

**立法會**  
**Legislative Council**

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**Panel on Information Technology and Broadcasting and  
Panel on Commerce and Industry**

**Minutes of joint meeting  
on Monday, 14 December 2015, at 3:00 pm  
in Conference Room 1 of the Legislative Council Complex**

**Members present** : Panel on Information Technology and Broadcasting  
Dr Hon Elizabeth QUAT, JP (Chairman)  
^ Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Deputy Chairman)  
Hon CHAN Kam-lam, SBS, JP  
^ Hon Emily LAU Wai-hing, JP  
Hon TAM Yiu-chung, GBS, JP  
# Hon WONG Ting-kwong, SBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon LEUNG Kwok-hung  
Hon WONG Yuk-man  
Hon Claudia MO  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin, BBS  
Hon YIU Si-wing, BBS  
^ Hon MA Fung-kwok, SBS, JP  
^ Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
^ Dr Hon CHIANG Lai-wan, JP  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Panel on Commerce and Industry

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 Dennis KWOK

Hon CHUNG Kwok-pan

**Members absent** : Panel on Information Technology and Broadcasting

Hon Cyd HO Sau-lan, JP

Hon Alice MAK Mei-kuen, BBS, JP

^ Hon SIN Chung-kai, SBS, JP

Panel on Commerce and Industry

Hon Martin LIAO Cheung-kong, SBS, JP

(# Also Chairman of the Panel on Commerce and Industry)

(^ Also members of the Panel on Commerce and Industry)

**Public officers attending** : Agenda item II

Innovation and Technology Bureau

Mr Nicholas W YANG, JP

Secretary for Innovation and Technology

Mr CHEUK Wing-hing, JP

Permanent Secretary for Innovation and Technology

Mrs Millie NG KIANG Mei-nei

Deputy Secretary for Innovation and Technology

Ir Allen YEUNG

Government Chief Information Officer

Ms Annie CHOI Suk-han, JP

Commissioner for Innovation and Technology

Mr Johann WONG Chung-yan, JP

Deputy Commissioner for Innovation and Technology

**Clerk in attendance** : Mr Daniel SIN  
Chief Council Secretary (4)3

**Staff in attendance** : Ms Anki NG  
Council Secretary (4)3

Miss Mandy LAM  
Legislative Assistant (4)3

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Action

**I. Election of Chairman of the Joint Panel**

Dr Elizabeth QUAT, Chairman of the Panel on Information Technology and Broadcasting ("ITB Panel"), said that following the establishment of the Innovation and Technology Bureau ("ITB") on 20 November 2015, the Secretary for Innovation and Technology ("S for IT") had agreed to brief Members on the future work of the Bureau. As the range of work of ITB was relevant to the terms of reference of both the ITB Panel and the Panel on Commerce and Industry ("CI Panel"), and there were issues of interest to both Panels, the Administration suggested that it would be more effective to hold a joint Panel meeting so that members from both Panels could discuss future work plans and targets of the Bureau together. Dr QUAT said that both the Chairman of the ITB Panel and the Chairman of the CI Panel had discussed and acceded to the Administration's request to hold this joint meeting to receive the Administration's briefing.

2. Dr Elizabeth QUAT said that she had discussed with Mr WONG Ting-kwong, Chairman of the CI Panel and suggested that the Chairman of the ITB Panel would preside over the joint Panel meeting. As there was no dissenting views among members of both Panels present, the Panels decided that Dr QUAT would conduct the joint Panel meeting in accordance with paragraph 22(k) of the House Rules.

**II. Briefing on the work of the Innovation and Technology Bureau**

(LC Paper No. CB(4)315/15-16(01) -- Administration's paper on briefing on the work of the Innovation and Technology Bureau

LC Paper No. CB(4)331/15-16(01) -- Administration's paper on  
(tabled at the meeting and briefing on the work of the  
subsequently issued via e-mail on Innovation and Technology  
15 December 2015) Bureau (power-point  
presentation materials)  
(Chinese version only)

Presentation by the Administration

3. At the invitation of the Chairman, S for IT introduced the work of ITB with the aid of a power-point presentation (LC Paper No. CB(4)331/15-16(01)).

Discussion

*Promoting research and development collaboration*

4. Ir Dr LO Wai-ki commented that the Administration should promote investment on research and development ("R&D"). Ir Dr LO considered that the current level of investment-to-Gross Domestic Product ("GDP") ratio in Hong Kong was far too low. He asked how the Administration intended to increase the ratio in the short and long term, and how the Administration would encourage private sector investment in R&D in Hong Kong.

5. S for IT responded that a one percentage point increase in the R&D investment to GDP ratio might be a reasonable goal. He added that to achieve this goal, private sector's involvement and initiative was important. S for IT observed that in the R&D centres, the ratio of private sector investment had increased.

6. S for IT supplemented that the R&D investment to GDP ratio alone might not fully reflect the increase in investment on R&D. If other external factors were able to push up Hong Kong's economic growth appreciably, the growth in GDP might out pace the increase in R&D investment.

7. Mr WONG Yuk-man commented that initiatives such as the setting up of the Karolinska Institutet China-Hong Kong Regenerative Medicine Centre, or the launch of the "Innovation Node" in Hong Kong by the Massachusetts Institute of Technology ("MIT") sounded impressive but would benefit little to Hong Kong's small and medium enterprises ("SMEs") in the innovation and technology sector.

8. Mrs Regina IP queried how the Karolinska Institutet of Sweden would contribute to Hong Kong by setting up its R&D centre here. She also queried about the nature and scope of the Innovation Node to be set up by MIT in Hong Kong. Mr LEUNG Kwok-hung raised a similar query.

9. S for IT explained that the Karolinska Institutet China-Hong Kong Regenerative Medicine Centre to be set up in Hong Kong would help groom local talents in regenerative medicine. The Karolinska Institutet of Sweden was renowned for its research in regenerative medicine which would be beneficial to Hong Kong's aging population. S for IT said that the Karolinska Institutet of Sweden preferred Hong Kong to Singapore in setting up its regenerative medicine centre. In response to a further query by Mrs Regina IP, S for IT said that the R&D centre would likely be based at the Hong Kong Science Park.

10. As regards MIT's global "Innovation Node", S for IT said that MIT planned to set up six such "Innovation Nodes" around the world to expand its ecology of innovation and technology from its Boston campus to other parts of the world. Hong Kong was chosen as its first Innovation Node to take advantage of the proximity to the manufacturing infrastructure in Shenzhen and the quality of research capability in tertiary institutions.

11. S for IT said that the Karolinska Institutet of Sweden and MIT might each bring teams of research personnel by batches to Hong Kong to engage in various research projects.

12. Dr LAM Tai-fai asked what role the Administration would play in the R&D collaboration with the Karolinska Institutet of Sweden and MIT, what contribution Hong Kong was expected to give, and how Hong Kong would benefit from the collaboration.

13. Commissioner for Innovation and Technology ("CIT") explained that the proposed Karolinska Institutet China-Hong Kong Regenerative Medicine Centre would be based at the Hong Kong Science Park and would be subject to the same terms as other tenants. As the institution would collaborate with local universities in carrying out research projects, the Administration might provide funding to the local universities on a matching basis, i.e. the Administration might provide R&D funding to the local institutions through established mechanisms under the Innovation and Technology Fund.

14. CIT further explained that through the collaboration, local research institutions could gain knowledge of advanced technology and local research personnel would have valuable training opportunities. Hong Kong could also share the ownership of the outcome of the R&D collaboration.

*Augmenting the pool of innovation and technology talents*

15. Ir Dr LO Wai-kwok noted that according to the Administration's demographic forecast, the size of Hong Kong's working population might decline after reaching a peak in 2018. He asked now the Administration planned to maintain a pool of talents to sustain the growth and development of innovation and technology. Quoting the experience of Israel, S for IT said that consideration could be given to retraining practitioners and equipping them with new skills to suit the changing trend and demand in the innovation and technology sector.

16. Ms Emily LAU commented that she had received feedback from people in the technology sector that the Administration was not willing to listen to their views and the Administration's support measures for the sector were slanted towards certain people only. As a result, many people in the sector did not have confidence in Hong Kong's technology development. Ms LAU asked what the Administration would do to remove such impression and retain talents in Hong Kong.

17. S for IT responded that the Administration recognized the importance of retaining talents in Hong Kong and was receptive to views from the sector. He welcomed any Member to approach him to discuss future development strategies for promoting innovation and technology in Hong Kong. In particular, S for IT said that he would take into consideration members' views when identifying candidates for appointment to the advisory and statutory bodies under his purview.

*Smart City initiative and building Hong Kong into a connected Wi-Fi city*

18. Mr Charles Peter MOK noted that the implementation of Smart City and Wi-Fi City involved the participation and co-operation of a number of bureaux and departments. He asked whether the newly established ITB would play a central co-ordinating role to speed up the process.

19. S for IT said that with the establishment of ITB, issues related to the setting of digital standards or the use of big data should be brought under ITB's purview. As regards the building of Hong Kong into a connected Wi-Fi City, S for IT said that ITB had been communicating with relevant departments with a view to tackling administrative and procedural difficulties that had created a bottleneck in the implementation process. He said that, apart from Government-led initiatives, some Smart City functions could be achieved through private-public-partnership.

20. Mr CHAN Kam-lam supported the nine directions and work priorities proposed by the Administration, particularly the Smart City Initiative. He said that for the Smart City initiative to be successful the Administration must first build a "smart Government", otherwise Hong Kong could not catch up with other cities in the application of information technologies in public services. Mr CHAN illustrated his comments by citing an earlier suggestion he had put to the Administration of accepting Octopus Card or credit card payment for tunnel tolls to reduce waiting time on manual handling of payment. Although the Administration undertook to study the option, little progress had been made so far. Mr CHAN hoped the newly established ITB could expedite the process of promoting the application of technologies in various public services.

21. Mr IP Kwok-him commented that building Hong Kong into a Smart City and a connected Wi-Fi City would help improve Hong Kong's competitiveness. He asked what concrete steps the Administration would take to implement these initiatives. The Chairman said that the Administration planned to discuss the development of Wi-Fi City and Smart City with ITB Panel members at the meetings scheduled for April and June 2016, respectively.

22. S for IT responded that as a first step, the standards and the scope of the initiatives would need to be properly defined. In developing the standards and performance benchmarks, it would be ideal to identify a few overseas cities with similar demographic characteristics, traffic pattern and environmental conditions. In particular, in implementing the Smart City initiative, the key features would be proper infrastructure that make use of big data and that a Smart City should be environmentally sustainable.

23. The Chairman said that effective implementation of the various directions and priorities required close collaboration with and co-operation of other bureaux and departments. In particular, building a Smart City would need a smart transport system. However, the Hong Kong eTransport application developed and launched by the Government still did not provide real time information that the public needed. The Chairman asked how ITB would implement the identified directions and priorities in conjunction with other bureau and departments.

24. Permanent Secretary for Innovation and Technology ("PS(IT)") said that implementation of initiatives and measures under each of the nine directions and priorities might involve the policies or work of other bureaux and departments. The participation and collaboration of all relevant parties were necessary. PS(IT) said that he would play a co-ordinating role at bureau level to try to resolve cross-bureaux and departmental policies and other issues arising from the various initiatives.

25. In response to the issue of smart transport system as raised by the Chairman, S for IT said that one of the key factors for the successful implementation of Smart City would be for data owners to be willing to share their information with users. If the data were owned by the private sector, there would have to be sufficient incentives for these owners to share their data for public use. One possibility was for the Government to buy those data from their owners and make them available in the public domain, or to allow other companies to develop applications using the data and which would benefit their business. The Administration could play a facilitator role in this matching process.

*Supporting small and medium enterprises*

26. Mr Charles Peter MOK also asked how the Administration planned to support local SMEs in the innovation and technology sector through promoting the use of locally developed technological products and services notwithstanding the restrictions of the Agreement on Government Procurement ("GPA") under the auspices of the World Trade Organization. He asked whether the Administration would provide financial support to local SMEs in the form of "innovation vouchers", and whether such new financial initiatives might be announced in the coming Budget in 2016.

27. In supporting SMEs, S for IT said that the Administration was exploring a few options that would comply with GPA, including requiring overseas companies in Hong Kong to partner with a local company in developing innovation and technology products or rendering related services.

28. Mr WONG Yuk-man criticized that the nine directions and work priorities proposed by the Administration were too broad-brushed and did not offer specific support that the local innovation and technology sector needed. He said that most of the companies of this sector in Hong Kong were SMEs that were facing dire hardship even to survive. Mr WONG commented that the Administration should introduce concrete support packages in the form of tax concession, subsidies, low interest loans and rent-free land.

29. Mr LEUNG Kwok-hung commented that the Administration had granted a 60 hectares site for the development and expansion of the Hong Kong Disneyland, but the site had been left idle for years. He suggested that the Administration should reallocate the site for supporting the innovation and technology industries.



*Promoting "re-industrialization"*

30. Dr CHIANG Lai-wan said that many officials had maintained the stance that Hong Kong did not have the conditions for developing industries. Without Government support, the economic contribution of the industrial sector had shrunk from 30% of GDP to less than two percent. Dr CHIANG criticized the Administration for diminishing Hong Kong's economic capacity by shrinking the industrial sector. However, Dr CHIANG said that like many major cities of the world, industrial activities were important for sustained economic development for Hong Kong and industrialization could be achieved if officials had the will to do so.

31. Dr CHIANG Lai-wan commented that while the Administration appeared to have proposed many initiatives to promote "re-industrialization", it lacked a clear focus and the proposed initiatives appeared to be out of touch of what the real economic situation. She asked how the Administration saw Hong Kong's competitive edge, and how it planned to make use of these advantages to set the "re-industrialization" targets.

32. S for IT responded that two main areas of re-industrialization that should be supported and focused on might be robotics and Smart City, as the development of Internet of Things would encompass the development of both hardware and software.

*Promoting investment on technology start-ups*

33. Mr YIU Si-wing supported the Administration's direction and priority in promoting investment on technology start-ups. Given the small market size in Hong Kong, the proportion of investment required for SMEs to develop innovation and new technologies was high as compared with the return on investment. Government support was necessary. Mr YIU suggested the Administration to provide financial support to SMEs in the form of matching fund to encourage private sector's participation in the development of innovation and technologies in Hong Kong.

34. CIT explained that the Administration had launched the Enterprise Support Programme under the Innovation and Technology Fund. The programme was open to companies that intended to conduct in-house R&D for products or technologies with reasonable commercialization prospect. The funding was provided on a dollar-for-dollar matching basis. In response to a follow-up query from Mr YIU Si-wing, CIT said that there were already more than 100 applications since the programme was launched in mid-2015, reflecting wide interest in the programme.

35. Mr NG Leung-sing noted that the Administration would study and introduce measures to encourage private sector organizations, venture capital funds and angel investors to invest in innovation and technology. He asked whether financial experts would be involved in the studies and assessments of co-investment in technology start-ups by Government and private funds. Mr NG also asked how the Administration would avoid giving an impression of channelling benefits to certain favoured private companies in providing financial support.

36. Citing an example in Israel, S for IT said that the relevant authorities had set aside funds and invited potential investors to participate in a number of government-initiated technology start-ups, with the government remaining as a silent partner. Investors were required to contribute no less than the government's share in the projects. With this approach, an ecosystem of innovation and technology had grown in Israel. S for IT supplemented that he had discussed with a few venture capitalists who had expressed interest in investing in Hong Kong. S for IT said that the Administration was considering adopting a co-investment model to engender a more thriving startup ecosystem.

*Other views*

37. Mr CHAN Kam-lam noted that the Administration might need to seek the Finance Committee's approval for funding to implement its initiatives of promoting innovation and technology. Mr CHAN advised S for IT to conduct thorough consultation with stakeholders and reach consensus and amass support from the respective sectors and the community on the Administration's proposals. Otherwise, he would expect strong resistance from some Members on these proposals.

38. Mr CHAN Chi-chuen asked when the Under Secretary and the Political Assistant would be appointed, and whether the candidates would be selected by S for IT personally. Mr CHAN also asked about the number of posts ITB had and whether all the posts had been filled.

39. S for IT said that the Under Secretary and Political Assistant were expected to be appointed in one to two weeks' time. He said that the candidates were selected by him personally, but time was required for going through the necessary appointment procedures .

40. S for IT added that there were over twenty staff in ITB and he considered the level of staffing adequate for the time being. He said the underpinning departments, namely, the Commission of Innovation and Technology and the Office of the Government Chief Information Officer were well supported.

**III. Any other business**

41. There being no other business, the meeting ended at 4:25 pm.

Council Business Division 4  
Legislative Council Secretariat  
5 February 2016