

**立法會**  
***Legislative Council***

LC Paper No. FC166/15-16  
(These minutes have been  
seen by the Administration)

Ref : FC/1/1(9)

**Finance Committee of the Legislative Council**

**Minutes of the 15<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Friday, 4 December 2015, at 7:00 pm**

**Members present:**

Hon CHAN Kin-por, BBS, JP (Chairman)  
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Cyd HO Sau-lan, JP  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon WONG Kwok-kin, SBS  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip  
Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, SBS, JP

Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon Gary FAN Kwok-wai  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, JP  
Hon CHAN Yuen-han, SBS, JP  
Hon IP Kin-yuen  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

**Members absent:**

Dr Hon LAU Wong-fat, GBM, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, BBS, MH  
Hon CHAN Hak-kan, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon Alan LEONG Kah-kit, SC  
Hon WONG Yuk-man  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon MA Fung-kwok, SBS, JP  
Dr Hon Kenneth CHAN Ka-lok  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Hon Christopher CHEUNG Wah-fung, SBS, JP

Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Hon TANG Ka-piu, JP  
Hon CHUNG Kwok-pan  
Hon Tony TSE Wai-chuen, BBS

**Public officers attending:**

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>1</sup>
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Nicholas W YANG, JP	Secretary for Innovation and Technology
Ms Annie CHOI Suk-han, JP	Commissioner for Innovation and Technology
Mr Johann WONG, JP	Deputy Commissioner for Innovation and Technology
Mr Rayson CHAN	Acting Assistant Commissioner for Innovation and Technology (Funding Schemes)
Mr Edwin KEH	Chief Executive Officer, The Hong Kong Research Institute of Textiles and Apparel
Mr Simon WONG	Chief Executive Officer, The Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies
Dr Lawrence CHEUNG	General Manager, The Automotive Parts and Accessory Systems Research and Development Centre
Mr Daniel YU	Chief Executive Officer, The Nano and Advanced Materials Institute

**Clerk in attendance:**

Ms Anita SIT	Assistant Secretary General 1
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**Staff in attendance:**

Mr Derek LO	Chief Council Secretary (1)5
Mr Ken WOO	Senior Council Secretary (1)5
Mr Raymond SZETO	Senior Council Secretary (1)7
Mr Jason KONG	Council Secretary (1)4
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)6

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Action

**Item No. 1 – FCR(2015-16)33**

**INNOVATION AND TECHNOLOGY FUND**

**HEAD 111 – INNOVATION AND TECHNOLOGY**

**Subhead 104 – The Nano and Advanced Materials Institute**

**Subhead 105 – The Hong Kong Research Institute of Textiles and Apparel**

**Subhead 106 – The Automotive Parts and Accessory Systems Research and Development Centre**

**Subhead 107 – The Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies**

The meeting continued with the deliberation of the agenda item FCR(2015-16)33.

2. Mr Frankie YICK said that as a representative of the logistics industry, he acknowledged the contribution of the Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies ("R&D Centre for LSCM"). In this connection, the Electronic Lock ("E-lock") developed by the R&D Centre for LSCM streamlined the clearance of goods significantly, whilst the SMe-Plug, also developed by the R&D Centre for LSCM, could enable small and medium enterprises to complete goods clearance procedures on different electronic platforms. He hoped to continue collaborating with the R&D Centre for LSCM in exploring other enabling technologies, such as postcode system, so as to help enhance the development of the logistics industry. Mr YICK expressed support for this funding proposal.

Motion to adjourn further proceedings

3. At 7:09 pm, Mr Albert CHAN moved a motion under paragraph 39 of the Finance Committee ("FC") Procedure that further proceedings of the Committee should then be adjourned. The Chairman thereupon proposed the question on the motion to adjourn. He directed that each member, when speaking on the question, could speak once for not more than three minutes.

4. Mr Albert CHAN introduced his motion. Mr CHAN expressed his dissatisfaction that the Secretary for Innovation and Technology ("SIT") was not in attendance at this meeting, making it impossible for him to enquire about the policy issues related to the item.

5. Mr James TO, Mr CHAN Chi-chuen, Mr Albert HO, Mr WU Chi-wai, Mr LEUNG Kwok-hung, Ms Cyd HO and Mr LEUNG Yiu-chung indicated support for the motion to adjourn further proceedings. These members opined that many questions needed to be put to the SIT who was absent from the current meeting, including the new policy proposals, visions of commercialization and re-industrialization, performance indicators, and the ways to promote the development of the R&D centres. Hence, it was appropriate for the Committee to adjourn further proceedings and wait for SIT to attend the next meeting and answer members' questions.

6. Mr CHAN Chi-chuen queried that the authorities had failed to lay down relevant criteria for determining whether or not to shut down the R&D centres failing to meet the targets set.

7. Mr Charles MOK spoke against the motion to adjourn further proceedings. He said that as the supplementary provisions involved operating expenses of the four R&D centres, such as staff salaries, not approving the provisions might affect the continuity of their R&D projects and even impair Hong Kong's reputation as a city supporting innovation and technology ("I&T") development. He understood that members had many enquiries about the policies, and he hoped that the officials in attendance could enhance their communication with members both within and outside the Council.

8. Dr CHIANG Lai-wan expressed opposition to the motion to adjourn further proceedings. She proposed that, if the officials in attendance were unable to respond to members' questions, they could take the questions back to their respective bureaux for further consideration and provide the answers at the next meeting. Dr CHIANG expressed support for the continued operation of the R&D centres, which would create employment opportunities. She called on other members to allow SIT, who had just assumed office, some more time to formulate policies.

9. The Administration did not respond to Mr Albert CHAN's motion.

10. Mr Albert CHAN spoke in reply in respect of his motion. The Chairman then put Mr CHAN's motion to vote. At the request of members, the Chairman ordered a division and the division bell was rung for five minutes.

The Chairman announced that 11 members voted in favour of, and 21 members voted against the motion. The votes of individual members were as follows –

*For :*

Mr Albert HO Chun-yan  
Mr James TO Kun-sun  
Ms Emily LAU Wai-hing  
Mr LEUNG Kwok-hung  
Mr WU Chi-wai  
Mr IP Kin-yuen  
(11 members)

Mr LEE Cheuk-yan  
Mr LEUNG Yiu-chung  
Ms Cyd HO Sau-lan  
Mr Albert CHAN Wai-yip  
Mr CHAN Chi-chuen

*Against :*

Mr CHAN Kam-lam  
Prof Joseph LEE Kok-long  
Mr Andrew LEUNG Kwan-yuen  
Ms Starry LEE Wai-king  
Mr IP Kwok-him  
Mr NG Leung-sing  
Mr Frankie YICK Chi-ming  
Mr Charles Peter MOK  
Miss CHAN Yuen-han  
Mr POON Siu-ping  
Mr Christopher CHUNG Shu-kun  
(21 members)

Mr Abraham SHEK Lai-him  
Mr Jeffrey LAM Kin-fung  
Mr WONG Ting-kwong  
Mr WONG Kwok-kin  
Mrs Regina IP LAU Suk-yee  
Mr Steven HO Chun-yin  
Mr YIU Si-wing  
Mr CHAN Han-pan  
Dr Elizabeth QUAT  
Dr CHIANG Lai-wan

11. The Chairman declared that the motion was negated.

Continuation of discussion on agenda item FCR(2015-16)33

12. The Committee continued with the deliberation of agenda item FCR(2015-16)33.

13. Mr James TO remarked that the current funding proposal was an item supported by the Commerce and Economic Development Bureau before the establishment of the Innovation and Technology Bureau ("ITB"). He enquired whether the new SIT had sufficient knowledge of the relevant proposals and put forward his comments.

14. Commissioner for Innovation and Technology ("CIT") advised that before the establishment of ITB, SIT was the Advisor to the Chief Executive on Innovation and Technology and Non-official Member of the Executive Council, who had good understanding of and acknowledged the substance of the funding

proposal concerned, including the work and development directions of the R&D centres. SIT had also proposed nine directions of work on the future development of I&T, and the Administration and the R&D centres would continue to develop I&T along these nine directions of work.

15. Ms Cyd HO enquired about the increase in employment opportunities for local workers if the R&D centres were approved the funding provision.

16. CIT advised that many projects of the R&D centres were developed in collaboration with the industries, such as the imaging color measurement technology and the hand touch Fabric Touch Tester technologies developed by the Hong Kong Research Institute of Textiles and Apparel ("HKRITA"), and the results attained by the R&D centres were also conducive to enhancing the technological level of the industries. At the request of Ms Cyd HO, the Administration undertook to provide supplementary information in respect of the increase in employment opportunities for local workers brought about by the R&D centres after the meeting.

*[Post-meeting note: The supplementary information provided by the Administration was issued vide LC Paper No. FC45/15-16(01) on 11 December 2015.]*

17. Ms Emily LAU noted that while it had been some years since the Administration implemented the Public Sector Trial Scheme ("PSTS") to promote the use of locally developed I&T within the government and the public sector, the number of participating organizations remained on the low side. She enquired whether the Administration would extend the coverage of the Scheme.

18. CIT remarked that the PSTS aimed to encourage the trial of locally developed I&T in government departments and the public sector, and improve the products through trials so as to promote commercialization, but this process would take some time. The number of organizations participating in the PSTS sustained considerable growth over the past few years. The Administration would continue to step up efforts in putting forward the Scheme.

19. Dr CHIANG Lai-wan opined that notwithstanding the many R&D talents in Hong Kong, the Administration did not provide support for the development of enabling technologies and the commercialization of R&D results, and hence many opportunities were lost. She was of the view that the Administration should focus on developing several R&D results and establish the relevant industries.

20. Dr LAM Tai-fai was worried that if the development directions of the R&D centres were led by the industry concerned, the results attained might not be able to benefit the whole industry or catch up with the leading international development. He and Ms Cyd HO requested the Administration to elaborate in detail the future development directions of HKRITA, as well as the differences between such directions and those of other regions, such as Taiwan and South Korea.

21. CIT and Chief Executive Officer, HKRITA advised that the development directions of HKRITA included areas where it had key competitive opportunities, such as high performance materials (for sports, industrial, and health applications), wearable electronics, green materials, sustainable manufacturing, and agile supply chains, and the sale of their patents. When comparing with other regions, such as Taiwan and South Korea, Hong Kong's development directions placed more emphasis on cotton and woolen clothing materials.

Motion to adjourn the discussion on FCR(2015-16)33

22. At 8:09 pm, Mr Albert CHAN moved a motion under paragraph 39 of the FC Procedure to adjourn the discussion on FCR(2015-16)33. The Chairman thereupon proposed the question on the motion to adjourn the discussion on FCR(2015-16)33. The Chairman directed that each member, when speaking on the question, could speak once for not more than three minutes.

23. Mr Albert CHAN introduced his motion. Mr CHAN criticized that the policies on innovation and technology were stuck to the old rut, and the R&D centres were suspected of passing benefits privately by subsidizing mainland enterprises' production on the Mainland with public funds.

24. Mr James TO, Mr LEUNG Kwok-hung, Mr CHAN Chi-chuen, Ms Cyd HO, Mr LEUNG Yiu-chung, Mr Albert HO and Ms Emily LAU expressed support for the motion to adjourn the discussion on FCR(2015-16)33. These members reiterated that they had quite a number of questions to put to SIT, who was not present at this meeting. The officials in attendance might not be able to answer members' questions on the policies concerned, nor could they propose new directions for the policies on I&T and the development of the R&D centres. Hence, it was appropriate for the Committee to adjourn the discussion on FCR(2015-16)33 and wait for SIT to attend the next meeting and answer members' questions.



25. Mr CHAN Han-pan, Dr CHIANG Lai-wan, Mr IP Kwok-him, Mr CHAN Kam-lam, Mr WONG Ting-kwong expressed opposition to the motion to adjourn the discussion on FCR(2015-16)33. These members criticized that some members kept using the tactics of filibustering to hinder the development of Hong Kong. While they agreed that SIT should make every effort to attend FC meetings to answer the questions raised by the members on the agenda items, his absence should not be used by the pan-democratic members as an excuse for filibustering.

26. The Administration did not respond to Mr Albert CHAN's motion.

27. Mr Albert CHAN spoke in reply in respect of his motion. The Chairman then put Mr CHAN's motion to vote. At the request of members, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that eight members voted in favour of, and 18 members voted against the motion. The votes of individual members were as follows –

*For :*

Mr Albert HO Chun-yan  
Mr LEUNG Yiu-chung  
Ms Cyd HO Sau-lan  
Mr Albert CHAN Wai-yip  
(8 members)

Mr James TO Kun-sun  
Ms Emily LAU Wai-hing  
Mr LEUNG Kwok-hung  
Mr CHAN Chi-chuen

*Against :*

Mr CHAN Kam-lam  
Ms Starry LEE Wai-king  
Mr IP Kwok-him  
Mr NG Leung-sing  
Mr Frankie YICK Chi-ming  
Mr Charles Peter MOK  
Miss CHAN Yuen-han  
Mr Martin LIAO Cheung-kong  
Dr CHIANG Lai-wan  
(18 members)

Mr WONG Ting-kwong  
Mr WONG Kwok-kin  
Mrs Regina IP LAU Suk-yee  
Mr Steven HO Chun-yin  
Mr YIU Si-wing  
Mr CHAN Han-pan  
Dr Elizabeth QUAT  
Mr POON Siu-ping  
Mr Christopher CHUNG Shu-kun

28. The Chairman declared that the motion was negatived.

Continuation of discussion on agenda item FCR(2015-16)33

29. The meeting continued with the deliberation of agenda item FCR(2015-16)33.

30. In responding to an enquiry made by Mr James TO, CIT advised that SIT was unable to attend this meeting due to other official commitment.

31. Mr James TO enquired whether government departments giving priority to local R&D projects in procurement would contravene the agreements of the World Trade Organization ("WTO").

32. CIT remarked that according to the requirements of the WTO, procurement of government departments had to be conducted in an open and fair manner, so government departments might not be able to give priority to local R&D projects in procurement. To promote local R&D projects, the Administration had launched the PSTS so that various government departments and the public sector could try out the local R&D projects.

33. Mr LEUNG Yiu-chung enquired about the amount of resources allocated by the R&D centres to develop projects related to social services. He queried that if the R&D centres had not proactively allocated dedicated resources for the development of projects related to social services, the claim of the Administration that the R&D centres could also take account of social services was unsubstantiated.

34. CIT advised that whether the R&D results of R&D centres could be applied to social services hinged on the natures of individual R&D projects. Therefore, it was inappropriate for the Administration to set out a fixed proportion for resources allocation. Nevertheless, the Administration would encourage the development of R&D projects that could be applied to social services. Chief Executive Officer, the Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies ("CEO/R&D Centre for LSCM") added that as far as social services-related R&D and application of are concerned, the main targets of the R&D centres included the elderly and persons with disabilities. Quoting the example of elderly services, an objective of the R&D centres was to assist the elderly persons' activities of daily living by means of I&T, and the R&D results could be offered to social welfare organizations for trial.

35. Mr LEUNG Kwok-hung doubted the contributions of the R&D centres in Hong Kong in terms of robotics. In response, CEO/R&D Centre for LSCM remarked that robotics was applicable to fields such as logistics management, medical surgery and unmanned aircraft systems in Hong Kong.

36. At 8:51 pm, the Chairman announced that the meeting would be extended for 15 minutes. Mr CHAN Chi-chuen and Mr James TO queried the justifications for extending the meeting by the Chairman.

37. Mr Albert CHAN requested the Administration to give an account of the ways to facilitate integration between R&D results and the industries. Mr CHAN Chi-chuen and Mr Albert CHAN requested the Administration to promote local production of R&D results.

38. CIT advised that the R&D centres would make their best efforts to cater for the industries, and that was proven by the increase in the level of industry contribution in recent years. The Government also encouraged local commercialization of R&D results of subsidized projects under the Innovation and Technology Fund ("ITF"), and only local enterprises were eligible for the Enterprise Support Scheme. Furthermore, the R&D centres or the universities would be vested with the intellectual property of the subsidized projects under the ITF unless the industry contribution towards the projects accounted for more than 50% of the project costs. At the request of members, the Administration would consider drawing up performance indicators for the R&D centres in respect of local production of their R&D results.

[*Post-meeting note:* The supplementary information provided by the Administration was issued vide LC Paper No. FC45/15-16(01) on 11 December 2015.]

39. At 9:15 pm, the Chairman declared that the meeting be adjourned, and that the outstanding items would be carried over to the next meeting for further deliberation.

40. The meeting was adjourned at 9:15 pm.

Legislative Council Secretariat  
15 March 2016