

立法會
Legislative Council

LC Paper No. CB(1)969/14-15
(These minutes have been seen
by the Administration)

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Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 21 April 2015, at 2:30 pm
in Conference Room 3 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
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon CHUNG Kwok-pan

Member attending : Hon WONG Kwok-hing, BBS, MH

Member absent : Dr Hon LAM Tai-fai, SBS, JP

Public officers : Agenda item IV
attending

Mr Godfrey LEUNG, JP
Under Secretary for Commerce and Economic
Development

Mr David WONG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)²

Miss Fabia TAM
Principal Assistant Secretary for Commerce and
Economic Development (Commerce and Industry)³

Miss LEE Sau-kong
Deputy Director of Intellectual Property

Mr Thomas TSANG
Assistant Director of Intellectual Property
(Patents)

Agenda item V

Miss Janet WONG, JP
Commissioner for Innovation and Technology

Mr Johann WONG, JP
Deputy Commissioner for Innovation and
Technology

Mr Vincent TANG
Assistant Commissioner for Innovation and
Technology (Infrastructure & Quality Services)

**Attendance by
invitation** : Agenda Item V

Hong Kong Science and Technology Parks
Corporation

Mr Allen MA
Chief Executive Officer

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

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

Ms May LEUNG
Legislative Assistant (1)3

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)730/14-15 -- Minutes of meeting held on 10 February 2015)

The minutes of the meeting held on 10 February 2015 were confirmed.

II. Information papers issued since last meeting

(File Ref: CITB CR 104/53/1 -- Legislative Council Brief on United Nations Sanctions (Liberia) Regulation 2015 and United Nations Sanctions (Liberia) Regulation 2014 (Repeal) Regulation

LC Paper No. CB(1)715/14-15(01) -- Administration's paper on the 20th Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference)

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

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)743/14-15(01) -- List of outstanding items for discussion

LC Paper No. CB(1)743/14-15(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 19 May 2015 at 2:30 pm to discuss the following items proposed by the Administration:

- (a) Progress of the Working Group on Intellectual Property Trading; and
- (b) Application of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks to the Hong Kong Special Administrative Region.

4. Dr CHIANG Lai-wan suggested allocating more time for the discussion on item (a) above. The Chairman noted Dr CHIANG's view and said that appropriate arrangement would be made.

5. The Chairman referred to the request made by Dr CHIANG Lai-wan at the last Panel meeting on 17 March 2015 for the Panel to discuss the item "Promoting the industrialization of the beauty industry in Hong Kong" (item 3 in the Panel's "List of outstanding items for discussion"). He informed members that a joint meeting with the Panel on Health Services would be held on 23 June 2015 to discuss the item "Regulation and development of beauty services" and to receive views from deputations on the subject. The Chairman said that nine members from the two Panels were required to form a quorum for the meeting.

6. Dr CHIANG Lai-wan anticipated that the discussion at the joint meeting might be focused more on the regulatory aspect of beauty services rather than the industrialization of the beauty industry. Dr CHIANG suggested and the Chairman agreed that the item on "Promoting the industrialization of the beauty industry in Hong Kong" would be retained in the Panel's "List of outstanding items for discussion" pending the outcome of the discussion at the joint meeting.

IV. Proposed legislative amendments to the Patents Ordinance

(LC Paper No. CB(1)743/14-15(03) -- Administration's paper on proposed legislative amendments to the Patents Ordinance

LC Paper No. CB(1)743/14-15(04) -- Paper on review of the patent system in Hong Kong prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

7. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") briefed members on the Government's legislative proposals to amend the Patents Ordinance (Cap 514) to establish an "original grant" patent ("OGP") system for standard patents, refine the existing short-term patent system and introduce an interim measure for regulating local patent practitioners. The proposed legislative proposals sought to implement the strategic recommendations of the Advisory Committee on Review of the Patent System in Hong Kong ("Advisory Committee") as endorsed by the Government. Details of the key legislative proposals were set out in the Administration's paper (LC Paper No. CB(1)743/14-15(03)).

Discussion*Cost-effectiveness of the "original grant" patent system*

8. Dr CHIANG Lai-wan said that members of the Democratic Alliance for the Betterment and Progress of Hong Kong supported the implementation of an OGP system in Hong Kong. However, she was concerned whether there would be sufficient demand for sustaining a cost-effective OGP system in Hong Kong. Ir Dr LO Wai-ki and Mr SIN Chung-kai expressed a similar concern. Dr CHIANG, Ir Dr LO and Mr SIN were of the view that given the small market in Hong Kong, inventors might choose to register their patents in major markets, such as the United States and the Mainland, instead of Hong Kong. To enhance the competitiveness of Hong Kong's OGP system, Dr CHIANG Lai-wan urged the Administration to explore the possibilities of fostering mutual recognition of patents with the Mainland and other jurisdictions. The Chairman remarked that mutual recognition arrangement of patents between Hong Kong and the Mainland might be pursued under the framework of the "Mainland and Hong Kong Closer Economic Partnership Arrangements".

9. USCED and Deputy Director of Intellectual Property ("DDIP") clarified that IP protection were territorial in nature and that IP rights were granted in each jurisdiction independently according to its own IP laws and practice. As such, there was no arrangement for mutual recognition of patent, trademark and other IP rights at the international level. Nevertheless, upon establishing a high quality OGP system on par with the international standard in Hong Kong, Hong Kong would be in a better position to negotiate mutual streamlining of patent application processes with the Mainland and other jurisdictions. The Administration would be exploring further international cooperation opportunities, such as entering into "Patent Prosecution Highway" ("PPH") arrangements, in facilitating local patent applicants to obtain patent protection in other jurisdictions.

10. In response to Mr Martin LIAO's enquiry on whether Hong Kong was a member of Patent Cooperation Treaty ("PCT"), Deputy Secretary for Commerce and Economic Development (Commerce and Industry)² ("DSCED(C&I)²") advised that the People's Republic of China, being a contracting state, had applied PCT to Hong Kong.

11. Mr WONG Kwok-hing commended the Administration's plan to implement the OGP system in Hong Kong in 2016-2017. He urged the Administration to submit the relevant legislative proposals to the Legislative Council ("LegCo") for scrutiny in the first half of 2015-2016 as planned. Pointing out that the new OGP system was more complicated than the current re-registration system as it would involve substantive examination, Mr WONG

was concerned that the higher operating costs for the OGP system might translate into higher fees for users, thereby discouraging applications. Mr Martin LIAO, Mr SIN Chung-kai and Dr CHIANG Lai-wan expressed a similar concern. Mr WONG Kwok-hing enquired about the estimated registration fee for an OGP application.

12. In response, USCED said that the fee for an OGP application would in principle be charged at a level to recover the full costs of IPD in providing the relevant service in accordance with the "user pays" principle. It would be premature to estimate the level of fees for OGP applications at the present stage. He said that the application fees for registration of standard patents under the current re-registration system and short-term patents were \$896 and \$823 respectively. The fees for OGP applications were expected to be higher since the new patent system called for substantive examination. DSCED(C&I)2 added that the fees for OGP applications charged by overseas patents registries ranged from a few thousands to tens of thousands Hong Kong dollars. USCED said that the Administration would take into account members' concern when determining the fee schedule of OGP applications.

Substantive examination

13. Mr Martin LIAO, Mr MA Fung-kwok and Ir Dr LO Wai-kwok expressed support for the implementation of an OGP system in Hong Kong. However, they were concerned whether IPD had the requisite expertise for conducting substantive examination of patent applications given the wide range of technical fields. Mr MA Fung-kwok also enquired about the IPD's manpower training and development plan in building up its own substantive examination capability, the implementation timeframe and the targeted technical areas for conducting indigenous substantive examination. Ir Dr LO Wai-kwok advised that the IPD should enhance its international cooperation networks so that it could seek professional technical support from overseas experts to develop its indigenous capacity for conducting substantive examination.

14. USCED and DSCED(C&I)2 advised that the OGP system could provide a basis for Hong Kong to develop its own patent examination capacity in the long-run. Depending on the users' acceptance of the new patent system and their filing demands, IPD planned to develop in incremental stages its in-house capacity in conducting indigenous substantive examination in the medium to long term, starting with the niche areas where Hong Kong had acquired considerable expertise or where Hong Kong was well placed to enhance its research and development capabilities. Citing the example of Singapore which had taken more than 17 years to start conducting its indigenous substantive examination after establishing an OGP system in 1995, USCED said that IPD might develop the required talent pool step by step after the establishment of the OGP system.

15. In respect of IPD's long-term manpower training and development plan in building up its in-house indigenous substantive examination capacity, DDIP advised that IPD had entered into a cooperative arrangement with the State Intellectual Property Office in Mainland China ("SIPO") in December 2013 whereby SIPO agreed to provide technical assistance and support to IPD in conducting substantive examination of patent applications and manpower training under the new patent system. IPD was also planning for the additional in-house manpower on processing applications under the OGP system, and would continue to maintain on-going cooperation and exchanges with IP authorities of some overseas jurisdictions in relation to manpower training and experience sharing.

16. Mr Martin LIAO enquired about IPD's staff establishment and resource provision for the implementation of the OGP system. Given the small market in Hong Kong, he cautioned that the Administration should not be too ambitious at the initial stage of developing the OGP system. He said that resource input of IPD in the OGP system should commensurate with the scale of Hong Kong market and it would be advisable not to allocate too much resources for its operation at the outset. USCED responded that a supernumerary Assistant Director post was created in IPD in 2014-2015 for a period of three years to head a dedicated team to implement the new patent system, operate the new Patents Registry, and deal with issues relating to the establishment of a full-fledged regulatory regime for local patent practitioners. The Administration would review the manpower of IPD in due course as appropriate.

Refining the short-term patent system

17. As substantive examination was not required for patent applications under the current short-term patent system, Mr Charles MOK enquired how the system would be refined to prevent abuses of short-term patents with non-patentable inventions and the making of groundless threats of infringement proceedings. He considered that mechanisms to revoke or invalidate patents other than court proceedings should be available to deter abuse in respect of short-term patents.

18. DDIP advised that under the refined short-term patent system, substantive examination of the invention underlying a short-term patent would be made a prerequisite to the commencement of enforcement action after a short-term patent was granted. The proprietor of a short-term patent, or a third party having a legitimate concern or doubt about the validity of the patent, would have the right to apply to the Patents Registry for substantive examination of the patent. In addition, the proprietor of a short-term patent, having made a threat of infringement proceedings, could be required to furnish the person to whom the threat was made with the full particulars of the short-term patent in question, failing which the threat of proceedings would be deemed groundless and the party

aggrieved by the threat would be entitled to seek relief. The Administration considered that the relevant refinements to the short-term patent system would help strike a reasonable balance between the legitimate interest of a patentee and that of a recipient of a threat of infringement actions.

Nurturing human capital of the patent industry and regulation of patent agency services

19. Mr Martin LIAO said that the implementation of the OGP system in Hong Kong would generate demand for a pool of patent practitioners with strong science and technology backgrounds to provide highly specialized services in drafting patent applications. To complement the development of OGP system in Hong Kong, he urged the Administration to formulate a long-term human capital development plan for the patent industry to nurture the required local talents, and to build up an accreditation system to ensure the professionalism of patent practitioners. Mr WONG Kwok-hing expressed a similar view.

20. DSCED(C&I)2 said that to nurture a strong patent profession to complement the implementation of the OGP system, a full-fledged regulatory regime of patent practitioners would need to be developed in the long run. The Advisory Committee had been deliberating and engaging stakeholders on long-term issues such as establishment of a professional regulatory body, accreditation, use of titles, professional discipline, training, service monopoly, statutory backing, etc. Meanwhile, the Advisory Committee had focused on what interim measures should be included into the current package of legislative proposals pending the establishment of a full-fledged regulatory regime. USCED added that the introduction of an OGP system would stimulate the growth of patent practitioners in Hong Kong and attract more local talents to join the patent profession.

21. Mr Dennis KWOK enquired about the transitional arrangements for existing patent practitioners to practise under the full-fledged regulatory regime of patent practitioners. He was concerned that some experienced patent practitioners might not be able to transit to the new regime if the qualifying requirements under the new regime were too stringent. While affirming the need for the regulation of patent practitioners, Mr KWOK called on the Administration to consult the Law Society of Hong Kong ("LSHK") and the Hong Kong Bar Association ("HKBA") when drawing up details of the regulatory regime, in particular the transitional arrangements for existing patent practitioners.

22. DSCED(C&I)2 said that many existing patent practitioners were experienced in handling patent applications under the current re-registration system that required formality examinations only. However, under the new OGP system that involved substantive examination, the scope of patent agents' work

would be much expanded. He said that the Advisory Committee had been consulting the major professional bodies in the patent industry, including the HKBA and LSHK, regarding the long-term development of the patent profession on issues relating to regulation, accreditation and training of patent practitioners, etc, as well as interim regulatory measures and transitional arrangement for existing patent practitioners to the new regime.

Protection of Hong Kong registered patents in overseas jurisdictions

23. Mr SIN Chung-kai enquired whether patents registered under the OGP system in Hong Kong would be protected in the Mainland and other jurisdictions. He also sought information on actions that could be taken by patent owners in infringement cases. DSCED(C&I)2 and DDIP responded that patent protection was territorial and patent rights were confined to the place in which the patent was granted. In other words, patents that had been granted in Hong Kong would not automatically acquire protection in Mainland China or other countries or regions. The owner of an invention should apply for patent protection in the targeted markets concurrently as early as possible to secure patent protection for the invention in the concerned jurisdictions. In infringement cases, patent owners could initiate litigation or take appropriate enforcement action in the concerned jurisdictions. They added that the Administration had maintained a close partnership with IP-related authorities in the Mainland and other jurisdictions to enhance mutual understanding of their respective IP systems and the respect for IP rights including patents.

24. Pointing out that the new OGP system did not provide enhanced protection for patents granted in Hong Kong over the existing re-registration system, Mr SIN Chung-kai doubted whether there was a business case for the implementation of the OGP system in Hong Kong, taking into account the considerable costs that would be incurred in setting up and operating the system, the lack of relevant professional manpower, and the uncertainty in future market demand. He also opined that the provision of Government's subsidies for OGP applications might be considered unfair by the public.

25. In response, DSCED(C&I)2 advised that the Advisory Committee had received diverse views as to whether an OGP system should be implemented in Hong Kong during the public consultation exercise on review of the patent system in Hong Kong conducted in 2011. He said that from the international patent landscape perspective, many countries, including advanced economies as well as economies similar to or smaller than Hong Kong, had adopted an OGP system. Countries that run a re-registration system were generally least developed or developing economies. Having regard to the long term economic development needs of Hong Kong, the Advisory Committee recommended that it would be in the best interest of Hong Kong in the long run to adopt an OGP system to facilitate

the development of Hong Kong into a regional innovation and technology ("I&T") hub, and to keep up with the international trend on the development of patent system.

26. While sharing some members' concerns about the implementation of the OGP system in Hong Kong, Mr Charles MOK affirmed the need of setting up the OGP system in view of the benefits it would bring to Hong Kong, such as promoting the development of I&T industries and the upgrading of industries in Hong Kong. He urged the Administration to draw up a clear roadmap to illustrate how the implementation of the OGP system in Hong Kong could achieve its intended objectives.

Summing up

27. The Chairman concluded that the Panel supported in principle the submission of the Administration's legislative proposals to the LegCo to provide for the legal framework for the establishment of an OGP system, refining the existing short-term patent system and introducing an interim measure for regulating local patent practitioners.

V. Latest developments of the Hong Kong Science and Technology Parks Corporation

(LC Paper No. CB(1)743/14-15(05) -- Administration's paper on latest developments of the Hong Kong Science and Technology Parks Corporation

LC Paper No. CB(1)743/14-15(06) -- Paper on the development of the Hong Kong Science and Technology Parks Corporation, the Hong Kong Science Park and the three Industrial Estates prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

28. At the invitation of the Chairman, Commissioner for Innovation and Technology ("CIT") briefed members on the latest developments of the Hong Kong Science and Technology Parks Corporation ("HKSTPC") and its two major new initiatives, namely the establishment of a Corporate Venture Fund ("CVF")

and implementation of a Revised Industrial Estate ("IE") Programme. Details of the new initiatives were set out in the Administration's paper (LC Paper No. CB(1)743/14-15(05)).

29. CIT said that upon obtaining the Panel's support for the revised IE Programme, HKSTPC would proceed to carry out detailed study on the economic case and relevant financial arrangements. The Administration would further consult the Panel at a suitable juncture when HKSTPC had finished the relevant studies.

Discussion

Capital Venture Fund

Eligibility criteria and investment allocation mechanism

30. Mr Charles MOK and Ir Dr LO Wai-kwok welcomed the Administration's proposal for setting up the CVF to address the funding problem confronting local technology start-ups or small and medium enterprises so as to help technology firms in Hong Kong to further their applied research and development ("R&D") efforts for translating the technology to marketable products or services. Mr MOK and Ir Dr LO, however, considered the proposed \$50 million allocation to the CVF insufficient to effectively support the eligible start-ups. Noting that only incubatees, graduates or current tenants of HKSTPC would be eligible to apply for the CVF, Mr Charles MOK considered the eligibility criteria too restrictive. He suggested that the Administration should consider relaxing the eligibility criteria of the CVF to enable more technology start-ups to benefit from the scheme. Ms Emily LAU was keen to ensure that the vetting and approval of applications would be fair and transparent.

31. CIT and Chief Executive Officer/HKSTPC ("CEO/HKSTPC") responded that HKSTPC had initially earmarked \$50 million from its own resources to set up the CVF. Together with funding from private co-investors, at least \$100 million would be made available to the local technology start-ups. Given that CVF was a brand new initiative, it was considered prudent to start investing in companies that HKSTPC was familiar with for better risk management. HKSTPC would conduct a review on the operation of the CVF upon exhaustion of the initial \$50 million allocation, and consider, in the light of experience gained, whether to extend the CVF to other technology start-ups in a progressive manner. To ensure the prudent management of public money and fairness in the approval of CVF funds, an Investment Committee comprising the staff and Board members of HKSTPC as well as external experts would be set up to approve the investment and oversee the operations of the CVF. HKSTPC would conduct due diligence to ensure the co-investor was genuine.

Exit strategy

32. Referring to the CVF exit strategy under which HKSTPC would dispose of its investments in technology start-ups, Mr Charles MOK said that certain conditions of the exit might affect the attractiveness of the CVF. He said that requiring a start-up to purchase HKSTPC's equity after 10 years of CVF investment was too stringent, and HKSTPC's withdrawal from a start-up with CVF investment when it underwent Initial Public Offer might have an adverse impact on the share price of the company concerned. CEO/HKSTPC advised that the objective of CVF was to bridge the funding gap of technology start-ups at their early stage of development and to help start-ups attract investments from private funds to sustain their long-term growth. As such, HKSTPC did not intend to be a long-term shareholder of CVF-invested start-ups. The proposed 10-year period for HKSTPC to exit from the start-ups concerned was considered appropriate.

Attracting investments from angel investors and venture capitalists

33. Ms Emily LAU enquired to what extent could the CVF help attract more angel investors and venture capitalists ("VCs") to invest in Hong Kong's I&T industries, and in what ways could CVF enhance Hong Kong's competitiveness in attracting private sector's investments in local R&D against other countries, such as Taiwan, Singapore and Israel. CIT and Deputy Commissioner for Innovation and Technology ("DCIT") responded that the CVF was a co-investment fund operating on a matching basis. The CVF was expected to help spur more private funding in the local I&T ecosystem and attract more angel investors and VCs to invest in technology start-ups in Hong Kong through risks sharing. The CVF would also help increase the chance of nurturing successful local technology companies, which would be good publicity for arousing the interest of angel investors or VCs in the Hong Kong market.

34. The Chairman said that the development of Hong Kong's I&T industries had lagged behind other neighbouring countries such as Singapore due to the lack of talents. He called on the Administration to put in place measures to attract overseas technology talents to take up employment in Hong Kong and facilitate the retention of non-local university graduates of relevant disciplines to pursue their career in Hong Kong's I&T industries so as to build up the requisite I&T talent pool in Hong Kong. The Administration was also urged to consider relaxing the restrictions on issuing employment visa to overseas talents in I&T related fields, as well as introducing relevant complementary incentives and measures, such as providing tax concession and enhancing the supply of international school places.

Revised Industrial Estate Programme

35. Mr Charles MOK expressed support for the revised IE Programme that aimed at maximizing the development potential of sites in existing IEs to ensure more efficient use of scarce land resources to support science, innovation and technology based industries which would bring wider benefits to Hong Kong. He considered that such an initiative could help improve the facilities in the IEs and broaden the industry mix so as to meet some R&D companies' need to relocate their industrial process to Hong Kong.

36. Ir Dr LO Wai-kwok declared that he was a non-remunerated director of the Board of HKSTPC. While indicating his support for the revised IE Programme to enhance the utilization of the scarce land resources in the existing IEs, Ir Dr LO expressed disappointment about the Government's rezoning of a site at Pak Shek Kok (East) ("Pak Shek Kok site"), which was originally designated for Hong Kong Science Park ("HKSP") Phase 4 development, to residential use for medium-density private residential development. Pointing out that many I&T companies were unable to join HKSP's incubation programmes in view of the high thresholds set for these programmes because of insufficient space in HKSP, he said that the rezoning of the Pak Shek Kok site had impeded the expansion of HKSP's services. Referring to the substantial investments made by the Shenzhen authority to expand its technology infrastructures in recent years, Ir Dr LO urged the Administration to carefully consider how Hong Kong could stand out among its Mainland counterparts in I&T development.

37. Noting that some overseas IEs provided both purpose-built and multi-storey industrial buildings for letting to cater to the varied needs of different industries and to accommodate companies of different sizes in order to create a cluster effect, Ir Dr LO suggested that the Administration should allow the construction of stand-alone factories by tenants having regard to the specific needs of relevant industries, e.g. the biotechnology industry. He also advised the HKSTPC to provide the complementary software and hardware facilities for the proposed multi-storey industrial buildings to enhance the functions of these buildings, thereby differentiating them from traditional industrial buildings. CIT responded that pursuant to the revised IE Programme, HKSTPC would mainly build and manage specialized multi-storey industrial buildings for rent to multi-users instead of granting the sites to single users for building their own factories in the future. Nevertheless, HKSTPC would still consider granting sites on long lease to meritorious applicants for building standalone factories in exceptional cases with strong justifications and needs.

38. Mr CHUNG Kwok-pan welcomed the Administration's introduction of a revised IE Programme to promote the development of new industries in Hong Kong. Noting that the existing three IEs had only been developed to around 53%

of the overall maximum plot ratio of 2.5, Mr CHUNG enquired about the land area available for development of the proposed specialized multi-storey industrial buildings and the implementation timeframe. He said that the Administration should take into account the views of the relevant industries to ensure that the design of the multi-storey industrial buildings would meet the specific needs of the industries concerned.

39. CIT and CEO/HKSTPC advised that the five vacant sites in the existing three IEs would provide a total land area of about 8 hectares for development of the proposed multi-storey industrial buildings. CEO/HKSTPC added that four pilot projects, involving a total gross floor area of about 2,000,000 square feet eventually, were under planning. The new floor area to be provided in the first completed project was expected to be available after year 2020. CIT said that to achieve a cluster effect, each specialized multi-storey industrial buildings would be designed for letting to companies of different selected science, innovation and technology based sectors. The HKSTPC would consult stakeholders of the relevant industries to ensure that the design and specifications of the specialized multi-storey buildings would meet the requirements of the production process of the concerned industries.

40. Noting that "employment at a higher level of skill" was one of the admission criteria of IEs, Mr CHUNG Kwok-pan enquired whether the companies concerned could employ overseas talents to fulfill the relevant admission criteria in view of the lack of the requisite technical expertise in Hong Kong. DCIT advised that "employment at a higher level of skill" was only one of the factors for consideration of admission to IEs. Some industries that involved significant investment and high level of technology, such as data centres, though might not employ a large number of technical personnel, would also be considered for admission. He added that local I&T companies should be able to employ the requisite technical expertise through the admission schemes of overseas talents and professionals put in place by the Administration.

41. Mr SIN Chung-kai said that pursuant to the modified admission criteria of IEs, the proposed multi-storey industrial buildings might compete with the traditional industrial buildings outside the IEs for tenants, thereby further increasing the vacancy rate of the latter. He was keen to ensure that the target industries of the proposed multi-storey industrial buildings in IEs would not overlap with those of traditional industrial buildings.

42. CEO/HKSTPC responded that the proposed specialized multi-storey industrial buildings in IEs were designed specifically to accommodate high value-added and high-technology industries, such as the pharmaceuticals, health care and biopharmaceutical industries, that were unlikely to operate effectively in traditional industrial buildings. The new business model of IEs was intended to

help create synergy and integration with the R&D activities in HKSP and enhance the value chain of I&T industries in Hong Kong.

43. DCIT added that notwithstanding the change in admission criteria, other important considerations for admission such as significant investment, high added value and employment of technical personnel remained applicable. In addition, the rental charges of the proposed multi-storey industrial buildings would be delinked from the historical land development costs and competitively priced, having regard to prevailing market conditions and other relevant factors. As such, the proposed specialized multi-storey industrial buildings should not duplicate ordinary industrial buildings.

Summing up

44. The Chairman concluded that the Panel supported the proposed establishment of a CVF and the implementation of a Revised IE Programme by the HKSTPC. He urged the Administration to take note of members' views in implementing the relevant initiatives.

VI. Any other business

45. There being no other business, the meeting ended at 4:28 pm.