

**立法會**  
***Legislative Council***

LC Paper No. FC318/15-16  
(These minutes have been  
seen by the Administration)

Ref : FC/1/1(33)

**Finance Committee of the Legislative Council**

**Minutes of the 72<sup>nd</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Friday, 10 June 2016, at 5:10 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 TAM Yiu-chung, 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 Cyd HO Sau-lan, JP  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Hak-kan, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon CHEUNG Kwok-che  
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 Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Albert CHAN Wai-yip

Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
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 MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, JP  
Dr Hon Kenneth CHAN Ka-lok  
Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
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 IP Kin-yuen  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu, JP  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Alvin YEUNG Ngok-kiu

**Members absent:**

Hon LEUNG Yiu-chung  
Dr Hon LAU Wong-fat, GBM, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, GBS, JP

Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, BBS, MH  
Hon WONG Ting-kwong, SBS, JP  
Dr Hon LEUNG Ka-lau  
Hon WONG Yuk-man  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Tony TSE Wai-chuen, BBS

**Public officers attending:**

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr CHEUK Wing-hing, JP	Permanent Secretary for Innovation and Technology
Mrs Millie NG KIANG Mei-nei	Deputy Secretary for Innovation and Technology
Ms Annie CHOI Suk-han, JP	Commissioner for Innovation and Technology
Mr Johann WONG Chung-yan, JP	Deputy Commissioner for Innovation and Technology
Mr Bryan HA Kwok-fung	Assistant Commissioner for Innovation and Technology (Funding Schemes)
Miss Susie HO Shuk-yee, JP	Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries)
Mr Joe WONG Chi-cho, JP	Deputy Secretary for Commerce and Economic Development (Communications and Creative Industries)
Mr Ivanhoe CHANG Chi-ho	Principal Assistant Secretary for Commerce and Economic Development (Communications and Creative Industries) B

Mr Wellington FUNG Wing

Assistant Head of Create Hong Kong  
(2)

**Clerk in attendance:**

Ms Anita SIT

Assistant Secretary General 1

**Staff in attendance:**

Mr Derek LO

Chief Council Secretary (1)5

Mr Raymond SZETO

Council Secretary (1)6

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Michelle NIEN

Legislative Assistant (1)5

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Action

**Item No. 3 – FCR(2016-17)38**

**INNOVATION AND TECHNOLOGY FUND**

**HEAD 111 – INNOVATION AND TECHNOLOGY**

**New Subhead – "Midstream Research Programme for Universities (block vote)"**

**HEAD 184 – TRANSFERS TO FUNDS**

**Subhead 992 – "Payment to the Innovation and Technology Fund"**

The Committee continued with the deliberation of the agenda item FCR(2016-17)38.

2. As announced by the Chairman at the beginning of the first meeting of the day, this meeting was chaired by the Deputy Chairman.

Assessment criteria

3. Members noted that expert panels would be established in respective technology areas in order to assess the applications under the Midstream Research Programme ("MRP") specially established for universities funded by the University Grants Committee ("UGC") according to the assessment criteria listed in paragraph 8(e) of the paper under this item.

4. Dr Kenneth CHAN asked about the weightings of the assessment criteria. Having regard that the Administration's policy was to encourage local universities to conduct more translational research works for further downstream research or product development, Dr Kenneth CHAN, Mr Albert CHAN and Mr LEUNG Kwok-hung were of the view that among the assessment criteria, "Plan for downstream research and/or product development activities" (i.e. item 8(e)(iv) of the paper) should carry the highest weighting. Mr Albert CHAN considered that promoting translational research activities which had the potential of leading to downstream research and enhancing commercialisation opportunities would help to develop local industries and create job opportunities in Hong Kong, and this was in line with the policy of supporting the integration of research and industry.

5. The Permanent Secretary for Innovation and Technology ("PSIT") responded that the expert panels would consider from various perspectives when assessing the financing applications of universities. He acknowledged that the proposals for the "Plan for downstream research and/or product development activities" in the projects which applied for MRP was one of the important criteria when assessing the applications by the expert panels. Regarding members' view that the "Plan for downstream research and/or product development activities" should carry a higher weighting than other assessment criteria, the Administration would consider such views when implementing the details of the plan.

#### Collaborations with science and research institutions outside Hong Kong

6. Mr LEUNG Kwok-hung enquired whether promoting collaborations between local science and research institutions and their counterparts outside Hong Kong was one of the objectives of MRP.

7. PSIT clarified that collaboration with science and research institutions outside Hong Kong was not a requirement for participating in MRP. He pointed out that the Administration provided funding support to 16 Partner State Key Laboratories ("Partner SKLs") and six Branches of Chinese National Engineering Research Centres ("Hong Kong Branches") in Hong Kong at present through the Innovation and Technology Fund ("ITF"). Such funding support was not related to the proposed funding for MRP.

8. In response to the question raised by Ms Claudia MO, Commissioner for Innovation and Technology ("CIT") pointed out that those 16 Partner SKLs and six Hong Kong Branches were local science and research institutions. By virtue of their outstanding achievements, they were selected by the State Ministry of Science and Technology as partnering institutions of its key laboratories or branches of the engineering research centres. Apart from the Hong Kong Branch of the National Engineering Research Centre for Application Specific Integrated Circuit System, which was under the Hong Kong Applied Science and Technology Research Institute, all other Partner SKLs and Hong Kong Branches were attached to universities. Besides, overseas institutions (such as the Massachusetts Institute of Technology and Karolinska Insitutet of Sweden) also had plans to establish science and research centres in Hong Kong.

#### Eligibility for application

9. Pointing out that many institutions nowadays established subsidiary companies in overseas countries, Dr Kenneth CHAN asked the Administration if such subsidiary companies were eligible to apply for MRP. PSIT responded that the lead applicant of an MRP project must be a UGC-funded institution and that the majority of the research work should be carried out in Hong Kong. He said that the research and development ("R&D") projects carried out by local or overseas companies established by UGC-funded institutions were not eligible to apply for MRP.

#### Intellectual property rights and benefit sharing

10. Mr CHAN Chi-chuen noted that the intellectual property rights ("IPRs") and profits of projects funded by MRP would be vested with the lead applicant or shared with its partner institution(s) in accordance with the established policy of respective institutions; and "IP rights and benefit sharing" was one of the criteria for assessing the applications. In this connection, Mr CHAN enquired how the Administration could affirm the actual production outcomes of relevant projects at the stage of submission of applications, and thereby determine whether the benefit sharing proportion claimed by the lead applicant of an MRP project was equitable and proportional.

11. In response, CIT pointed out that all the six universities now had their own Technology Transfer Offices to provide support for technology transfer activities and realization of R&D results, and to deliver professional support services, such as financial management (including how to share the benefits arising from the projects with partners) and protection of IPRs. Generally speaking, the universities had their own established mechanisms for dealing with the relevant issues. The Administration would respect the established mechanisms of the relevant universities when considering the "IP rights and benefit sharing" proposals in MRP applications.

Control and review mechanism

12. Mr Alan LEONG was concerned about how the Administration would monitor the operation of MRP, including how to ensure that the expert panels would maintain an objective and unbiased view free from political considerations when assessing the applications. He also enquired whether the Administration would establish a review mechanism for MRP.

13. PSIT responded that the Administration would appoint persons with considerable achievement and standing in the relevant trades and academic sectors as members of the expert panels. As for the control and review mechanism, the universities which successfully applied for MRP would be required to sign a project agreement with the Government. All approved projects would be monitored by ITC against the milestones stated in the applications. The universities had to submit periodic progress reports, and upon project completion, they were also required to submit final reports and audited accounts of the projects to ITC.

14. Mr Martin LIAO expressed support for MRP. He enquired whether the Administration would conduct regular reviews on the effectiveness of the programme, and whether it would establish a set of major performance indicators including, among others, the application of the research results.

15. CIT said that the Administration intended to encourage more midstream research projects through MRP, thereby initiating further downstream researches or product development. However, in fact, not all R&D outcomes could ultimately be translated into practical applications. In this connection, the Administration would duly examine whether the key technology areas and specific research topics for MRP could meet the needs of downstream R&D activities when conducting reviews on the programme in future. PSIT added that the Administration would receive the views of the relevant stakeholders when implementing the details of MRP.

Funding arrangement

16. Mr James TIEN queried that the Administration's move of seeking a one-off provision of \$2 billion from the Legislative Council ("LegCo") in order to provide funding support for MRP was tantamount to enabling the authorities to circumvent LegCo in securing fund allocations for individual MRP projects in future. This would also deprive LegCo of its power to monitor whether the funds were used properly in future. He enquired about the details of other funds which were established similarly with one-off provisions and their amounts.

17. CIT responded that the funding arrangement for MRP was largely the same as that for ITF. She explained that ITF was established in 1999 with an appropriation of \$5 billion approved by LegCo. Approval was also given to the delegation of authority to the Financial Secretary to approve individual projects not exceeding the prevailing funding ceiling of a Category D project in the Public Works Programme, which was currently \$30 million. Projects exceeding such funding ceiling would require separate submissions to FC for approval.

Other measures to promote midstream R&D activities in universities

18. Dr Kenneth CHAN noted that the Innovation and Technology Bureau would meet with the Education Bureau in June/July 2016 to explore measures for supporting universities to carry out more midstream R&D projects. In this connection, he requested the Administration to provide information to the Committee after that meeting on the key areas discussed at the aforementioned meeting.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LegCo Paper No. FC274/15-16(01) on 7 July 2016.]*

Assisting the trades to invest in local research and development projects

19. Mr CHUNG Kwok-pan pointed out that some trade practitioners had expressed their intention to invest in local R&D projects, but the projects were not approved by the government departments concerned. He requested the Administration to undertake that it would provide assistance and support to the trades in making investments and establishing their plants in order to promote local R&D results, especially to transform the results of Government-funded R&D projects into production.



20. PSIT responded that the Administration had been providing support in the application and realization of local R&D results. The existing supporting facilities or those confirmed to be provided, including the multi-storey high-efficiency specialized buildings developed in industrial estates, which would be used for smart production adopting local R&D outcomes. However, due to limited land supply in Hong Kong, except for individual cases of which local production might be made possible, the Administration also encouraged enterprises to proceed with such activities like R&D, financing, registration of IPRs and sales marketing in Hong Kong, whereas their production lines were to be set up in the Mainland or South East Asia.

Motions proposed to be moved under Paragraph 37A of the Finance Committee Procedure

21. The Deputy Chairman put to vote the questions, one by one, that the motions proposed by Mr Albert CHAN numbered [0001 and 0002](#) be proceeded forthwith. As requested by members, the Deputy Chairman ordered a division for each of the proposed motions, and the division bell was rung for five minutes for each division. With the agreement of the Deputy Chairman, Mr Albert CHAN read out each of his proposed motions when the division bell was ringing. Both questions were negatived.

Voting on FCR(2016-17)38

22. The Deputy Chairman put the item to vote. At the request of members, the Deputy Chairman ordered a division and the division bell was rung for five minutes. The Deputy Chairman announced that 36 members voted in favour of and three members voted against the item. The voting results of individual members were as follows –

*For:*

Mr LEE Cheuk-yan  
Mr TAM Yiu-chung  
Mr Jeffrey LAM Kin-fung  
Ms Starry LEE Wai-king  
Mr CHEUNG Kwok-che  
Mr IP Kwok-him  
Ms Claudia MO  
Mr Steven HO Chun-yin  
Mr WU Chi-wai  
Mr MA Fung-kwok

Mr James TO Kun-sun  
Mr Tommy CHEUNG Yu-yan  
Mr Andrew LEUNG Kwan-yuen  
Mr CHAN Hak-kan  
Mr WONG Kwok-kin  
Mrs Regina IP LAU Suk-yee  
Mr Michael TIEN Puk-sun  
Mr Frankie YICK Chi-ming  
Mr YIU Si-wing  
Mr Charles Peter MOK

Mr CHAN Han-pan	Miss CHAN Yuen-han
Mr LEUNG Che-cheung	Miss Alice MAK Mei-kuen
Mr Dennis KWOK	Mr Christopher CHEUNG Wah-fung
Dr Fernando CHEUNG	Mr SIN Chung-kai
Dr Helena WONG	Dr Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Mr TANG Ka-piu	Dr CHIANG Lai-wan
Mr Christopher CHUNG Shu-kun	Mr Alvin YEUNG Ngok-kiu
(36 members)	

*Against:*

Mr LEUNG Kwok-hung	Mr Albert CHAN Wai-yip
Mr CHAN Chi-chuen	
(3 members)	

23. The Deputy Chairman declared that the Committee approved the item.

**Item No. 4 – FCR(2016-17)39**

**HEAD 55 – GOVERNMENT SECREATARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND CREATIVE INDUSTRIES BRANCH)**

**Subhead 700 – General non-recurrent**

**Item 480 – Film Development Fund**

24. The Deputy Chairman advised that the item sought the Committee's approval of an increase in the commitment by \$20 million for the Film Development Fund ("FDF") in order to raise the maximum level of subsidy of the subsidy scheme for Hong Kong films (Cantonese version) distributed in the Mainland ("subsidy scheme") from the current amount of HKD\$250,000 to HKD\$500,000 per movie. The Panel on Information Technology and Broadcasting ("ITB Panel") was consulted on the relevant funding proposal on 14 March 2016.

Level of subsidy

25. Mr WU Chi-wai queried that the current proposed level of subsidy might not be sufficient to achieve the purpose of motivating Hong Kong's filmmakers to explore the Mainland market. Mr WU enquired about the level of sales and distribution ("S&D") expenses required for distributing Hong Kong-produced movies across the Mainland, and whether the Administration had taken into account the S&D expenses required for distributing movies

outside Guangdong Province when determining the level of subsidy under the subsidy scheme. Besides providing subsidy, he asked whether other measures were in place to support the release of Hong Kong-produced Cantonese movies in cinemas in the Mainland.

26. Assistant Head of Create Hong Kong (2) ("AH(2)") pointed out that the S&D expenses required for distributing Hong Kong movies in Guangdong Province were about RMB 400,000 to 450,000; as for Mainland-wide distribution, the expenses required were approximately RMB 3.5 million or above. The Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PSCCI") explained that the proposal to subsidize the S&D expenses at a maximum amount of HKD\$500,000 per movie through the subsidy scheme aimed to suitably encourage Hong Kong's filmmakers to explore the Mainland market by sharing out their financial risks. Since Guangdong Province was the major market for Cantonese movies in the Mainland, the primary requirement for a movie to be eligible for subsidy was that it must have been screened in Guangdong Province in not less than 50 cinemas. She said that, as far as she understood, two movies already planned to apply for the subsidy after the level of subsidy was raised. Moreover, various measures had been implemented to promote Hong Kong movies in the Mainland, including organising Hong Kong Film Festival in Guangdong Province, as well as co-organising other joint promotion events in Guangdong, Hong Kong and Macao.

27. Mr MA Fung-kwok declared that he was the Chairman of Hong Kong Film Development Council, and had participated in the vetting of applications for film subsidy under FDF. He pointed out that with the introduction of the Mainland-Hong Kong Closer Economic Partnership Arrangement ("CEPA"), the quotas or geographical restrictions imposed on Hong Kong films distributed in the Mainland were relaxed. The number of Mainland distributors which could distribute Hong Kong movies increased significantly from two to over 200. However, based on the amount of subsidy, the proposed injection of HK\$20 million into the subsidy scheme could only benefit around 40 to 50 Hong Kong-produced Cantonese movies. Mr MA also worried that as the large-scale Hong Kong-Mainland co-productions might use up most of the quotas in the subsidy scheme, the opportunities for low-to-medium budget movies to obtain the S&D subsidy would be affected. He enquired when the Administration would expect the funding be used up, and whether there would be further funding injection subject to the effectiveness of the subsidy scheme. Mr WU Chi-wai enquired about the approximate number of movies expected to be eligible for subsidy under the subsidy scheme each year.

28. AH(2) clarified that according to the current mechanism of the subsidy scheme, the movies eligible for the subsidy must be Hong Kong movies which had been approved to be distributed and screened in Guangdong Province under the favourable measures of CEPA. In other words, they must be feature-length Hong Kong-produced Cantonese movies, instead of Hong Kong-Mainland co-productions. Such films, usually with a production cost of less than \$10 million, were low-to-medium budget films. Moreover, PSCCI pointed out that currently among the 20-30 Hong Kong-produced movies released each year, around four to five of them were screened in the Mainland. When projecting from such record, the subsidy scheme could support a similar number of movies each year, yet the actual number depended on the response of the industry and it was difficult to estimate at present. As estimated by the authorities, the additional funding for the subsidy scheme could be sustained up to 2019. She supplemented that if the scheme was effective, further funding injection would be sought under the established mechanism.

### Eligibility

29. In response to the enquiries of Ms Claudia MO and Mr CHAN Chi-chuen, PSCCI pointed out that eligible films should have a permit of public exhibition issued by the State Administration of Press, Publication, Radio, Film and TV for screening in the Mainland.

30. Given that many movies were released on large websites in the Mainland at present, Mr YIU Si-wing asked whether the Administration would keep abreast of the latest development by allocating resources to assist the release of Hong Kong movies on large websites, besides cinemas, in the Mainland. The Deputy Chairman concurred with Mr YIU's view, and said that as the box office receipts of films which were screened in cinemas had often not been satisfactory in recent years, the Administration should explore the development of online film market.

31. PSCCI pointed out that under the current mechanism, the primary requirement for application was that a movie must be a feature-length Hong Kong-produced Cantonese movie suitable for commercial theatrical exhibition. She said that although there was diversification in the film industry, cinemas were still the main channels for exhibition of commercial films. At this stage, the Administration had no plan to provide funding support for films to be released on the internet through FDF. She added that there were other mechanisms at present for promoting local non-commercial movies, such as the new wave short film competitions organised by the Hong Kong Arts Development Council.

Box office receipts of subsidized films

32. According to the information provided by the Administration, in 2014, the cinemas in Guangdong Province generated box office receipts of RMB 4.15 billion. In this connection, Mr CHAN Chi-chuen enquired about the number of Hong Kong-produced Cantonese films screened in Guangdong Province and their share in the box office receipts in 2014.

33. AH(2) pointed out that as Cantonese and Putonghua versions were usually available when Hong Kong films were released in the Mainland, the Administration had no information regarding the box office receipts generated by the Cantonese versions of Hong Kong films. He explained that according to the information provided by the film sector, as there were more Cantonese-speaking audiences in Guangdong Province, the box office receipts of the Cantonese versions of films were generally 30% higher than those of the Putonghua versions.

34. Regarding the information in the Administration's supplementary information paper (LC Paper No. CB(4)822/15-16(01)) provided to the ITB Panel concerning the box office receipts of three movies subsidized under the subsidy scheme, Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung were dissatisfied with the inability of the Administration in providing information on the box office receipts generated by *Grey Met Shrek* in Hong Kong. They considered that the Administration should request the film production company concerned to provide such information, so that the cost-effectiveness of the subsidies provided by the authorities could be assessed. Mr CHAN Chi-chuen enquired about the S&D expenses incurred for exhibition of the above three movies in Guangdong Province. Moreover, Mr CHAN pointed out that according to the information provided in that paper, the box office receipts of the four Hong Kong movies, which were financed by the Film Production Financing Projects ("FPFP") and screened in Hong Kong in 2015, were not satisfactory. Among these films, the box office receipts of *Lost in Wrestling* and *Love Expert* were only \$3,729 and \$5,625 respectively. He queried the cost-effectiveness of FPFP.

35. AH(2) responded that the S&D expenses of all the three movies which were financed by the subsidy scheme and screened in Guangdong Province exceeded RMB 400,000. Among these movies, the S&D expenses of *The Way We Dance* amounted to RMB 600,000. He said that the amount of box office receipts was not the only criteria for assessing the effectiveness of FDF in providing financing support for the film industry. He further pointed out that a movie was regarded as an official movie once it was screened in

cinemas, the fees for its broadcasting rights on the internet and at movie channels in future would be higher in comparison with the fees of movies that had never been screened in cinemas. PSCCI added that it was difficult to predict or affirm the box office receipts of a movie when vetting a subsidy application. Not every movie subsidized or financed by FDF could have satisfactory box office receipts, but there were successful examples. She stressed that the subsidy could encourage more local film productions and help promote Hong Kong movies in the Mainland market.

#### Approval and control mechanism

36. Ms Claudia MO expressed support for the funding proposal. Ms MO considered that film production might not bring about good commercial revenue, but if the reviews and box office receipts of a subsidized movie were not good, it implied that the public funds were not used properly. She enquired about the assessment process of the subsidy schemes under FDF, and was concerned whether political censorship would be exercised in the process of assessment, including whether the applications of movies with politically-sensitive themes (for example, *Ten Years*) would be rejected.

37. In response, PSCCI pointed out that the eligibility of a movie for funding support from the subsidy schemes under FDF would be determined by the experts of the Fund Vetting Committee ("FVC") in an independent, open and transparent process. The experts responsible for vetting would consider various criteria, including commercial arrangements, expected box office receipts and creativity of scripts, in an objective manner in the process of assessment.

38. Regarding Ms Claudia MO's enquiry on the background of the experts responsible for assessment, the Deputy Chairman reminded her that the relevant information was listed in Enclosure 3 to the paper provided for the item. Ms Claudia MO and Mr Gary FAN expressed dissatisfaction that the Deputy Chairman did not allow members to raise questions. The Deputy Chairman said that to make good use of the time at the meeting, Members should not ask questions on information already contained in the paper.

39. Mr Martin LIAO queried that among the existing members of FVC under FDF, only two were independent members while the remaining 10 were industry members. This was not consistent with the practice of other vetting committees which were dominated by independent members in order to maintain impartiality. He was worried that FVC members might have conflict of interests (including personal interest and interest of the trade) in the process of vetting the subsidy applications, and requested the Administration to review whether there was a need to improve the current arrangements.

40. PSCCI explained that members of FDF and FVC must abide by a stringent system of declaration of interests when vetting the subsidy applications. Members who had conflict of interests with the project in the application could not participate in the vetting process. As the duty of FVC members was mainly to vet the subsidy applications relating to films, it was appropriate for industry members who were familiar with film production to be FVC members. Moreover, as the controlling officer of FDF, she was responsible for monitoring the operation of FDF. The operation of FDF was also subject to the audits to be conducted by the Audit Commission from time to time.

41. AH(2) added that FVC would vet the subsidy applications under a two-tier system. First, industry professionals who were not related to the films being vetted would determine the scores of the films independently in the first round. FVC would then conduct a comprehensive assessment on the films, factors to be considered included the market value of the films, creativity of scripts and reasonableness of production costs. FVC would also review if the scorings given by industry professionals in the first round were fair.

#### Other concerns and views

42. Miss CHAN Yuen-han pointed out that there were not enough cinemas in Hong Kong at present for showing various types of films. She enquired whether the Administration had formulated policies and detailed planning for increasing the number of cinemas in order to address the problem.

43. The Deputy Chairman was of the view that Miss CHAN Yuen-han's question was not directly related to the proposed funding. He invited the Administration to respond briefly and provide supplementary information after the meeting, so as to enable members to follow up the issue at relevant panels. PSCCI responded that the Chief Executive proposed in his Policy Address in 2015 that the Administration would explore ways to facilitate cinema development through land sale and planning. The Administration was exploring whether the terms and conditions of the land leases could dovetail

with such initiatives, and had put forward to the West Kowloon Cultural District Authority the proposal of developing cinemas in West Kowloon Cultural District. The Administration agreed to provide supplementary information after the meeting.

[*Post-meeting note:* The supplementary information paper provided by the Administration was issued to members vide LegCo Paper No. FC271/15-16(01) on 29 June 2016.]

44. The meeting was adjourned at 7:11 pm.

Legislative Council Secretariat  
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