

**立法會**  
**Legislative Council**

LC Paper No. CB(1)730/14-15  
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by the Administration)

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**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 10 February 2015, at 2:30 pm**  
**in Conference Room 2B of the Legislative Council Complex**

**Members present** : Hon WONG Ting-kwong, SBS, JP (Chairman)  
Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)  
Hon Emily LAU Wai-hing, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon Dennis KWOK  
Hon SIN Chung-kai, SBS, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Dr Hon CHIANG Lai-wan, JP  
Hon CHUNG Kwok-pan

**Members absent** : Dr Hon LAM Tai-fai, SBS, JP  
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

**Public officers attending** : Agenda item III  
Mr Philip YUNG, JP  
Permanent Secretary for Commerce and Economic  
Development (Commerce, Industry and Tourism)

Ms Carol YUEN, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)1

Mr Simon GALPIN  
Director-General of Investment Promotion

Mr Francis HO  
Associate Director-General of Investment  
Promotion 3

Agenda item IV

Mr Philip YUNG, JP  
Permanent Secretary for Commerce and Economic  
Development (Commerce, Industry and Tourism)

Ms Carol YUEN, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)1

Mrs Candy YEUNG  
Principal Assistant Secretary for Commerce and  
Economic Development (Commerce & Industry)1

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

**Staff in attendance** : Miss Rita YUNG  
Senior Council Secretary (1)8

Ms May LEUNG  
Legislative Assistant (1)3

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Action

- I. Information papers issued since last meeting**  
(LC Paper No. CB(1)460/14-15(01) -- Information on the financial  
position of the Applied Research  
Fund for the period from 1 June to  
31 August 2014

LC Paper No. CB(1)509/14-15(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))

Members noted that the above papers had been issued since the last meeting.

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

(LC Paper No. CB(1)512/14-15(01) -- List of outstanding items for discussion

LC Paper No. CB(1)512/14-15(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 17 March 2015 at 2:30 pm to discuss the following items proposed by the Administration:

- (a) Progress report on the implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales; and
- (b) Consultation on a new set of Copyright Tribunal Rules.

**III. Promotion of inward investment**

(LC Paper No. CB(1)512/14-15(03) -- Administration's paper on promotion of inward investment

LC Paper No. CB(1)512/14-15(04) -- Paper on promotion of inward investment prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

3. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") and Director-General of Investment Promotion ("DGIP") briefed members on the investment promotion work and major achievements of Invest Hong Kong ("InvestHK") in 2014 as well as the way forward for 2015 as set out in the Administration's paper (LC Paper No. CB(1)512/14-15(03)).

4. DGIP highlighted that InvestHK completed a record number of 355 projects from 47 economies in 2014. For the first time ever, InvestHK assisted companies from Bangladesh, Cyprus, Kuwait, Poland, Romania and Tajikistan to set up operations in Hong Kong. Looking ahead, InvestHK aimed to complete 370 projects in 2015. Apart from the traditional priority markets, InvestHK would continue to accord priority to attracting targeted companies from emerging markets like the Association of South East Asian Nations ("ASEAN") and Latin America to set up or expand their business operations in Hong Kong in 2015.

Discussion*Addressing concerns of foreign investors*

5. Mr Jeffrey LAM, Ms Emily LAU and Mr Martin LIAO referred to some overseas companies' concerns about high office rentals, air pollution problem and shortage of international school places that had discouraged them from setting up business operations in Hong Kong. These members enquired how the Administration could address these concerns so as to attract foreign investment to Hong Kong.

6. DGIP responded that InvestHK had explained to overseas companies that Hong Kong offered a wide range of office accommodation options at different price levels. Co-work spaces and incubators in different locations in Hong Kong added accommodation options for startups. The Chairman further enquired whether the demand-side management measures implemented by the Administration doubling the stamp duty rates for non-residential properties had affected overseas companies in acquiring office accommodation. DGIP responded that the majority of companies assisted by InvestHK to set up business operations in Hong Kong chose to rent office premises at the initial stage. As such, the increased stamp duty might not be a major consideration for these companies in deciding whether or not to invest in Hong Kong.

7. PSCIT further advised that the Administration had been implementing various measures in recent years with a view to improving the air quality in Hong

Kong. It was noted that foreign investors generally considered that the air pollution problem had been alleviated to a certain extent and were currently less worried about the problem than before. PSCIT said that the Administration would continue to implement various initiatives to further improve air quality in Hong Kong.

8. On the shortage of international school places, PSCIT advised that the Commerce and Economic Development Bureau ("CEDB") had relayed the international business community's concern to the Education Bureau. In the past few years, vacant school premises and new sites had been allocated for the building and development of international schools with a view to increasing the supply of international school places. International schools that had been granted vacant school premises or new sites were required to attain a non-local student ratio of no less than 70% of their overall student population after their expansion. The steady increase in the number of international school places over the years was expected to gradually help mitigate the shortage problem. CEDB would maintain close liaison with the international business community and Education Bureau on the issue.

9. DGIP supplemented that a dedicated team of InvestHK was assigned to handle issues related to international school places. In addition to assisting overseas education institutions to set up international schools in Hong Kong, InvestHK also offered advice and assistance to international schools in Hong Kong on their expansion plans. Support services, including providing information on international schools, offering advice on schooling options, arranging school visits, and providing letter of support for enrollment, etc. were offered to individual clients. Compared with previous years, InvestHK received less enquiries regarding schooling problems in 2014.

10. Ms Emily LAU opined that international schools should give priority to admitting non-local students, and suggested the Administration to consider further increasing the intake ratio of non-local students for new international schools. She added that the provision of international school places was vital for attracting overseas companies to set up business in Hong Kong, and called for coordinated efforts of various government departments/bureaux to resolve the problem. Mr Jeffrey LAM also urged CEDB to continue to liaise with relevant policy bureaux to address various concerns of the international business community.

11. Mr Jeffrey LAM expressed concern that a mixed bag of problems, including a strong Hong Kong dollar against other currencies, the adverse impact of the occupy movement on transport, tourism and socio-economic situation of Hong Kong, as well as filibustering and prolonged political bickering holding up the implementation of government policies and proposals might have dampened

foreign investors' confidence in Hong Kong and discouraged overseas companies from investing in Hong Kong. He called on the Administration to formulate measures to rebuild international investors' confidence in Hong Kong. Ms Emily LAU enquired whether the Administration had any statistics showing the negative impact of the occupy movement on Hong Kong's economy or overseas companies' investment decisions in Hong Kong.

12. DGIP said that while a strong Hong Kong dollar that was pegged to the US dollar might pose challenges in attracting foreign inward investment, particularly, from companies in the Eurozone, InvestHK was cautiously optimistic that it would be able to meet the annual target of completing 370 projects in 2015. DGIP further said that although the business of some overseas companies already set up in Hong Kong might have been adversely affected by the occupy movement, it was premature at this stage to evaluate the movement's impact on attracting inward investment, given the relatively long planning process of investment projects.

13. Ms Emily LAU asked whether InvestHK was aware of any foreign investors' concern about policy risks due to frequent policy changes in Hong Kong. DGIP responded that while some large companies involved in infrastructure projects might have concern over any perceived policy uncertainty, the majority of InvestHK's client companies had not expressed such concern.

#### *Strategies on attracting foreign direct investment*

14. Mr Martin LIAO enquired about the support services provided by InvestHK to its target companies, particularly in the recruitment of professionals and specialist staff. DGIP responded that InvestHK offered one-to-one support services to companies throughout their planning and implementation process to invest in Hong Kong. At the initial planning stage, InvestHK would provide companies with market information and business advice, including advice on salary levels, to assist planning on setting up or expanding business in Hong Kong. Target companies that had decided to invest in Hong Kong would be provided assistance in practical issues, such as advice on business location, facilitation of visa applications, introduction to service providers including executive employment agents, public relations and marketing agencies. InvestHK would continue to strengthen its efforts to provide ongoing aftercare support to strategic multinational companies already established in Hong Kong, including arranging networking events to facilitate their growth of business in Hong Kong.

15. In response to Mr Martin LIAO's further enquiry on other measures to complement investment promotion efforts, DGIP said that InvestHK noted that some smaller foreign companies had faced difficulties in opening bank accounts in

Hong Kong. InvestHK was working with the Hong Kong Monetary Authority to provide assistance in this regard so as to facilitate overseas companies to set up or expand their business operations in Hong Kong.

16. Mr SIN Chung-kai enquired about how InvestHK could identify and prevent Mainland companies from transferring illegal assets to Hong Kong under the pretext of investing in Hong Kong. In response, PSCIT and DGIP advised that InvestHK aimed at attracting companies to set up offices with substantive business operations and employing staff in Hong Kong. Each project completed by InvestHK represented a company from overseas, Mainland or Taiwan that had established a presence or undergone a significant expansion in Hong Kong assisted by InvestHK.

17. Dr CHIANG Lai-wan sought clarification on the differences between investment promotion units ("IPUs") based in the Hong Kong Economic and Trade Offices ("ETOs") and the overseas consultant companies engaged by InvestHK. PSCIT and DGIP explained that in general, a small team of local staff was engaged in each of InvestHK's IPUs to conduct investment promotion work in the respective area. In locations not covered by the IPUs, part-time consultants would be engaged to identify and reach out to target companies. The consultants were selected through an open recruitment process, and their performance would be reviewed every two years according to pre-determined performance related targets. InvestHK considered the engagement of overseas consultants the most cost-effective and flexible way to ensure InvestHK's representation in different markets worldwide.

#### *Attracting technology companies*

18. Mr Charles MOK noted with concern that many multinational technology companies had chosen to expand their businesses in other Asian economies instead of Hong Kong. He was concerned that Hong Kong would lose out to neighbouring competitors, such as Singapore, Malaysia and Taiwan, as these economies had proactively reached out to and offered favourable investment incentives to attract inward investment from overseas technology companies. He urged the Administration to make targeted efforts to proactively reach out to interested entrepreneurs and attract high-growth and scalable technology companies from overseas and the Mainland to set up operations in Hong Kong. In addition, in order to build a more vibrant technology ecosystem, the Administration should step up efforts and formulate measures to attract more venture capital firms and angel investors to set up businesses in Hong Kong and provide financial support for start-ups in Hong Kong. Echoing Mr Charles MOK's views, the Chairman said that the Innovation and Technology Bureau should be set up as soon as practicable to strengthen policy support and steer the

development of innovation and technology, thereby attracting more multinational technology companies to invest in Hong Kong.

19. In response, DGIP acknowledged that Hong Kong was facing tremendous competition from other economies around the world in attracting inward investment from high-growth technology related companies. He said that there had been remarkable growth in Hong Kong's start-up sector in the past few years. The number of co-work spaces and incubators operated in both the private and the public sectors had increased from three in 2010 to nearly 40 as of today. He highlighted that InvestHK accorded priority to attracting companies from information and communications technology ("ICT") and financial technology sectors where Hong Kong had a competitive edge. In 2014, InvestHK had assisted some large ICT companies to set up their research and development base in Hong Kong. To further promote Hong Kong as a leading hub for start-ups, InvestHK would enhance its StartmeupHK website and continue with its StartmeupHK Venture Programme in 2015.

*Projects completed in 2014 and way forward*

20. The Chairman noted that in 2014, InvestHK had contacted 311 companies from the 956 projects completed between 2011 and 2013. Among the 311 contacted, 281 projects (or 90%) were still in operation. He enquired about the status of the remaining projects. DGIP responded that InvestHK had followed up with companies that it had assisted in bringing to or expanding in Hong Kong so as to provide ongoing aftercare support to them. The remaining 30 projects that could not be traced had probably gone out of business or merged with other businesses. It was nonetheless encouraging that the number of staff employed by the companies still in operation at the time of contact had increased by 65% over the number of jobs anticipated to be created by these companies in their first year of operation.

21. Noting that 75 out of 355 projects completed by InvestHK were related to Mainland companies, Dr CHIANG Lai-wan enquired about the market distribution of the remaining projects, and whether InvestHK had assisted companies from Jerusalem and Abu Dhabi to set up in Hong Kong.

22. DGIP responded that in addition to the Mainland which was the largest single source of investment projects, the top four source countries of completed projects in 2014 were the United States (44 projects), the United Kingdom (32 projects), Japan (28 projects) and France (25 projects). In particular, the number of projects related to French companies had grown significantly in the past year. Associate Director-General of Investment Promotion 3 supplemented that InvestHK completed two projects each from Israel and the United Arab Emirates



Admin in 2014. The Administration was requested to include in the next report of the work of InvestHK to the Panel the breakdown of completed projects by different sectors and industries.

23. The Chairman noted that in 2015, InvestHK would continue to focus its investment promotion efforts on the priority markets, particularly the Mainland and ASEAN. He enquired about the respective resource allocation to the two markets, and whether InvestHK would place particular emphasis on any member countries of the ASEAN.

24. In response, DGIP advised that the Mainland continued to be a priority market for investment projects. InvestHK's IPUs in the Mainland had larger teams of full-time equivalent staff compared with other overseas IPUs. He further advised that InvestHK had been placing more emphasis on the ASEAN market in recent years. An IPU based in the Singapore ETO was responsible for investment promotion work in the ASEAN market while consultants were engaged to attract investment from target companies in Malaysia and Indonesia. Currently, Singapore was the major source of investment projects in the ASEAN market. Looking ahead, InvestHK would step up its investment promotion efforts in other member countries of ASEAN, including Malaysia, Indonesia, Thailand and the Philippines where the number of potential investors was rising. InvestHK would set up another IPU as and when a new ETO was established in the ASEAN market, so as to further strengthen its investment promotion efforts in the region.

#### **IV. Development of convention and exhibition industries in Hong Kong**

(LC Paper No. CB(1)512/14-15(05) -- Administration's paper on development of convention and exhibition industries in Hong Kong

LC Paper No. CB(1)512/14-15(06) -- Paper on development of convention and exhibition industries in Hong Kong prepared by the Legislative Council Secretariat (background brief)

#### Presentation by the Administration

25. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") briefed members on the findings of the consultancy study on the demand for convention

and exhibition facilities in Hong Kong in the coming 15 years, and the follow-up actions to be taken by the Administration to further promote the development of the convention and exhibition industries. Key findings of the consultancy study and the follow-up actions were set out in the Administration's paper (LC Paper No. CB(1)512/14-15(05)).

26. PSCIT highlighted that to increase convention and exhibition facilities in the medium to long term, the Administration would consider constructing a new convention centre above the Exhibition Station of the Shatin to Central Link upon the latter's completion in around 2020. In this connection, the Administration had invited the Hong Kong Trade Development Council ("TDC") to proceed with the planning for the new convention centre.

## Discussion

### *Construction of new facilities*

27. Pointing out that the convention and exhibition industries helped attract high-spending overnight business travellers to Hong Kong, the Deputy Chairman said that Members of the Liberal Party as well as the wholesale and retail industries supported the construction of a new convention centre above the Exhibition Station. Mr SIN Chung-kai also expressed support for the new convention centre. Referring to the consultant's estimation that about 132 000 square metres of additional convention and exhibition space would be required to capture all unmet demand at peak periods in Hong Kong by 2028, the Deputy Chairman and Mr SIN questioned how the Administration could make up for the shortfall in space to ensure that venue capacity could stay ahead of the industry demand so as to maintain Hong Kong's leading position as an international convention and exhibition centre. The Deputy Chairman cautioned that if Hong Kong lost out to its neighbouring cities in hosting large scale international conventions and exhibitions due to the saturation of existing convention and exhibition facilities, not only the convention and exhibition industries would suffer, but the tourism, wholesale and retail industries too would be adversely affected. Dr CHIANG Lai-wan enquired whether the Administration had any plan to expand the AsiaWorld-Expo ("AWE").

28. PSCIT responded that the Administration would consider ways to increase convention and exhibition facilities by 2028 so as to further promote the development of the convention and exhibition industries in Hong Kong. To increase venue capacity in the medium to long term, apart from recommending a new convention centre above the Exhibition Station, the consultant also proposed further provision/expansion of convention and exhibition space on Lantau Island and/or in other locations where the necessary surrounding supporting facilities,

such as hotel accommodation, dining, entertainment and transport, were sufficiently provided. The Administration would keep in view the development of Lantau Island, and consider the expansion of AWE having regard to the business development of AWE as and when appropriate.

29. Noting that the Hong Kong Convention and Exhibition Centre ("HKCEC") and AWE had respectively turned down 39 and 17 applications for renting venues for conventions or exhibitions in 2013 due to shortage of space, Dr CHIANG Lai-wan supported the Administration's plan to increase convention and exhibition facilities. She enquired about the scale of the new convention centre above the Exhibition Station, as well as the financial arrangement for the construction. Mr MA Fung-kwok supported the construction of the new convention centre, and enquired about its mode of operation and management in future.

30. Mr Andrew LEUNG declared that he was a Council Member of TDC. He said that Hong Kong had lagged behind neighbouring cities in the provision of exhibition and convention facilities. He welcomed the construction of a new convention centre above the Exhibition Station which, if connected to HKCEC by a footbridge, would create operational synergies with HKCEC and facilitate commuting of HKCEC event participants by the Shatin to Central Link. Mr LEUNG however expressed concern about the long lead time for the construction of the new convention centre. Referring to the target completion of the Exhibition Station in 2020, he said that the new convention centre might not be completed until around 2022-2023 at the earliest, and more convention and exhibition space would still be required to meet the shortfall by 2028. He called on the Administration to continue to provide the necessary hardware and software support in the interim to maintain Hong Kong's competitiveness in the convention and exhibition industries pending the construction of the new convention centre.

31. In response, PSCIT advised that the Exhibition Station site, with an area of about 1.65 hectares, had already been rezoned to "Comprehensive Development Area", which was primarily for convention and meeting facilities and other commercial related uses. The Administration would explore ways to expedite the planning and the construction of the new convention centre where possible. Necessary enabling works would be carried out as appropriate to allow flexibility for the construction of the Exhibition Station, so as to facilitate the construction of the new convention centre upon the completion of the Exhibition Station in around 2020. The Administration would consider the financial arrangement as well as the mode of operation and management of the new convention centre after TDC had completed the detailed planning for the new convention centre. PSCIT added that the Administration would update the Panel on development as and when appropriate.

32. The Deputy Chairman and Mr Dennis KWOK enquired whether the Administration would pursue the development of HKCEC Phase 3 in the future. Mr SIN Chung-kai also enquired about the consideration for constructing a new convention centre above the Exhibition Station instead of further expanding HKCEC. PSCIT responded that the new convention centre recommended to be built could allow the emerging convention industry to realize its growth potential and address strong competition from neighbouring cities. Some conventions now being held at HKCEC could be relocated to the new convention centre as appropriate, allowing more space at HKCEC for new events or expansion of existing events. PSCIT further advised that over the years various stakeholders had expressed different views and concerns about the development of HKCEC Phase 3, such as the choice of location, environmental issues, traffic problem of Wan Chai, etc. The Administration had not yet taken a decision on the matter, and would continue to pay attention to and consider possibility of developing convention and exhibition facilities at different locations where necessary surrounding supporting facilities were sufficiently provided.

33. Referring to the Administration's plan to relocate the departments currently accommodated in the three government office buildings at Wan Chai waterfront, namely Revenue Tower, Immigration Tower and Wanchai Tower, Mr SIN Chung-kai enquired whether the site would be used to develop new convention and exhibition facilities. PSCIT responded that the main purpose of vacating the three government offices buildings was to increase the supply of Grade A office space for commercial use in Wan Chai. The Administration had no plan to develop the site as a convention and exhibition venue.

*Maximizing utilization of existing convention and exhibition facilities*

34. The Deputy Chairman pointed out that the timing of holding major trade fairs and exhibitions was usually linked to purchasing cycles and to a large extent dictated by the global event calendar for the particular industry. He expressed concern whether attempts to negotiate alternative event schedule with event organizers in the hope of fully utilizing the existing venue capacity, especially during off-peak seasons, might run the risk of losing the events to other convention and exhibition venues in the region.

35. PSCIT responded that in the short to medium term, the Administration would continue to encourage relevant stakeholders to maximize the use of existing convention and exhibition facilities, especially during off-peak seasons. For example, some niche exhibitions in industries such as lifestyle, food, etc. which were less tied to the general purchasing cycles might take place during off-peak periods. The Administration would also continue to encourage TDC and other event organizers to adopt where appropriate the "one show, two venues" or "two

shows, two venues" approach. In addition, with the concerted efforts of the Government, venue operators and event organizers, minor rescheduling of existing events would allow more exhibitions to be held during peak periods. A good example was the Art Basel, which could be staged at HKCEC in March from 2015 to 2017 through the joint efforts of the venue operator of HKCEC and other organizers which used to hold exhibitions at HKCEC in February and March.

36. Mr SIN Chung-kai was concerned that AWE was under-utilized in its initial years of operation since its location was not so convenient. He remarked that in recent years, AWE had staged many concerts and shows instead of conventional exhibitions and trade fairs. In this connection, Ms Emily LAU opined that the Administration had the responsibility to ensure AWE's economic benefits to Hong Kong as it was built with public money. She said that the "one show, two venues" approach should be encouraged where possible to help solve the problem of shortage of space at HKCEC and to fully utilize the available space at AWE to accommodate more small and medium enterprises to participate in trade fairs and exhibitions. She called on the Administration to co-ordinate and strengthen liaison among relevant stakeholders to further promote the development of the convention and exhibition industries in Hong Kong.

37. In response, PSCIT advised that the number of exhibitions, conferences and other events held at AWE had increased in recent years, and its utilization rate had been improving steadily. TDC and other event organizers were encouraged to adopt where appropriate the "one show, two venues" or "two shows, two venues" approach. The Hong Kong Jewellery and Gem Fair which had been held concurrently at HKCEC and AWE since September 2009 was a successful example. TDC had organized over 40 fairs at AWE so far, and would continue to explore with the operator of AWE the feasibility of holding more shows at AWE. PSCIT added that a number of public transportation facilitation measures had been put in place on days with events at AWE to facilitate the commute of event participants. Free shuttle bus services were also arranged by event organizers to facilitate exhibitors and buyers travelling between HKCEC and AWE when events were held under the "one show, two venues" approach.

### *Summing up*

38. The Chairman concluded that the Panel supported the Administration's plan to construct a new convention centre above the Exhibition Station, and called on the Administration to expedite the planning and the construction process, and to increase convention and exhibition facilities to cater for the growing demand in future. He said that members were keen to ensure that Hong Kong would not lose out to neighbouring cities in the development of convention and exhibition industries. He urged the Administration to continue to encourage communication

and co-operation between HKCEC and AWE to achieve synergy in maintaining Hong Kong's leading position as an international convention and exhibition centre.

**V. Any other business**

39. There being no other business, the meeting ended at 4:00 pm.

Council Business Division 1  
Legislative Council Secretariat  
13 April 2015