

**立法會**  
***Legislative Council***

LC Paper No. CB(1)890/15-16  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 16 February 2016, 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 Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Dr Hon LAM Tai-fai, SBS, 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, SBS, MH, JP  
Hon CHUNG Kwok-pan

**Member absent** : Hon Emily LAU Wai-hing, JP

**Public officers attending** : Agenda item IV  
Ms Ophelia TSANG  
Principal Assistant Secretary for Commerce &  
Economic Development (Commerce & Industry) 5

Mrs Hedy CHU  
Deputy Director-General of Trade and Industry  
(Bilateral Trade, Controls & Industries Support)

Miss Winsome AU  
Assistant Director-General of Trade and Industry  
(Mainland)

Agenda item V

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 Charles NG  
Director-General of Investment Promotion (Acting)

Mr Francis HO  
Associate Director-General of Investment Promotion 3

**Clerk in attendance :** Mr Desmond LAM  
Chief Council Secretary (1)3

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

Miss Judy YEE  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)3

---

Action    **I.      Confirmation of minutes of meeting**  
                         (LC Paper No. CB(1)548/15-16      -- Minutes of meeting held on 15  
                         December 2015)

The minutes of the meeting held on 15 December 2015 were confirmed.

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

(File Ref: CITB CR 67/53/1 -- Legislative Council Brief on United Nations Sanctions (Iran) (Amendment) Regulation 2016

File Ref: CITB CR 102/53/1 -- Legislative Council Brief on United Nations Sanctions (Somalia) (Amendment) Regulation 2016

LC Paper No. CB(1)521/15-16(01) -- Joint letter dated 28 January 2016 from eight members of the beauty industry on the launch of the "Beauty Industry Professional Development Charter")

2. Members noted the above papers issued since the last meeting.

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

(LC Paper No. CB(1)550/15-16(01) -- List of outstanding items for discussion

LC Paper No. CB(1)550/15-16(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 15 March 2016 from 2:30 pm to 4:30 pm to discuss the following items proposed by the Administration :

(a) Progress on the promotion of intellectual property trading; and

(b) Establishment of a new Hong Kong Economic and Trade Office ("ETO") in Jakarta.

4. In respect of the discussion item in paragraph 3(b) above, Mr Jeffrey LAM requested the Administration to furnish the Panel with details of the proposed new ETO in Jakarta, including its staffing, scale of operation and related preparatory work. Given that there were many countries along the Silk Road Economic Belt and the 21st Century Maritime Silk Road ("Belt and Road"), Mr LAM was of the view that establishing just one new ETO in Jakarta would not be adequate to support Hong Kong to promote its trade interests in and strengthen its trade ties with the countries concerned. In this connection, Mr LAM urged the Administration to consider establishing more ETO offices/liaison units in other

Belt and Road countries, or setting up a "Hong Kong Desk" in overseas offices of the Government's related organizations (such as Hong Kong Trade Development Council and Hong Kong Tourism Board) and the Ministry of Commerce of the People's Republic of China in such other Belt and Road countries to facilitate Hong Kong's business sector to tap the business opportunities arising from the Belt and Road Initiative. He considered that the Administration should brief the Panel on its plan to enhance the ETO network in the Belt and Road region at the next Panel meeting in conjunction with the deliberation of the proposal for the setting up of the new ETO in Jakarta. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") undertook to provide in the Administration's paper to the Panel the details of the proposed new ETO in Jakarta and, as far as possible, information relating to the enhancement of ETO network in the Belt and Road region in response to Mr Jeffrey LAM's view expressed at the meeting.

*(Post-meeting note: The Secretariat had sent a letter to the Secretary for Commerce and Economic Development on 18 February 2016 to convey members' request for the provision of information and briefing by the Administration on the initiatives mentioned in paragraph 4 above at the next Panel meeting to be held on 15 March 2016.)*

#### **IV. Progress on further liberalization under the Mainland and Hong Kong Closer Economic Partnership Arrangement**

(LC Paper No. CB(1)550/15-16(03) -- Administration's paper on "Progress on Further Liberalisation under the Mainland and Hong Kong Closer Economic Partnership Arrangement"

LC Paper No. CB(1)550/15-16(04) -- Paper on the Mainland and Hong Kong Closer Economic Partnership Arrangement prepared by the Legislative Council Secretariat (background brief))

#### Presentation by the Administration

5. At the invitation of the Chairman, Deputy Director-General of Trade and Industry (Bilateral Trade, Controls & Industries Support) ("DDGTI") briefed members on the Agreement on Trade in Services ("the Agreement") signed on 27 November 2015 under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA") between the Hong Kong Special Administrative Region Government and the Ministry of Commerce to further open

up the services market, thereby basically achieved liberalization of trade in services between the Mainland and Hong Kong. Details of the Agreement were set out in the Administration's paper (LC Paper No. CB(1)550/15-16(03)).

### Discussion

#### *Possible synergy of the Belt and Road Initiative and the Mainland and Hong Kong Closer Economic Partnership Arrangement*

6. Mr Jeffrey LAM remarked that the emerging economies along the Belt and Road would have an increasing demand for high-end professional services which Hong Kong had advantages. In this connection, Mr LAM considered that the Administration should leverage on the advantages of the liberalisation measures under CEPA to help the professional services sector of Hong Kong grasp the business opportunities arising from the Belt and Road Initiative. Meanwhile, he urged the Administration to study the possible synergy of the Belt and Road Initiative and CEPA in attracting business and trade corporations as well as financial institutions from the Belt and Road economies to set up their business in Hong Kong, so as to facilitate further economic development of Hong Kong.

7. DDGTI responded that CEPA had provided for arrangement in respect of mutual recognition of professional qualifications between Mainland and Hong Kong to facilitate the professionals of Hong Kong to gain preferential access to the Mainland market. Pursuant to the relevant arrangement, Hong Kong professionals were allowed to take Mainland qualification examinations to obtain relevant professional qualifications in the Mainland in order to practise in the Mainland. At present, people from over 40 Hong Kong professional or technical disciplines could sit for professional qualification examinations in the Mainland. The two sides had also reached agreements for mutual recognition of professional qualifications or made arrangements for mutual exemption of some examination papers under CEPA in the construction, securities and futures, accounting and real estate sectors. The Administration would continue discussion with the Mainland authorities under the existing mechanism to strive for further liberalisation and facilitation for Hong Kong enterprises and professionals.

8. On assisting Hong Kong enterprises to tap the business opportunities in countries along the Belt and Road, DDGTI said that it would be the focus of the work of the Trade and Industry Department ("TID") in the future to forge Free Trade Agreements and Investment Promotion and Protection Agreements with countries along the Belt and Road to enhance economic and trade connections between the local industry and the relevant countries and to protect their investment therein. In respect of attracting overseas companies to set up business

operation in Hong Kong, DDGTI said that InvestHK had launched investment promotion work overseas, including those countries along the Belt and Road, to encourage companies to set up their operation or production base in Hong Kong to take advantage of the preferential arrangements provided by CEPA in entering the Mainland market.

*Difficulties encountered by Hong Kong companies in entering the Mainland market*

9. Ir Dr LO Wai-kwok said that although the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalization of Trade in Services in Guangdong ("Guangdong Agreement") had provided for liberalisation measures to implement on an early and pilot implementation basis to achieve basic liberalisation of trade in service in Guangdong, Hong Kong companies still faced difficulties in entering the Guangdong market given that the related approval procedures remained unclear. He cited a case where the branch office of a Hong Kong engineering consultant company in Zhuhai, which used to support the company's business in Hong Kong and Macao in the past, had encountered difficulties in securing the relevant licence in the Mainland in order to commence business operation in the Guangdong province pursuant to the liberalisation measures under the Guangdong Agreement. Although the company concerned had obtained relevant approval from the municipal government of Zhuhai and the provincial government of Guangdong, the final approval remained vested with the concerned authorities in Beijing. The company concerned up to present had yet to obtain the approval from the relevant Beijing authorities for commencement of business in Guangdong. Ir Dr LO enquired how the Administration would assist Hong Kong companies in resolving the above issue and the Government bureaux/departments responsible for the matter.

10. DDGTI advised that the arrangement of mutual recognition of professional qualifications between Mainland and Hong Kong in respect of the construction sector under CEPA was in place. There was a wide range of professions in the construction sector and the requirements of various provinces and municipalities in respect of the granting of licences/qualifications for different construction-related professions might be different. At present, some professionals were allowed to practise in the whole Mainland while some were only allowed to practise in Guangdong on an early and pilot implementation basis under CEPA. DDGTI added that pursuant to the liberalisation measures relating to the construction, design and urban planning services sectors under the new Agreement on Trade in Services, the pilot scheme of allowing Hong Kong professionals who had obtained Mainland's various construction-related qualifications, including Urban Planner, Supervision Engineer, etc. to register and practise would be expanded from Guangdong to Guangxi and Fujian. DDGTI said that there was an established mechanism to resolve implementation issues of

CEPA, and companies of the construction sector could seek assistance from the Development Bureau, or TID where a dedicated hotline on CEPA had been set up. In response to the Chairman's request, DDGTI advised that the Government bureau/department concerned would look into the case mentioned by Ir Dr LO should more detailed information be available.

**V. Promotion of inward investment**

(LC Paper No. CB(1)550/15-16(05) -- Administration's paper on "Promotion of Inward Investment"

LC Paper No. CB(1)550/15-16(06) -- Paper on promotion of inward investment prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

11. At the invitation of the Chairman, PSCIT briefed members on the investment promotion work and major achievements of Invest Hong Kong ("InvestHK") in 2015 as well as the way forward for 2016. PSCIT highlighted that since its establishment in 2000, InvestHK had completed 3 820 investment projects, supporting companies from overseas, Mainland and Taiwan to set up and expand their business in Hong Kong. These projects had created more than 41 200 jobs in the first year of operation or expansion of the companies.

12. PSCIT reported that InvestHK had completed a record number of 375 projects in 2015, involving direct investment of more than \$10.1 billion and were able to create more than 3 600 jobs within the first year of operation or expansion of the companies. In 2016, InvestHK would continue to implement the Administration's economic policy initiatives and accord priority to attracting investment from the Mainland and emerging markets like the Association of South East Asian Nations ("ASEAN"), as well as attracting start-ups to come to Hong Kong.

Discussion

*Strategies on inward investment promotion*

13. Mr Charles MOK was concerned that there were only a total of 40 000 new jobs created by companies assisted by InvestHK in their first year of operation since 2000. Mr MOK was of the view that a majority of the jobs created were not quality jobs which would interest young people to enter the technology sector. He suggested that InvestHK should attract well-established multinational

enterprises to set up research and development ("R&D") offices in Hong Kong like other Asian economies, and to analyze the nature of jobs for a comprehensive assessment of InvestHK's effectiveness in enhancing employment opportunities.

Admin 14. PSCIT noted Mr MOK's suggestion and replied that the Administration would try including more information on the employment opportunities brought about by companies which had set up or expanded their business operations in Hong Kong such as the number and types of jobs created, in the next report of the work of InvestHK to the Panel. He added that to follow up on the companies established with the assistance of InvestHK and their subsequent development in Hong Kong, a survey was conducted last year, the results of which showed that most of these companies were still operating in Hong Kong with more staff members. PSCIT added that Innovation and Technology ("I&T") would be one of the target sectors for promotion in the coming year.

15. Director-General of Investment Promotion (Acting) ("DGIPA") supplemented that Hong Kong's geographic proximity to the Mainland, free flow of information remained attractive to overseas high value-added companies and I&T talents. In this connection, InvestHK had been working closely with Cyberport and Hong Kong Science and Technology Park ("HKSTP") to attract overseas enterprises to set up high value-added R&D offices in Hong Kong, and successful examples included the setting up of the first R&D centre of Huawei Technologies Investment Company Limited in HKSTP where both local and overseas talents were employed, and the R&D office of The Creative Life Mobile Communication (Hong Kong) Company Limited to be set up in HKSTP where local talents would also be employed. DGIPA advised that following the Massachusetts Institute of Technology's ("MIT") announcement of setting up an innovation node in Hong Kong, InvestHK continued to encourage MIT and other renowned research institutions to set up R&D elements in Hong Kong. Furthermore, InvestHK would encourage large companies to establish corporate treasury centres ("CTCs") in Hong Kong. At the road shows held in a number of places including Silicon Valley, London, Cambridge, Germany and Sweden, InvestHK also sought to attract high value-added companies to set up R&D offices in Hong Kong. These efforts contributed to bringing high value-added industries and employment opportunities to Hong Kong.

16. Mr Martin LIAO observed that other Asian economies such as India and Singapore had been offering incentives including tax reduction and cash reward for expenditure on technology-related activities to attract investment from multinational technology enterprises. To maintain Hong Kong's competitive edges, Mr LIAO asked whether the Administration would consider introducing measures such as tax deduction to attract and retain high value-added technology companies to expand their business in Hong Kong.



17. PSCIT replied that instead of offering incentives tailored for individual investors, the Administration had all along maintained an open and level playing field for business investment. Apart from the strengths of Hong Kong as a business centre with low tax rates and a simple tax regime, the principle of equality attracted investors in a wide range of industries to set up their operation base in Hong Kong. The various Government funding schemes to promote IT and R&D development were also open to eligible overseas companies operating in Hong Kong.

18. Mr Charles MOK noted that some leading I&T companies withdrew their decisions to set up their operation base in Hong Kong because they had met with difficulties in fulfilling the application requirements of the relevant funds. Some of these companies eventually opted for in neighbouring economies such as Shanghai and Taiwan where the assistance and support were more sufficient. In this connection, Mr MOK called on the Administration to look into the reasons why such companies chose to expand their businesses in other places, and to propose effective measures accordingly.

19. PSCIT replied that the Administration would explore the possibility of enhancing flexibility in the existing funding support and other facilitation measures, and would continue to meet with representatives of the relevant sectors on a regular basis to understand their concerns on business development. PSCIT ensured members that the Commerce and Economic Development Bureau ("CEDB") would continue to maintain close collaboration with the relevant bureaux, including the Innovation and Technology Bureau.

20. Mr CHUNG Kwok-pan suggested that given the limited resources, the promotion efforts of InvestHK should focus on emerging markets such as Mexico, the Middle East and Belt and Road region. InvestHK should also deploy more resources to further explore investment opportunities in emerging markets. Mr CHUNG enquired about the criteria of resource allocation for different markets.

21. PSCIT replied that the Administration would suitably adjust strategies on investment promotion in light of market response. As regards resource allocation, DGIPA advised that InvestHK would conduct monthly reviews on promotion efforts such as the targets reached and the number of companies met. InvestHK would hire part-time consultants on a need basis through open tender to analyze the potential of emerging markets and reach out to companies in the respective geographic markets which had the interest and potential to set up in Asia and encourage them to set up a company in Hong Kong. Based on the analysis and previous experience, InvestHK would allocate resources to different markets.

22. Dr Ir LO Wai-kwok suggested that InvestHK should follow up on companies under completed projects beyond the first year they established in

Hong Kong to observe whether the businesses were sustainable or had expanded in Hong Kong, so as to give a full assessment of InvestHK's efforts of attracting investment.

23. PSCIT replied that the Administration had started collecting data to monitor the operation of overseas companies beyond their first year of operation in Hong Kong. Associate Director-General of Investment and Promotion ("ADGIP") elaborated that to effectively follow up on completed projects, InvestHK had stepped up its effort in 2013 by requiring staff to conduct follow up contacts with companies assisted within 12 to 18 months, and within 30 to 36 months, after project completion. In 2015, InvestHK contacted 331 companies from the 1 008 projects completed between 2012 and 2014. Out of these 331 companies, 288 were found to be still operating in Hong Kong and had hired more employees compared to the first year of operation. The remaining companies could not be contacted because the contact persons had already left the companies or the companies had moved or merged with others. ADGIP advised that InvestHK also provided other ongoing services, including aftercare services to companies, organizing seminars and networking functions to update the relevant sectors on the latest business environment in Hong Kong, as well as meeting with strategic companies regularly to discuss possible assistance in future and encourage them to establish more important business functions and expand their businesses using Hong Kong as a base.

*Strengthening coordination among various bureaux and departments*

24. Mr Charles MOK was of the view that the shortage of I&T talents in Hong Kong was a major drawback in attracting investment. Mr MOK opined that one of the factors constituted to insufficient I&T talents was the lack of coordination between the education policy and I&T policy in Hong Kong. He duly urged the Administration to strengthen coordination among policies and various bureaux and departments to ensure that sufficient I&T talents would be nurtured.

25. PSCIT replied that CEDB and InvestHK maintained close communication with various bureaux and departments, as well as relevant institutions, such as HKSTP, to attract investment and help companies develop their businesses in Hong Kong.

26. Mr CHUNG Kwok-pan observed that according to InvestHK, Mainland remained the largest single source of its investment projects, yet when Mainland entrepreneurs investing in Hong Kong sought to move to Hong Kong under business immigration, the existing policy of Security Bureau ("SB") was not facilitative. According to his knowledge, the Mainland entrepreneurs had to relinquish their household registrations ("hukou") in the Mainland before the results of their immigration applications were announced. While the issue was

beyond the purview of CEDB, Mr CHUNG enquired whether it had discussed this issue with SB, and urged the two bureaux to collaborate closely to facilitate Mainland entrepreneurs who wished to emigrate to Hong Kong under the existing immigration policy.

27. ADGIP advised that InvestHK received very few cases or requests from Mainland enterprises for assistance related to immigration but assured that InvestHK would convey such cases to the Immigration Department and follow up on them individually. He supplemented that of the 375 projects InvestHK completed in 2015, 78 of them were from the Mainland. InvestHK would provide various assistance, including providing information on Hong Kong's business environment, identifying accommodation and office space as part of the one-stop service, to Mainland enterprises interested in setting up operations in Hong Kong.

28. The Chairman added that according to his understanding, for holders of Exit/Entry Permit for Travelling to and from Hong Kong and Macao, their hukou in the Mainland would be cancelled once their applications of right of abode in Hong Kong were approved.

*Positioning Hong Kong in world economy*

29. Dr LAM Tai-fai opined that a clear position in global economy was important to Hong Kong's economic development. Depending on whether the Administration had branded Hong Kong as a metropolis or a super connector between the Mainland and other economies, Hong Kong would face different competitors and target different industries. Talents grooming and targets of promotion of inward investment would also be adjusted accordingly. Dr LAM enquired about the future economic strategy and positioning for Hong Kong.

30. PSCIT replied that the Administration would continue its promotion efforts to maintain Hong Kong's leading position in Asia-Pacific region in new industries such as I&T, as well as the three sectors where Hong Kong enjoyed a competitive edge traditionally, namely financial services, transport and logistics, as well as information technology. To capitalize on the rising trend of start-ups and build Hong Kong into a start-up hub, the Administration had held the StartmeupHK Festival in January this year to showcase Hong Kong's strengths in this respect. Meanwhile, Hong Kong would continue to play the role as super connector to facilitate Mainland businesses to "go global" and overseas companies to invest in the Mainland.

31. DGIPA supplemented that internationally, Hong Kong was regarded by many large-scale enterprises in various industries as the city for setting up their regional headquarters or world headquarters. For example, General Electric

Company managed its global business outside the US in Hong Kong. Moreover, these companies were attracted to develop strategic functions such as CTCs, R&D and command and control in Hong Kong. Hong Kong was considered a regional hub for a number of companies investing in East Asia.

32. Dr LAM Tai-fai expressed his support for Hong Kong's participation in the Belt and Road Initiative to cooperate with the policy of the Central Government and enquired about the Administration's policy to attract the 60-plus countries of diverse culture, economic power and interest in investment and industry in the Belt and Road region to invest in Hong Kong. He was also keen to ensure that the Administration would still have sufficient resources for the traditional markets in the Mainland and the West.

33. PSCIT agreed that the Administration would focus its promotion efforts on targeted markets taking into account the resource constraints. PSCIT advised that promotion of inward investment required long-term effort and assured members the countries in the Belt and Road region, and those in Southeast Asia and the Middle East would also be covered.

34. Dr LAM Tai-fai reiterated that setting a clear position before implementing economic policies was crucial, and it was the approach adopted by developing economies and the Mainland. When opening up the economy, the Mainland first branded Dongguang and Shenzhen as manufacturing cities and Qianhai a financial services and investment city before launching relevant policies. Moreover, a clear positioning in world economy would convey a clear message to target investors.

35. PSCIT replied that in the coming year, the Administration would focus promotion at target industries, namely financial services and I&T in the Mainland, Taiwan, as well as emerging markets in the Belt and Road region including the Middle East and ASEAN countries.

#### *Impact of social and political issues in Hong Kong on inward investment*

36. The Chairman enquired whether the deteriorating political situation and the increase in violence in recent years had any negative implication on attracting investment or posed any obstacles to the promotion efforts abroad. PSCIT advised that in promoting Hong Kong overseas, CEDB emphasized that Hong Kong was a harmonious city which upheld the rule of law. With the encouraging economic growth projected for Asia, Hong Kong's location, proximity to the Mainland and established facilities for investment, overseas investors remained confident in Hong Kong.

37. Dr LAM Tai-fai expressed concern over Hong Kong's deteriorating tourism industry which had adverse implications on employment and Hong Kong's economy. Since the issue fell within the purview of the Panel of Economic Development, Dr LAM enquired whether a joint Panel meeting could be arranged for the Panel of Commerce and Industry and the Panel of Economic Development. The Administration undertook to follow up on Dr LAM's suggestion with the Panel of Economic Development.

**VI. Any other business**

38. There being no other business, the meeting ended at 4:16 pm.

Council Business Division 1  
Legislative Council Secretariat  
6 May 2016