies from all over the world to drive the development of green technology in Hong Kong. At present, there were 23 companies in this field at the Science Park. The HKSTPC's target was to increase this number to 40 to 50 with the commissioning of Phase 3. SCED supplemented that the Administration would encourage the wider use of green technology in construction projects.

*Development cost*

31. Dr LAM Tai-fai expressed support for the development of Science Park Phase 3. He enquired about the rationale behind HKSTPC's plan to promote the further growth of the renewable energy and environmental technologies in the new phase, and the reasons for the seemingly rising development costs of the various phases of Science Park.

32. In response, CIT advised that Phase 1 was developed as a public works project which was managed by Architectural Services Department (ArchSD) at a lower development cost. The development cost of Phase 3 was reasonable according to the assessment by the ArchSD, having regard to the scope of facilities offered by Phase 3, including the environmental-friendly and innovative features, and the about 50% increase in tender price index since 2006.

33. Whilst indicating her support for the development of Phase 3, Mrs Regina IP expressed the concern that the high development cost of Phase 3 would lead to high rentals and management fees charged to its tenants. She considered that there should be stringent control over the development cost of Phase 3. Sharing a similar view, Mr Andrew LEUNG opined that although a good design of Phase 3 was vital for attracting R&D companies to set up their offices there, a good design did not have to be an expensive one. Instead, more effort should be put in

organizing activities to stimulate youngsters' interest in R&D.

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34. In response, SCED advised that the facilities of Phase 3 would be practical rather than lavish. The development cost of Phase 3 should not be compared to that of commercial buildings as the Science Park required unique facilities which were necessary for cutting edge technology such as clean rooms. At Mrs IP's request, the Administration agreed to provide the utilization rate of the Hong Kong Science Park Auditorium.

*Long-term R&D development strategy*

35. Mrs Regina IP opined that Hong Kong should seek closer cooperation with the Guangdong authorities in sectors in which Guangdong excelled such as biotechnology, pharmaceuticals and information technology. Noting that Phase 3 would be the final phase of the Science Park, she suggested that the Administration should identify land lots in North East New Territories New Development Areas and Lok Ma Chau Loop for the future development of innovative technology in Hong Kong, and for locating the associated industrial processes so that more local employment opportunities could be created.

36. SCED responded that the Shenzhen-Hong Kong Innovation Circle had been established to reinforce technological cooperation with the Mainland, and the Administration would continue to step up effort in this respect. Meanwhile, the Administration would explore whether the land in North East New Territories New Development Areas and Lok Ma Chau Loop was suitable for the development of high value-added industries.

37. Mr Jeffrey LAM welcomed the development plan for Science Park Phase 3 which would contribute to the further development of R&D in Hong Kong. He opined that whilst the development cost of Phase 3 should be put under control, the design of the phase should be modern, lively and spacious. He enquired about the longer term plan for the development of R&D in Hong Kong after Phase 3. In this connection, he suggested enhancing the amount of cash rebate provided to the small and medium enterprises (SMEs) under the R&D Cash Rebate Scheme.

38. Mr Andrew LEUNG expressed support for the development of Science Park Phase 3. On support to SMEs in developing R&D, he favoured tax concessions as a more flexible approach over cash rebate.

39. In response, SCED advised that one of the key strategies by the Administration to promote the development of R&D was to arouse public interest in R&D and encourage the younger generations to become R&D professionals. In this regard, the Administration had been staging the annual Innovation Festival featuring an InnoCarnival at the Science Park. The activities attracted over 100 000 participants in 2009. The Administration planned to stage in 2010 the Innovation Festival back to back with the Business of Design Week (BODW) to achieve a greater joint promotion effect to the general public in Hong Kong and to overseas business partners. When further developing R&D in Hong Kong, the

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Administration would seek closer cooperation with the Mainland and review the operation of the R&D Centres with a view to formulating a clear strategy for the sustained development of R&D in Hong Kong. At Mr Jeffrey LAM's request, the Administration undertook to provide supplementary information on the work of R&D centres in commercialization of R&D deliverables to the Panel later this year.

*Independent registration system for standard patents*

40. Noting the amount of effort put in developing R&D, Mr WONG Ting-kwong opined that there should be an independent registration system for standard patents in Hong Kong in order to prevent the R&D deliverables from being acquired by overseas companies.

41. In response, SCED advised that in the Budget 2010-2011, the Administration had raised the financial ceiling of the Patent Application Grant under the Innovation and Technology Fund from \$100,000 to \$150,000 to further encourage creativity and innovation in R&D projects. She added that the existing patent registration system in Hong Kong was generally working well, and the process of registration was up to international standard. Hong Kong also had a robust intellectual property rights protection system. From a macro or international point of view, it was not necessarily undesirable for Hong Kong's R&D deliverables to be acquired by overseas companies. The Administration did not see a need for changing the current regime.

Conclusion

42. The Chairman concluded that the Panel supported the development of the Science Park Phase 3. He advised the Administration to provide the information as requested by members when submitting its proposal to FC.

**VI. Any other business**

43. There being no other business, the meeting ended at 4:30 pm.

Council Business Division 1  
Legislative Council Secretariat  
21 April 2010