# *立法會*
# *Legislative Council*

LC Paper No. CB(1)1023/12-13
(These minutes have been seen by the Administration)

Ref : CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting**
**held on Tuesday, 19 March 2013, at 2:30 pm**
**in Conference Room 2 of the Legislative Council Complex**

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| **Members present** | **:** | Hon Vincent FANG Kang, SBS, JP (Chairman)<br>Dr Hon CHIANG Lai-wan, JP (Deputy Chairman)<br>Hon Emily LAU Wai-hing, JP<br>Hon Jeffrey LAM Kin-fung, GBS, JP<br>Hon Andrew LEUNG Kwan-yuen, GBS, JP<br>Hon WONG Ting-kwong, SBS, JP<br>Dr Hon LAM Tai-fai, SBS, JP<br>Hon Steven HO Chun-yin<br>Hon Charles Peter MOK<br>Hon Christopher CHEUNG Wah-fung, JP<br>Hon Martin LIAO Cheung-kong, JP<br>Ir Dr Hon LO Wai-kwok, BBS, MH, JP<br>Hon CHUNG Kwok-pan |
| **Member attending** | **:** | Hon WONG Kwok-hing, MH |
| **Members absent** | **:** | Hon MA Fung-kwok, SBS, JP<br>Hon Dennis KWOK<br>Hon SIN Chung-kai, SBS, JP |

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| **Public officers attending** | **:** | Agenda item IV<br><br>Ms CHANG King-yiu, JP<br>Permanent Secretary for Constitutional and Mainland Affairs<br><br>Mr Daniel CHENG Chung-wai, JP<br>Deputy Secretary for Constitutional and Mainland Affairs (3)<br><br>Ms Noel TSANG Fung-yi<br>Principal Assistant Secretary for Constitutional and Mainland Affairs (8)<br><br>Agenda item V<br><br>Commerce and Economic Development Bureau<br><br>Mr Johann WONG<br>Acting Commissioner for Innovation and Technology; and Chairperson of the Committee on Research and Development of Chinese Medicines<br><br>Dr Cecilia PANG<br>Biotechnology Director, Innovation and Technology Commission<br><br>Food and Health Bureau<br><br>Prof Sophia CHAN<br>Under Secretary for Food and Health<br><br>Ms Estrella CHEUNG<br>Principal Assistant Secretary for Food and Health (Health)1<br><br>Department of Health<br><br>Dr Ronald LAM<br>Assistant Director of Health (Traditional Chinese Medicine)<br><br>Mr Terence MAN<br>Senior Pharmacist (Traditional Chinese Medicine)1 |

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| **Attendance by invitation** | : | Agenda Item V |
| | | Po Sau Tong Ginseng & Antler Association Hong Kong Limited |
| | | Mr CHAN Tak-tai<br>Chairman |
| | | The Hong Kong Medicine Dealers' Guild |
| | | Mr WONG Ping-ming<br>Chairman |
| | | Po Che Tong Poon Mo Um |
| | | Mr POON Po-sum<br>Managing Director |
| | | Hong Kong Chinese Patent Medicine Manufacturers' Association |
| | | Mr LUI Wai-keung<br>President |
| | | International General Chinese Herbalists and Medicine Professionals Association Ltd |
| | | Mr Gary WONG Kai-cheong<br>常務會長 |
| | | Chinese Medicine Merchants Association Ltd |
| | | Mr LAW Wai-keung<br>副福利主任 |
| | | Hong Kong Chinese Medicine United Association |
| | | Mr KONG Chi-hung<br>Chairman of Executive Committee |
| | | Hong Kong Chinese Medicine Industry Association Ltd |
| | | Mr Tommy LI Ying-sang<br>Chairman |

Hong Kong Institute of Biotechnology Ltd

Mr Ken YEUNG Shu-ying, PhD
General Manager of Biologics and GMP Consultation Services Department

The Hong Kong Society of Chinese Medicines Ltd

Mr TSUI Kam-chuen
President

Chinese Medicine Manufacturers GMP Concern Group

Mr LEE Ming-chi
Committee Member

Hong Kong Yee Yee Tong Chinese Medicine Merchants Association Ltd

Mr Nicholas WONG
Executive Director

Kowloon Chamber of Commerce

Mr YEUNG Kwok-chung
Secretary of Health & Environment Department

The Hong Kong Pharmaceutical Manufacturers Association Ltd

Ms Polly TANG
Executive Committee

Pak Shing Tong Manufactory Ltd

Mr Thomson LI Chun-man
Managing Director

Hong Kong and Kowloon Chinese Medicine Merchants Association Ltd

Mr Johnny LAI Chik-yeung
Director

Hong Kong Chinese Prepared Medicine Traders Association Limited

Mr Stanley WONG
Chairman

Modernized Chinese Medicine International Association

Dr Vivian TAAM WONG
Chief Executive

Hong Kong Productivity Council

Ms YU Man-ying
Consultant

**Clerk in attendance :** Ms Annette LAM
Chief Council Secretary (1)3

**Staff in attendance :** Ms Connie HO
Senior Council Secretary (1)3

Miss Rita YUNG
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

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**I. Confirmation of minutes of meeting**

**(**LC Paper No. CB(1)694/12-13 -- Minutes of meeting held on 23 January 2013)

The minutes of the meeting held on 23 January 2013 were confirmed.

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

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| **(**LC Paper No. CB(1)594/12-13(01) | -- | Information on the financial position of the Applied Research Fund for the period of 1 March to 31 May 2012 |
| LC Paper No. CB(1)697/12-13(01) | -- | Information paper on proposed amendments to the Schedules to the Patents Ordinance (Cap. 514), Registered Designs Ordinance (Cap. 522), Trade Marks Ordinance (Cap. 559) and Layout-design (Topography) of Integrated Circuits (Designation of Qualifying Countries, Territories or Areas) Regulation (Cap. 445B) |
| LC Paper Nos. CB(1)720/12-13(01) and (02) | -- | Administration's papers on United Nations Sanctions (Democratic Republic of the Congo Regulation) 2013, United Nations Sanctions (Liberia) Regulation 2013 and United Nations Sanctions (Liberia) Regulation 2012 (Repeal) Regulation) |

2. Members noted that the above papers had been issued since last meeting held on 19 February 2013. Members further noted that the proposed amendments to the four pieces of subsidiary legislation as set out in the Administration's paper (LC Paper No. CB(1)697/12-13(01)) were technical in nature and would unlikely to have any effect on the industry and the public. The Administration planned to submit the proposed legislation to the Legislative Council for negative vetting by mid-2013.

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

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| (LC Paper No. CB(1)696/12-13(01) | -- | List of outstanding items for discussion |

LC Paper No. CB(1)696/12-13(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 16 April 2013 at 2:30 pm to discuss the following items proposed by the Administration:

(a) Promotion of innovation and technology;

(b) Review of the work of the Hong Kong Council for Testing and Certification; and

(c) Support measures for small and medium enterprises.

**IV. Economic and Trade Relations with the Mainland - Manpower Arrangement for Enhancing the Functions of the Mainland Offices of the HKSAR Government**

(LC Paper No. CB(1)696/12-13(03) -- Administration's paper on enhancing the co-operation relations between Hong Kong and the Mainland – Manpower arrangement for the Constitutional and Mainland Affairs Bureau)

Presentation by the Administration

4. At the invitation of the Chairman, Permanent Secretary for Constitutional and Mainland Affairs (PSCMA) briefed members on the proposal to create one permanent Administrative Officer Staff Grade B (AOSGB)(D3) post and extend one supernumerary Administrative Officer Staff Grade C (AOSGC)(D2) post for a period of three years under the Constitutional and Mainland Affairs Bureau (CMAB) with a view to implementing those 2013 Policy Address initiatives relating to the strengthening of the cooperation relations between the Hong Kong Special Administrative Region (HKSAR) and the Mainland, as well as deepening regional cooperation between the two places. Details of the proposal were set out in the Administration's paper (LC Paper No. CB(1)696/12-13(03)).

Discussion

*Justifications for the staffing proposal*

5. Noting that the proposal was to convert the supernumerary post of Deputy Secretary for Constitutional and Mainland Affairs (3) (DS(CMA)3) into a permanent post and to further extend the supernumerary post of Principal Assistant Secretary for Constitutional and Mainland Affairs (8) (PAS(CMA)8) for three years, Mr WONG Ting-kwong enquired about the work undertaken by these posts, both of which were due to lapse in end June 2013, and also the past achievements in respect of promoting the economic and trade relations between HKSAR and the Mainland, and supporting Hong Kong people and enterprises in the Mainland, in order to justify the proposal.

6. PSCMA referred members to the job descriptions in the annexes of the paper setting out the duties and responsibilities of the two posts. She said that when the post of PAS(CMA)8 was created as a supernumerary post in 2010, one of its duties was to coordinate HKSAR's participation in the reconstruction in the Sichuan earthquake stricken areas. While the HKSAR-funded Sichuan reconstruction work was being wrapped up, it was considered necessary to extend the PAS(CMA)8 post for three years for implementing the 2013 Policy Address initiatives on enhancing the functions of the HKSAR Government Offices in the Mainland (the Mainland Offices). These included strengthening liaison with Hong Kong residents and groups in the Mainland, and providing them with information and assistance as far as possible. The Administration would review the arrangement for the post at appropriate juncture before its expiry in end June 2016. PSCMA also solicited members' support for the proposed conversion of the supernumerary post of DS(CMA)3 into a permanent post under CMAB to steer the work of deepening regional cooperation between the HKSAR and different provinces and municipalities in the Mainland, including the development of Qianhai and Nansha, so as to create more development opportunities for various sectors of Hong Kong.

*Setting up more Offices and Liaison Units of the HKSAR Government in the Mainland*

7. Referring to the Administration's proposal to set up a new Economic and Trade Office (ETO) in Wuhan, the Chairman enquired about the mechanism in place in deciding the location of the new ETO in the Mainland. PSCMA responded that the four offices of the HKSAR Government in the Mainland were currently located in Beijing, Guangdong, Shanghai and Chengdu respectively. In deciding the location of the new ETO, a key consideration was the progress and potential of development of different

provinces, municipalities and economic zones in the Mainland. The setting up of Wuhan ETO would facilitate Hong Kong enterprises to take advantage of the rapid economic development in the Central Region of the Mainland and was welcomed by Hong Kong's business sector. The Administration would further look into the feasibility of setting up liaison units in other cities to better support Hong Kong residents and enterprises in the Mainland. To better gauge the situation of Hong Kong residents in the Mainland, the CMAB would engage the Census and Statistics Department to conduct a thematic household survey in Hong Kong to collect aggregate data of Hong Kong residents in the Mainland, including their profile and geographic distribution. Such data would facilitate the Mainland Offices to reach out to more Hong Kong residents and groups to understand their service needs.

8. Mr WONG Ting-kwong appreciated the Government's efforts in strengthening the cooperation between HKSAR and major provinces and municipalities in the Mainland through the establishment of more ETOs and liaison units. He further enquired about the scale of operation and manpower requirements of the Wuhan ETO which was expected to commence operation in 2014. PSCMA replied that the responsibilities of the Wuhan ETO would be similar to those of the existing ETOs in Guangdong, Shanghai and Chengdu. In determining the manpower requirements of the Wuhan ETO, reference would be made to the staffing provision of Shanghai and Chengdu ETOs where the head of office was in the rank of AOSGB (D3) or AOSGC (D2), and underpinned by one to two Administrative Officer(s). PAS(CMA)8 added that the Administration would actively take forward the relevant preparatory work of Wuhan ETO in the coming year.

*Enhancing the functions of ETOs*

9. Ms Emily LAU indicated her support for the proposal. Pointing out that some Hong Kong enterprises had unfortunately been involved in litigation or even detained by the Mainland authorities while conducting business in the Mainland, Ms LAU enquired if ETOs could render any assistance in these cases, such as to liaise with relevant government authorities and Courts in the Mainland or to arrange the HKSAR officers to visit those Hong Kong residents being detained. Ms LAU said she understood that a complaint received by the Public Complaints Office of the Legislative Council on 19 February 2013 from a group of Hong Kong enterprises having business operations in the Mainland had been referred to the relevant government bureau for follow-up. She urged the Administration to look into the case and render the required assistance to the concerned enterprises as far as possible.

10. PSCMA responded that at present, Immigration Divisions (IDs) had been set up in the Beijing Office and the Guangdong ETO and the same would be established in Chengdu ETO, as announced in the 2013 Policy Address, to provide practical assistance to Hong Kong residents in distress in the Mainland. The number of requests for assistance received by the four Mainland Offices was about 600 to 700 cases per year, of which over 50% were related to immigration and personal safety matters handled by the two IDs such as loss of travel documents or monies, persons involved or injured in accidents while the remaining cases were related to business and trade disputes and complaints on Mainland authorities and real estates etc. For business and trade dispute cases, the ETOs would provide related information, including relevant legislations and information of lawyers in the Mainland, and referral services to the concerned Hong Kong enterprises for their consideration. On the premises that the HKSAR Government should not and would not interfere with the Mainland's judiciary system, the ETOs would not be directly involved in cases that had entered into legal proceedings. However, PSCMA assured members that ETOs would make the best endeavour to assist Hong Kong enterprises under the principle of "One Country Two Systems" and within the legal parameters. PSCMA also advised that the Mainland and HKSAR had put in place a reciprocal notification mechanism for cases involving imposition of criminal compulsory measures on residents from the other side. Meanwhile, the HKSAR Government and the Mainland Authorities had been discussing the arrangements for transfer of sentenced persons between the two places to provide an option for Hong Kong residents to serve their sentences in Hong Kong. In accordance with the relevant Mainland laws and regulations, officers of ETO would not be allowed to visit Hong Kong residents detained in the Mainland.

11. Ms Emily LAU referred to the alleged unwelcoming service attitude of some ETO staff and expressed concern about the provision of timely assistance to Hong Kong residents seeking assistance. PSCMA replied that the IDs set up at the Beijing Office and Guangdong ETO were tasked to provide dedicated services for Hong Kong residents in distress in the Mainland. They would actively promote services of ID in their respective areas and would certainly welcome requests from Hong Kong residents for assistance. For Hong Kong residents who had lost their travel documents in the Mainland, the IDs would render timely assistance to them to ensure their safe return to Hong Kong. The total number of assistance cases handled by the two IDs, excluding enquiries, accounted for over half of the total case load of 600 to 700 per year. The Chairman urged for the setting up of a new ID in Shanghai ETO in view of the large number of Hong Kong enterprises and residents therein. PSCMA replied that subject to consultation with the relevant policy bureaux, it was the longer term objective of the CMAB to set

up an ID in each of the Mainland Offices.

12. Mr CHUNG Kwok-pan cited a recent commercial dispute case in which a Hong Kong enterprise was unable to recover the goods detained by Mainland Customs authorities following the Mainland Court's judgment to release the goods, as the goods were lost during the course of detention. Mr CHUNG enquired if the relevant ETO could assist the Hong Kong enterprise in the aforementioned case by following up with the concerned Mainland authority under the enhanced Government-to-Government (G2G) co-operation as announced in the 2013 Policy Address. PSCMA clarified that the enhancement of G2G cooperation referred to in the 2013 Policy Address was mainly on strengthening the economic and trade relations with provinces/autonomous regions in Mainland through various regional cooperation platforms. As regards the case cited by Mr CHUNG relating to difficulties in executing the judgment of the Mainland Court that might entail further legal actions, ETOs could provide appropriate consultation and referral services, such as information on the related legislations and lawyers in the Mainland, for the concerned Hong Kong enterprise's consideration.

13. Mr CHUNG Kwok-pan enquired if ETOs would help resolve China-Hong Kong conflicts arising from a number of recent issues, such as the regulation of export of powdered formula on the Hong Kong side. PSCMA responded that one of the initiatives in enhancing the functions of the Mainland Offices was to strengthen communication and publicity targetting different sectors in the Mainland with a view to promoting, apart from economic strengths, the soft sides of Hong Kong, including its social and cultural development so as to foster mutual understanding and respect between Hong Kong and the Mainland. The Chief Executive and the Chief Secretary for Administration had made use of suitable occasions in the Mainland to explain the policy intent of regulating the export of powdered formula. Meanwhile, the Mainland Offices would explore suitable platforms and channels for disseminating information to the Mainland people to enhance their understanding of Hong Kong's policies. Mr CHUNG Kwok-pan and Mr Christopher CHEUNG opined that drawing on the experience in regulating export of powdered formula which had adversely affected Hong Kong-Mainland relations as well as image of Hong Kong in the Mainland, the Administration should be sensitive to the reaction of Mainland people in policy planning in future.

14. Ms Emily LAU enquired if collecting information related to Mainland-Hong Kong conflicts and Mainland people's discontent over HKSAR's policies for Government's reference would be one of the functions of ETOs. PSCMA replied that at present, the Mainland Offices gauged the general perceptions of the Mainland community towards Hong Kong through

liaison with their interlocutors as well as exchanges with Hong Kong enterprises and student groups in the Mainland. Policy bureaux had been advised to take into account the possible reaction of the Mainland community during policy formulation and to enlist the assistance of the Mainland Offices to help better explain the related policies where appropriate. In response to Ms Emily LAU's enquiry on whether an assessment of the policy impact on Mainland people would be made a standing requirement in policy formulation, PSCMA replied that the policy bureaux had been encouraged to take into account possible reaction of the Mainland community in policy formulation.

15. The Chairman concluded that the Panel supported in principle the staffing proposal. He called on the Administration to step up its support for Hong Kong residents and enterprises in the Mainland.

## V. Difficulties facing the proprietary Chinese medicine industry in moving towards Good Manufacturing Practice

**(**LC Paper No. CB(1)696/12-13(04) -- Administration's paper on Good Manufacturing Practice System for proprietary Chinese medicine in Hong Kong provided by Food and Health Bureau

LC Paper No. CB(1)696/12-13(05) -- Administration's paper on Good Manufacturing Practice for the Chinese medicines sector – possible areas of support to the industry provided by Innovation and Technology Commission

LC Paper No. CB(1)696/12-13(06) -- Paper on Good Manufacturing Practice requirement in respect of proprietary Chinese medicine in Hong Kong prepared by the Legislative Council Secretariat (background brief))

Submission from an individual not attending the meeting

(LC Paper No. CB(1)745/12-13(05) *(tabled at the meeting and subsequently issued via email on 20 March 2013) (Chinese version only)* -- Submission from a member of the Chinese Medicine industry dated 18 March 2013)

Welcoming remarks by the Chairman

16. The Chairman welcomed representatives of the deputations to the meeting. He said that written submissions from deputations received before the meeting had been circulated to members, and deputations which had not provided written submission were welcomed to do so as soon as possible after the meeting. He reminded the deputations that when addressing the Panel during the meeting, they were not covered by the protection and immunity under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382), and their written submissions were not covered by the said Ordinance.

Presentation by deputations

*Po Sau Tong Ginseng & Antler Association Hong Kong Limited*

17. Mr CHAN Tak-tai, Chairman of Po Sau Tong Ginseng & Antler Association Hong Kong Limited, said that considerable time and financial resources were required for establishing a Good Manufacturing Practice (GMP) facility. The proprietary Chinese medicine (pCm) manufacturers in Hong Kong faced various difficulties in becoming GMP-compliant, including financial constraints, as well as lack of technical know-how and expertise. He was concerned that most of the local pCm manufacturers, which were small and medium enterprises (SMEs), would be forced to cease operation upon the implementation of the mandatory GMP requirement. He called for more Government support and assistance to the pCm manufacturing industry.

*The Hong Kong Medicine Dealers' Guild*
(LC Paper No. CB(1)696/12-13(07) – Submission (*Chinese version only*))

18. Mr WONG Ping-ming presented the views of The Hong Kong Medicine Dealers' Guild as detailed in its submission. In view that a huge capital would be involved in moving towards GMP-compliant, Mr WONG proposed that a $2 billion dedicated fund be set up by the Administration to provide funding support for local pCm manufacturers to upgrade their production facilities in meeting the GMP requirements. The Administration should widely engage stakeholders in the pCm manufacturing sector in

drawing up a set of practicable guidelines on GMP prior to its implementation.

*Po Che Tong Poon Mo Um*
(LC Paper No. CB(1)696/12-13(08) – Submission (*Chinese version only*))

19. Mr POON Po-sum presented the views of Po Che Tong Poon Mo Um as detailed in its submission. He pointed out that given the lack of land resources for industrial use in Hong Kong, pCm manufacturers had great difficulties in identifying suitable plants for GMP-compliant production. As compliance with GMP requirements would require huge capital outlay, he was worried that most small and medium sized pCm manufacturers would be forced to cease their operation should GMP become mandatory. He urged the Administration to preserve the traditional skills on production of pCm which had a history of more than a century in Hong Kong and had their cultural value.

*Hong Kong Chinese Patent Medicine Manufacturers' Association*
(LC Paper No. CB(1)721/12-13(01) – Submission (*Chinese version only*))

20. Mr LUI Wai-keung presented the views of Hong Kong Chinese Patent Medicine Manufacturers' Association as detailed in its submission. He opined that the Administration should strike a balance between the development of the local pCm industry and the protection of public health through the implementation of GMP. He also urged the Administration to provide subsidies for pCm manufacturers to identify suitable plants and procure the necessary production facilities in order to become GMP-compliant.

*International General Chinese Herbalists and Medicine Professionals Association Ltd*
(LC Paper No. CB(1)716/12-13(01) – Submission (*Chinese version only*))

21. Mr Gary WONG Kai-cheong presented the views of International General Chinese Herbalists and Medicine Professionals Association Ltd as detailed in its submission. He opined that due to the huge capital outlay required for GMP-compliant production, a substantial number of local pCm manufacturers would have to cease their operation should GMP requirements become mandatory. He urged the Administration to provide funding support for local pCm manufacturers to facilitate GMP-compliant production and to include representatives of small and medium sized pCm manufacturers in the Chinese Medicines Board under the Chinese Medicine Council of Hong Kong so as to better understand their difficulties.

*Chinese Medicine Merchants Association Ltd*
(LC Paper No. CB(1)745/12-13(01) – Submission (*Chinese version only*))
*(tabled at the meeting and subsequently issued via email on 20 March 2013)*

22. Mr LAW Wai-keung presented the views of Chinese Medicine Merchants Association Ltd as detailed in its submission. He pointed out that the implementation of GMP requirements would inevitably lead to the closing down of pCm SMEs due to insufficient capital and the domination of the pCm market by large companies. The lack of market competition might drive up prices of pCm products which would not be to the benefits of the general public.

*Hong Kong Chinese Medicine United Association*
(LC Paper No. CB(1)696/12-13(09) – Submission (*Chinese version only*))

23. Mr KONG Chi-hung presented the views of Hong Kong Chinese Medicine United Association as detailed in its submission. Pointing out that over 90% of local pCm manufacturers were SMEs that did not have the requisite capital to adopt GMP-compliant production, Mr KONG urged the Administration to accept the trade's proposal for suspending the implementation of GMP requirements so as to allow sufficient time for local pCm manufacturers to refine their production procedures. Mr KONG anticipated that the number of pCm manufacturers would reduce substantially should GMP requirements become mandatory.

*Hong Kong Chinese Medicine Industry Association Ltd*
(LC Paper No. CB(1)745/12-13(02) – Submission (*Chinese version only*))
*(tabled at the meeting and subsequently issued via email on 20 March 2013)*

24. Mr Tommy LI Ying presented the views of Hong Kong Chinese Medicine Industry Association Ltd as detailed in its submission. Highlighting the local pCm manufacturers' difficulties in becoming GMP-compliant, he urged the Administration to provide one-stop professional consultancy services and financial aids for local pCm manufacturers, as well as to allocate land for building suitable plants for GMP-complaint production. Mr LI also requested the Administration to help local pCm manufacturers to tap overseas and Mainland markets.

*Hong Kong Institute of Biotechnology Ltd*
(LC Paper No. CB(1)696/12-13(10) – Submission (*English version only*))

25. Mr Ken YEUNG Shu-ying, PhD presented the views of Hong Kong Institute of Biotechnology Ltd as detailed in its submission. He opined that the expansion of GMP talent pool was vital to the successful implementation

of GMP requirements in pCm industry, and that the implementation should be taken forward in phases to bring in the participation of local pCm manufacturers.

*The Hong Kong Society of Chinese Medicines Ltd*
(LC Paper No. CB(1)696/12-13(11) – Submission (*Chinese version only*))

26. Mr TSUI Kam-chuen presented the views of The Hong Kong Society of Chinese Medicines Ltd as detailed in its submission. He pointed out that as manufacturers in the local pCm industry lacked knowledge of the GMP requirements and the requisite capital in moving towards GMP-compliant, the Administration should not press ahead with the implementation of GMP lest a large number of local pCm enterprises would be forced to close down. The Administration should formulate a detailed plan to strengthen professional training and development of GMP personnel to support the development of Chinese medicine (CM) industry in Hong Kong.

*Chinese Medicine Manufacturers GMP Concern Group*
(LC Paper No. CB(1)696/12-13(12) – Submission (*Chinese version only*))

27. Mr LEE Ming-chi presented the views of Chinese Medicine Manufacturers GMP Concern Group as detailed in its submission. He opined that in view of the lack of the necessary hardware and software for local pCm manufacturers to become GMP-compliant, he said that the Administration should put on hold the implementation of GMP for the time being.

*Hong Kong Yee Yee Tong Chinese Medicine Merchants Association Ltd*
(LC Paper No. CB(1)745/12-13(03) – Submission (*Chinese version only*))
*(tabled at the meeting and subsequently issued via email on 20 March 2013)*

28. Mr Nicholas WONG presented the views of Hong Kong Yee Yee Tong Chinese Medicine Merchants Association Ltd as detailed in its submission. He said that the Administration should provide the necessary hardware and software support for the industry to help local pCm manufacturers to move towards GMP. He further opined that the GMP requirements should be implemented by phases to allow sufficient time for local pCm manufacturers to gradually upgrade and improve their production.

*Kowloon Chamber of Commerce*

29. Mr YEUNG Kwok-chung, Secretary of Health & Environment Department of Kowloon Chamber of Commerce, highlighted the financial constraints, as well as the lack of technical know-how and expertise of local

pCm manufacturers in becoming GMP-compliant. He said that the implementation of mandatory GMP requirements would force most of the local pCm manufacturers out of business thereby seriously affecting the development and provision of CM services in Hong Kong.

*The Hong Kong Pharmaceutical Manufacturers Association Ltd*
(LC Paper No. CB(1)696/12-13(13) – Submission (*Chinese version only*))

30. Ms Polly TANG presented the views of The Hong Kong Pharmaceutical Manufacturers Association Ltd as detailed in its submission. She supplemented that the Administration should take into consideration the views and concerns of the pCm industry when working out the timetable and relevant arrangements for the introduction of mandatory GMP requirements for manufacturing pCm.

*Pak Shing Tong Manufactory Ltd*
(LC Paper No. CB(1)745/12-13(04) – Submission (*Chinese version only*))
*(tabled at the meeting and subsequently issued via email on 20 March 2013)*

31. Mr Thomson LI Chun-man presented the views of Pak Shing Tong Manufactory Ltd as detailed in its submission. He pointed out that the huge capital outlay required for GMP-compliant production would substantially increase the prices of pCm products and subsequently weaken their competitiveness in the market. As such, most pCm manufacturers had reservation in making such a huge investment in view of the uncertain return. Mr LI urged the Government to help develop overseas markets for local pCm products, and provide the necessary funding support and consultancy services to help local pCm manufacturers in meeting the GMP requirements.

*Hong Kong and Kowloon Chinese Medicine Merchants Association Ltd*
(LC Paper No. CB(1)696/12-13(14) – Submission (*Chinese version only*))

32. Mr Johnny LAI Chik-yeung presented the views of Hong Kong and Kowloon Chinese Medicine Merchants Association Ltd as detailed in its submission. He highlighted the difficulties in identifying suitable plants for GMP-compliant production and the lack of professional talents required for the full implementation of GMP. Mr LAI anticipated that a large number of local pCm manufacturers would be forced to wind up their business due to insufficient capital upon the implementation of the mandatory GMP requirements. He asked whether the Administration would consider providing low-interest rate loans for pCm manufacturers to help them raise the required capital.

*Hong Kong Chinese Prepared Medicine Traders Association Limited*
(LC Paper No. CB(1)721/12-13(02) – Submission (*Chinese version only*))

33. Mr Stanley WONG presented the views of Hong Kong Chinese Prepared Medicine Traders Association Limited as detailed in its submission. He said that the Administration had not rendered any support for the traditional pCm industry in the past. In view of the lack of the necessary hardward and software support for the full implementation of GMP and the grave financial difficulties faced by local pCm manufacturers in complying with GMP requirements, the Administration should not press ahead with the implementation of GMP at this stage.

*Modernized Chinese Medicine International Association*
(LC Paper No. CB(1)709/12-13(01) – Submission (*English version only*))

34. Dr Vivian TAM WONG presented the views of Modernized Chinese Medicine International Association as detailed in its submission. She highlighted that different jurisdictions had different levels of GMP requirements, depending on the type of drug products being manufactured which ranged from intravenous injection, through oral drugs to dietary supplements and food. As such, a clear definition of medicine, dietary supplement or health food and food was important in drawing up regulations for consumer protection without imposing unnecessary rules on the industry.

*Hong Kong Productivity Council*

35. Ms YU Man-ying, Consultant of Hong Kong Productivity Council (HKPC), said that lack of understanding on GMP among the pCm manufacturing sector was one of the factors deterring local pCm manufacturers from setting up GMP production. She held the view that the Administration should provide adequate support and assistance to the industry, including organizing relevant training in a systematic manner to help the industry to get prepared for the future implementation of mandatory GMP requirements. She added that HKPC had organized seminars for the industry so as to enhance their understanding of GMP.

Administration's response

36. At the invitation of the Chairman, Acting Commissioner for Innovation and Technology (Ag CIT) highlighted the following points in response to the deputations' views:

(a) the purpose of introducing GMP to pCm manufacturing was to promote the standardization of the pCm manufacturing industry and enhance the standard of the CM trade to assure the quality and safety of pCm, thereby safeguarding public health and boosting public confidence in using pCm. It was also in line with international trends and requirements for manufacturing medicinal products. At present, GMP requirements in respect of pCm in Hong Kong was not yet mandatory;

(b) the Innovation and Technology Commission (ITC) and the Committee on Research and Development of Chinese Medicines (R&D Committee) stood ready to play a supportive role in facilitating the industry to upgrade and meet the various challenges ahead. The R&D Committee had formed a Working Group of Chinese Medicines Manufacturing (the Working Group) to study issues on pCm GMP in greater details;

(c) on the training front, the Working Group generally agreed that competence of the personnel engaged in CM manufacturing was a prerequisite for industry upgrade and that a lack of understanding on GMP among the CM manufacturing sector was one of the factors deterring local pCm manufacturers from taking on GMP production; and

(d) the R&D Committee and ITC were aware of the industry's concerns about hardware support for GMP, especially for SMEs that lacked the financial strength and expertise to support the building of GMP facilities and their subsequent operation. In this connection, ITC was exploring the possibility/option of expanding the GMP consultancy services and contract manufacturing arrangements of existing non-profit making GMP service providers.

37. At the invitation of the Chairman, Under Secretary for Food and Health and Assistant Director of Health (Traditional Chinese Medicine) made the following points in response to the deputations' views:

(a) as announced in the 2010-2011 Policy Address, the Administration would actively engage the industry to work out a timetable for mandatory compliance with GMP for manufacturing pCm so as to ensure the safety of pCm and enhance its quality, and to keep up with international trends of developing GMP for medicines;

(b) having taken reference of the development of GMP in other countries and regions, the Chinese Medicines Board (CMB) under the Chinese Medicine Council of Hong Kong recommended the adoption of the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S) GMP standard, which was the most commonly adopted international standard, as a licensing requirement for local pCm manufacturers;

(c) CMB and the Department of Health (DH) had widely collected views from the CM trade on the timetable and specific arrangements for implementing mandatory pCm GMP requirements through various channels, such as consultation and regular briefing sessions as well as meetings with CM associations and pCm manufacturers. DH would also meet with manufacturers who were interested in the implementation of GMP to explain to them the requirements of the current GMP guidelines. There was currently no timetable for the implementation of mandatory GMP requirements in respect of pCm in Hong Kong. The Administration would continue to listen to the views of the industry before setting an implementation timetable;

(d) the newly established Chinese Medicine Development Committee would examine the problems encountered by the industry in implementing GMP, and explore appropriate measures to provide the necessary support; and

(e) there were currently about 295 local pCm manufacturers in Hong Kong, of which 11 manufacturers had been awarded GMP Certificates. During the process of moving towards GMP, the pCm manufacturing industry needed to consider industry consolidation, particularly among the SME manufacturers.

Discussion

*Support to the pCm industry*

38. Highlighting the industry's concerns about the shortage of suitable land space for establishing GMP compliant plants and facilities for manufacturing pCm, Mr WONG Kwok-hing enquired whether the Administration would take the lead in revitalizing vacant industrial buildings or consider setting up a traditional CM science and technology park dedicated

to the development of the pCm manufacturing, with a view to providing GMP factory premises for use by the pCm manufacturing industry. The Deputy Chairman shared similar views and called on the Administration to provide more support on the facility front to the pCm manufacturing industry, especially SME manufacturers that lacked the financial strength and expertise to build and operate GMP facilities. In response, Ag CIT said that the R&D Committee and ITC were aware of the industry's concerns about hardware infrastructural support. One option being explored was to expand the GMP consultancy services and contract manufacturing arrangements of existing non-profit making GMP service providers. As local pCm manufacturers varied widely in their technical knowledge and scale of operation, the R&D Committee and ITC needed to examine the overall potential demand, the size and the needs of each subsector, etc, in conjunction with relevant stakeholders for better planning of the hardware support for the industry.

39. Mr WONG Kwok-hing referred to the $15 billion funding to the Employees Retraining Board as announced by the Financial Secretary in the 2013-2014 Budget, and suggested that the Administration should designate a portion of the funding to train up suitable personnel to support the professional development of the CM industry. Ag CIT responded that ITC was currently in discussion with GMP consultants to organize appropriate training activities which would suit the needs of different levels of personnel in the industry for enhancing local CM manufacturing capability. ITC also welcomed potential local implementation agents to submit proposals to seek funding support from the General Support Programme of the Innovation and Technology Fund for running GMP-related training programmes.

40. Pointing out that so far only 11 pCm manufacturers had successfully obtained GMP Certificates, Dr LAM Tai-fai questioned whether it was practicable to implement mandatory GMP requirements in respect of pCm in Hong Kong. He opined that the Administration should provide concrete solutions and support measures on all fronts to address the industry's concerns before making the GMP requirements mandatory. Sharing a similar view, Mr WONG Kwok-hing and the Deputy Chairman strongly urged the Administration to address the various difficulties faced by the pCm manufacturers in Hong Kong in becoming GMP-compliant. The Administration was requested to consider providing the necessary hardware and software support, including direct financial support or tax concessionary incentives as well as support on the training and facility fronts etc, to help the local pCm manufacturing sector to meet the challenges in moving towards GMP.

(*Post-meeting note*: The information provided by the Administration was issued to members vide LC Paper No. CB(1)1002/12-13(01) on 9 May 2013.)

*Overall development of CM in Hong Kong*

41. Ms Emily LAU expressed concern over whether the development of CM in Hong Kong was hindered by the domination of medical professionals of Western medicine. Noting that the number of local pCm manufacturers had been substantially reduced to less than 300, she was concerned whether the implementation of mandatory GMP requirements would force most of the local SME pCm manufacturers to cease operation or be acquired and merged by the large companies, resulting in market domination by large companies at the expense of SME manufacturers. She invited deputations' views on the direction of the future development of CM, in particular the adoption of PIC/S GMP standard in respect of pCm towards internationalization.

42. Mr WONG Ping-ming of The Hong Kong Medicine Dealers' Guild opined that instead of following the PIC/S GMP standard, the Government should facilitate the local CM industry in moving towards its own production-management model with unique Chinese characteristics, leveraging on the opportunities presented by the Greater China and Asian markets. Mr Gary WONG Kai-cheong of International General Chinese Herbalists and Medicine Professionals Association Ltd questioned the need to adopt the international standard and said that the current regulatory regime and registration system for pCm was effective in ensuring the safety and quality of pCm manufactured in Hong Kong. Mr LEE Ming-chi of Chinese Medicine Manufacturers GMP Concern Group said that in view of the considerable time and huge capital outlay required in becoming GMP compliant, the CM trade was not yet ready for mandatory GMP. The Government should formulate long-term development plan and provide the necessary hardware and software support to facilitate adoption of the GMP standard. He was concerned that even with the adoption of the PIC/S GMP standard, the local pCm might not achieve good sales in overseas markets.

43. While appreciating the benefits of dovetailing with the international trends and standards for manufacturing medicinal products, Dr LAM Tai-fai and the Deputy Chairman queried whether the adoption of GMP standard, in particular the PIC/S standard would be suitable for the pCm industry in Hong Kong as most of the local SME pCm manufacturers were mainly focusing on the Greater China and Asian markets. Referring to the various difficulties pointed out by the deputations in becoming GMP-compliant, the Deputy Chairman opined that GMP requirements should not be made mandatory. Different pCm manufacturers should be free to choose whether to apply for

GMP certificates or not, depending on their financial capacity, business plan, and market positioning on whether to target their products at local or international markets. Dr LAM Tai-fai said that CM service had a long history in Hong Kong and had all along played a significant role in the public healthcare system. The safety and efficacy of pCm, particularly some traditional well-known brands, were widely accepted by the general community in Hong Kong for their therapeutic and health maintenance value. He said that the Administration should not only provide the necessary support to facilitate the pCm manufacturing industry in moving towards GMP, but should also formulate comprehensive long-term development plan to promote the sustainable development of the local CM industry in a macro and holistic approach.

44. The Deputy Chairman said that the Democratic Alliance for the Betterment and Progress of Hong Kong fully supported the development of the CM industry in Hong Kong. She further opined that Hong Kong had good potential in developing the pharmaceutical industry (including the pCm manufacturing industry) and biotech industry, and reiterated that the Administration should put in more resources to assist SME pCm manufacturers in terms of manpower training, funding and infrastructural support.

45. Noting that CM was currently outside the scope of medical benefits cover for civil service eligible persons, Mr WONG Kwok-hing criticized the Administration for the unequal treatment of CM and western medicine despite its claim to promote the development of CM in Hong Kong. He called on the Administration to take the lead in recognizing the status of CM in Hong Kong by including CM in the coverage of civil service medical benefits.

*Summing up*

46. The Chairman called on the Administration to take into consideration the views and concerns expressed by members and deputations and provide appropriate hardware and software support to address the difficulties facing the pCm industry in moving towards GMP. He cautioned against a hasty implementation of the mandatory GMP requirements for the manufacture of pCm, and urged the Administration to consult and closely liaise with the industry before imposing mandatory GMP compliance.

## VI. Any other business

47. There being no other business, the meeting ended at 5:00 pm.

Council Business Division 1
Legislative Council Secretariat
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