

立法會
Legislative Council

LC Paper No. CB(1)1480/20-21
(These minutes have been seen
by the Administration)

Ref : CB1/PL/CI

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 17 August 2021, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon CHUNG Kwok-pan (Chairman)
Hon Jimmy NG Wing-ka, BBS, JP (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon YIU Si-wing, SBS
Hon MA Fung-kwok, GBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, GBS, MH, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon SHIU Ka-fai, JP
Hon CHAN Chun-ying, JP
Hon LAU Kwok-fan, MH, JP

Member absent : Hon WONG Ting-kwong, GBS, JP

Public officers attending : Agenda item III
Commerce and Economic Development Bureau

Dr Bernard CHAN, JP
Under Secretary for Commerce and Economic
Development

Mr Eric CHAN, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)2

Ms Ivy CHAN
Principal Assistant Secretary for Commerce and
Economic Development (Commerce and Industry)4

Agenda Item IV

Innovation and Technology Bureau

Dr David CHUNG, JP
Under Secretary for Innovation and Technology

Innovation and Technology Commission

Ms Rebecca PUN, JP
Commissioner for Innovation and Technology

Mr Indiana WONG
Assistant Commissioner for Innovation and Technology
(Funding Schemes)

**Attendance by
invitation** : Agenda item IV

Hong Kong Productivity Council

Mr Edmond LAI
Chief Digital Officer

Hong Kong Science and Technology Parks Corporation

Ir Dr YIU Hing Leung
Head of Re-industrialisation

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

Staff in attendance : Miss Rita YUNG
Senior Council Secretary (1)3

Mr Joey LO
Senior Council Secretary (1)8

Miss Gloria WONG
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Teresa HO
Clerical Assistant (1)3

Action

I. Information papers issued since last meeting

(File Ref: CITB CR 95/53/1 -- Legislative Council Brief on
United Nations Sanctions (Libya)
Regulation 2019 (Amendment)
Regulation 2021

LC Paper No. CB(1)1173/20-21(01) -- Information paper on the financial
position of the Applied Research
Fund for the period from 1 March
to 31 May 2021)

Members noted the above papers issued since the last meeting.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)1188/20-21(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)1188/20-21(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 21 September 2021 at 2:30 pm to discuss the following items proposed by the Administration –

- (a) Convention and exhibition industry in Hong Kong; and
- (b) Trade relations between the Mainland and Hong Kong.

(Post-meeting note: At the request of the Administration and with the concurrence of the Panel Chairman, the original item "Trade relations between the Mainland and Hong Kong" had been replaced by a new item "SME Financing Guarantee Scheme – Special 100% Guarantee Product". Members were informed of the revised agenda vide LC Paper No. CB(1)1260/20-21 on 26 August 2021.)

III. New programme to step up promotion of Hong Kong's professional services under the Professional Services Advancement Support Scheme

(LC Paper No. CB(1)1188/20-21(03) -- Administration's paper on "New Programme to Step Up Promotion of Hong Kong's Professional Services under the Professional Services Advancement Support Scheme"

LC Paper No. CB(1)1188/20-21(04) -- Paper on the Professional Services Advancement Support Scheme prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

3. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") briefed members on the progress of the implementation of the Professional Services Advancement Support Scheme ("PASS"), including details of the new Professionals Participation Subsidy Programme ("PSP").

Discussion

Coverage of professional services sectors

4. Mr Martin LIAO welcomed the introduction of PSP to subsidize the participation of Hong Kong's major professional bodies in relevant activities organized by the Government, Hong Kong Trade Development Council ("HKTDC") and overseas Hong Kong Economic and Trade Offices ("ETOs") to promote Hong Kong's professional services to Mainland cities and overseas markets. He enquired about the total number of applications received and rejected under PSP so far, and the reasons for rejection. Mr LIAO also enquired about the reasons for the limited coverage of the five activities which had been given in-principle approval under PSP

so far, which mainly targeted on the building and construction-related services, accounting-related services and legal services. Noting that the majority of the activities were organized by HKTDC, Mr LIAO said that ETOs and other government departments concerned should take on a more proactive role to help the professional services sectors identify development opportunities in the Mainland and overseas.

5. USCED advised that due to the Coronavirus Disease 2019 pandemic situation, the organization of PSP activities and implementation of the PASS Main Programme in terms of funding arrangements and programme mode, etc., had been affected over the past year. The PASS Secretariat would continue to engage HKTDC and ETOs to work on the detailed arrangements of the five tentative activities approved in principle under PSP and with grantees in respect of the other projects under the PASS Main Programme.

6. Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2 ("DSCED(C&I)2") further advised that different from the approach of inviting proposals for projects under the PASS Main Programme, the Administration, ETOs and HKTDC would take a proactive role in working out the details of the activities under the new PSP. At present, over 20 other PSP activities covering more professional services sectors were under preliminary planning, but the details of which could only be worked out after the pandemic situation had stabilized and overseas and cross-boundary travel been resumed. Once the details of the activities were confirmed, the PASS Secretariat would submit the proposed PSP activities to the PASS Vetting Committee ("VC") for consideration and relevant professional bodies would be encouraged to join the PSP activities.

7. USCED added that the new approach of ETOs and HKTDC taking a more proactive role in organizing PSP activities would help address members' previous comments regarding streamlining application procedures under PASS.

8. Mr CHAN Chun-ying noted that according to the information on the PASS thematic website, projects involving building and construction-related services, and health-related services, which numbered 17 and 20 respectively, made up a considerable share of the 75 projects funded since the launch of PASS in 2016. However, the number of projects involving company secretary services and business consultancy services was relatively few, and there was no project involving veterinary services at all. Mr CHAN enquired about the reasons for such phenomenon. Regarding the narrow scope of the five approved-in-principle activities under PSP which did not cover health-related services, veterinary services, waste management and environmental consultancy services, and technical testing and analysis services, Mr CHAN urged the Administration to liaise with the professional bodies concerned and work out relevant activities for these sectors.

9. DSCED(C&I)2 advised that the Administration had promoted PASS (including PSP) through various channels, and approached various professional bodies to encourage applications. The new approach under PSP would enable the Administration, ETOs and HKTDC to take the initiative to target specific professional services sectors. DSCED(C&I)2 added that the scope of the 20-odd PSP activities under preliminary planning would cover more professional services sectors.

Format of activities

10. Mr CHAN Chun-ying noted that the format of PSP activities consisted mainly of forums, meetings, company/infrastructure visits, thematic sessions and business matching activities. He enquired whether the professional bodies' views on the format of activities had been consulted and taken into account.

11. USCED advised that there was no prescribed format for PSP activities and projects under the PASS Main Programme. The Administration would engage the professional bodies concerned and encourage them to submit applications. For the Main Programme, applications would likely be approved as long as the proposed projects were in line with the objectives of PASS (e.g. promoting Hong Kong's professional services and enhancing their standards and external competitiveness), and the organizers concerned were deemed capable of implementing the projects.

12. USCED added that taking into account the pandemic situation, a flexible approach would be adopted regarding the format of projects under PASS. In addition, with effect from 30 April 2021 for a period of two years, the Administration had also expanded the funding scope of the SME Export Marketing Fund to cover large-scale exhibitions targeting the local market as well as online exhibitions.

List of eligible professional services sectors

13. Mr Christopher CHEUNG supported the introduction of PSP. Given the importance of the financial services sector to Hong Kong as a global financial centre, he enquired why the financial services sector (including the wealth management services subsector) was not included in the list of eligible professional services sectors under PASS.

14. USCED advised that the list of eligible professional services sectors was drawn up with reference to the classification of the World Trade Organization, as well as that of HKTDC taking into account the local circumstances. Although the financial services sector was not included in the list, many professionals from eligible professional services sectors (e.g. legal and accounting services) were practitioners of the financial services sector, and projects relating to the financial

services sector might still be approved if the majority of the target beneficiaries were from the eligible professional services sectors. DSCED(C&I)2 added that a significant number of practitioners of the financial services sector were in fact professionals from the accounting, technology and business consultancy services sectors which were eligible professional services sectors under PASS.

15. The Chairman and Mr Christopher CHEUNG were of the view that the financial services sector was a unique professional services sector and should be included as an individual sector in the list of eligible professional services sectors under PASS. USCED noted members' view and undertook to further study the list.

16. Mr YIU Si-wing said that as PSP was announced in the 2020 Policy Address and its implementation progress had been delayed due to the pandemic situation, some professional services sectors might have emerged while others become obsolete. As such, he suggested that the Administration should review the list of eligible professional services sectors to take into account any new developments in the post-pandemic era; and consider whether any changes be made to the five activities under PSP which had been given in-principle approval by VC. Mr YIU also enquired whether participation by individual professionals from the eligible sectors would be accepted, or recommendation by the professional bodies concerned was required.

17. USCED noted Mr YIU's suggestions and advised that while individual professionals would participate in relevant project deliverables and activities, applications for funding for projects under the PASS Main Programme and subsidy under the PSP should be submitted by non-profit-distributing bodies. More specifically for PSP, major professional bodies would be invited to confirm the professional status of the individual participants during the application process. The requirement for application by non-profit-distributing bodies had been adopted by PASS since 2016, which was in line with the key funding parameters approved by the Legislative Council in July 2016, and had worked well so far.

Geographical coverage of the Professionals Participation Subsidy Programme

18. Given the different demands for professional services in the Mainland and overseas markets, Mr YIU Si-wing enquired whether the Administration would breakdown the activities under PSP into those targeting the Mainland/Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") market and overseas markets to avoid overlapping of resources.

19. USCED advised that PASS projects (including PSP activities) were not subject to restrictions on geographical location and format. As many PASS projects had to adopt an online/hybrid (physical cum online) mode in the past year due to the

pandemic, the Administration would exercise flexibility as far as possible in terms of the funding arrangements of the projects concerned.

20. DSCED(C&I)2 added that the Administration would assist project and activity organizers in formulating and implementing individual projects and activities under PASS (including PSP) to suit the needs of the markets and of the professional bodies concerned.

Effectiveness of the Professional Services Advancement Support Scheme

21. Ir Dr LO Wai-kwok expressed support for the introduction of the \$50 million PSP under PASS. He noted that out of the \$200 million funding for PASS which was launched in November 2016, only 75 projects with total approved funding of \$54 million had been approved. In order to maximize the benefits to the professional services sectors, he urged the Administration to sum up the experience of PASS and formulate measures to better promote PASS (including PSP).

22. DSCED(C&I)2 advised that the pandemic situation had put a damper on the number of applications received, partly due to the restrictions against large scale physical activities and overseas and cross-boundary travel. Nevertheless, the Administration had approached various professional bodies to explain the different formats and types of promotional activities and professional standard enhancement activities which they could continue to organize during the pandemic. Information on successful applications and project deliverables launched had been uploaded on the PASS thematic website for reference by professional bodies. Members were also welcome to refer interested professional bodies to the Administration for follow up.

Promotion of the Professional Services Advancement Support Scheme and the Professionals Participation Subsidy Programme

23. The Chairman welcomed the introduction of PSP. Given that the legal systems, accounting systems or other regulatory regimes of many economies were different from Hong Kong, and certain professional services provided by Hong Kong, including legal services, arbitration services, accounting services, health services, and building and construction-related services might not be able to fit in the market of such economies, the Chairman enquired about the measures to be taken to enhance the effectiveness of business matching for these professional services. He also urged the Administration to attract enterprises from the Mainland and overseas economies to invest in Hong Kong and make use of Hong Kong's professional services. Noting that the majority of the approved activities under PSP would be launched in Southeast Asian countries, Mr SHIU Ka-fai urged the Administration to focus more attention on promotional activities in the Greater Bay Area which was

also a popular market for Hong Kong's professional services.

24. USCED advised that the Administration would continue using various platforms, including the Belt and Road Summit and other business matching activities organized by HKTDC, to arrange one-on-one meetings for different sectors to participate. The Hong Kong Special Administrative Region Government would also collaborate with the Ministry of Commerce and other Ministries of the People's Republic of China to explore opportunities for early participation of Hong Kong's professional services sectors in Belt and Road-related projects, many of which were spearheaded by state-owned enterprises.

25. USCED added that in 2020, Invest Hong Kong had completed 317 projects amidst the pandemic, creating numerous job opportunities and taking forward the development of many Hong Kong industries, including different professional services sectors. The Administration would continue with its promotion efforts in this regard.

26. Given the uncertainty as to when the pandemic would end, Mr Jeffrey LAM enquired whether additional funding would be set aside for both online and offline promotional activities by professional bodies under PASS (including PSP). In order to raise the awareness of small and medium enterprises ("SMEs") of PASS, Mr LAM and the Chairman urged the Administration to step up effort on promotion of PASS through different channels, and conduct more face-to-face meetings with SMEs and chambers of commerce. Mr SHIU Ka-fai shared a similar view and suggested the use of various media, including the social media, to promote PASS.

27. USCED noted members' views and advised that the Administration had been promoting PASS through various established channels as well as other platforms, including HKTDC and the Hong Kong Productivity Council. For example, the "SME ReachOut – 2021 Fund Fair PLUS" was held from 11 to 13 August 2021 to provide SMEs with information on various government funding schemes. Promotional materials on PASS were also distributed at the event. In addition, the dedicated service team named "SME ReachOut" would proactively reach out to SMEs and chambers of commerce, including through one-on-one consultations, to promote the Government's funding schemes and encourage better utilization of such provisions.

Vetting Committee

28. Mr SHIU Ka-fai enquired about the composition of the VC. DSCED(C&I)2 advised that the VC was formed in 2016 upon the establishment of PASS, and consisted of the Chairman, Vice-Chairman and members from different professional services and the business sector. He added that the project assessment procedures

under PSP would be streamlined in order to encourage the professional services sectors to step up promotion of Hong Kong as soon as the pandemic stabilized and overseas and cross-boundary travel could be resumed.

IV. Measures to support re-industrialization in Hong Kong

(LC Paper No. CB(1)1188/20-21(05) -- Administration's paper on "Measures to support re-industrialisation in Hong Kong"

LC Paper No. CB(1)1188/20-21(06) -- Paper on measures to support re-industrialization in Hong Kong prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

29. At the invitation of the Chairman, Under Secretary for Innovation and Technology briefed members on the measures to support re-industrialization in Hong Kong. Details were set out in the Administration's paper (LC Paper No. CB(1)1188/20-21(05)).

Discussion

Re-industrialization policy

30. Dr CHIANG Lai-wan expressed concern that despite the Administration's efforts in promoting re-industrialization in Hong Kong, the share of the manufacturing sector in the Gross Domestic Product ("GDP") was still low. She considered that in addition to manufacturing activities, the value of related producer services such as product design and marketing, should also be taken into account in the calculation, so as to duly reflect the contribution of the manufacturing sector. Dr CHIANG called on the Administration to review the calculation of GDP in this respect. Sharing similar views, the Chairman said that although the volume of manufacturing activities in Hong Kong had decreased, local manufacturers were actively engaging in operations related to product production, such as purchasing and supply chain management.

31. Commissioner for Innovation and Technology ("CIT") advised that according to a research report published by the Federation of Hong Kong Industries, 90% of the Hong Kong-invested manufacturers which had responded to the survey were headquartered in Hong Kong. They focused mainly on producer services activities

such as product design, technical support, research and development ("R&D"), and engineering technology. These manufacturers were actively integrating upstream or downstream activities along the production chain, and had been driving the development of the producer services industry. The percentage of producer services in Hong Kong's GDP had been on an upward trend, amounting to around 42% in 2019. CIT said that the Administration would consider reviewing as appropriate the compilation of related economic data.

32. Dr CHIANG Lai-wan considered that the Administration should focus on promoting the development of the manufacturing industries which had competitive advantages (such as food processing industry) by providing adequate financial support and facilitation measures to those industries. Dr Junius HO supported the promotion of re-industrialization in Hong Kong, and considered that the Administration should promote the development of the waste paper recycling and manufacturing industry. Dr HO called on the Administration to provide land, financial support and facilitation measures to support the development of the industry.

33. CIT advised that in July 2020, the Administration launched the Re-industrialization Funding Scheme ("RFS") which subsidized local manufacturers on a matching basis to set up new smart production lines in Hong Kong, assisting them to move towards high value-added production and gradually upgrade to "Industry 4.0" ("i4.0"). As at end of July 2021, the Administration had received 21 applications, and the Vetting Committee had considered 18 applications and agreed in principle to support 16 applications. Half of these 16 applications were related to the food manufacturing/processing industries in which Hong Kong had a competitive advantage. CIT highlighted one of the projects supported by RFS which involved a local enterprise setting up a food processing smart production line for a central kitchen. CIT added that the R&D Cash Rebate Scheme had also funded projects of food manufacturing/processing enterprises to establish intelligent production lines.

34. CIT further advised that healthcare technology was one of the research areas of innovation and technology ("I&T") at which Hong Kong enjoyed clear advantages. The Administration was pressing ahead with the establishment of the "Health@InnoHK" which would focus on research in healthcare technologies. In addition, the development of the Advanced Manufacturing Centre and the Microelectronics Centre by the Hong Kong Science and Technology Parks Corporation ("HKSTPC") would help promote the development of the advanced manufacturing and microelectronic industries.

35. At the request of Dr CHIANG Lai-wan, CIT undertook to provide supplementary information to elaborate on the competitive advantages of specific advanced or high-end manufacturing industries in Hong Kong.

36. In response to Dr Junius HO's concern about the development of the waste paper recycling and manufacturing industry, CIT said that the Administration would continue to liaise with the industry to promote its development in Hong Kong. Regarding the provision of land for I&T development, CIT advised that the Administration would continue to be proactive in providing land required for development in the short, medium and long terms. The Administration was taking forward in full swing the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop. The Administration had proposed to earmark about 57 hectares of land in the San Tin/Lok Ma Chau Development Node for the I&T industries and related uses. Land had also been reserved in the Kwu Tung North New Development Area and Hung Shui Kiu/Ha Tsuen New Development Area for I&T uses.

Developing infrastructure

37. Mr YIU Si-wing expressed concern about whether there was adequate monitoring on the use of the Industrial Estate ("IE") sites managed by HKSTPC to avoid abuse of use by grantees. He enquired about the statistics on cases of abuse of use, and/or violation of the leasing conditions of IE sites by the grantees.

38. CIT responded that HKSTPC had established a stringent mechanism to ensure that the grantees of IEs complied with the terms and conditions of the lease. Among other things, HKSTPC would conduct site inspections on a regular basis. According to her understanding, the problem of abuse of use by IE grantees was not serious. CIT undertook to provide the information as requested by Mr YIU Si-wing after the meeting.

Admin

Pooling technology talent

39. Regarding the Re-industrialization and Technology Training Programme ("RTTP"), Mr CHAN Chun-ying enquired about the breakdown of the training courses (including the number of trainees funded) related to i4.0 among the public courses and tailor-made courses approved respectively as at end of July 2021. Mr YIU Si-wing enquired about the total number of trainees funded under RTTP as at end of July 2021, the average number of trainees in each public course approved, and whether there was a minimum requirement on the number of trainees for those courses. Mr YIU called on the Administration to provide more training grants to the industries which were hard hit by the Coronavirus Disease 2019 epidemic, including the hotel, catering, tourism, and retail industries.

40. CIT advised that RTTP aimed to fund local enterprises on a matching basis for their staff to receive training in advanced technologies, especially those related to i4.0. The Administration welcomed enterprises from different industries to

Admin

consider their own training needs and select suitable training courses for their employees. As at end of July 2021, RTTP had provided a total funding of over \$46.9 million. CIT undertook to provide information requested by Mr CHAN Chun-ying and Mr YIU Si-wing in writing.

41. Dr Junius HO called on the Administration to step up its efforts in nurturing and pooling technology talents to promote re-industrialization in Hong Kong. CIT responded that the Administration had been resorting to all possible means and channels to expand the local I&T talent pool. CIT highlighted that the "STEM Internship Scheme" ("the Scheme") launched in June 2020 provided a monthly allowance of \$10,500 to undergraduates and post-graduates taking STEM (viz. Science, Technology, Engineering and Mathematics) related programmes in local universities to enrol in short-term I&T related internships. The Scheme had encouraged employers to create more I&T related internship places, offering students the opportunity to apply their STEM knowledge in the workplace and understand the I&T work environment and culture early, so as to foster students' interest in pursuing a career in I&T after graduation and enlarge the local I&T talent pool. In summer 2021, more than 2 500 students and over 1 300 companies/organizations had participated in the Scheme. CIT further said that the Administration would continue to work with the Hong Kong Productivity Council ("HKPC") and the Vocational Training Council to enhance the nurturing of I&T talents in Hong Kong.

Admin

42. With regard to courses organized by universities to nurture technology talents, the Chairman noted that only one course (i.e. the Global Research Enrichment and Technopreneurship Programme launched by the City University of Hong Kong) was mentioned in the Administration's paper (LC Paper No. CB(1)1188/20-21(05)). He sought details on the list of courses related to re-industrialization and/or i4.0 organized by local universities. CIT undertook to provide supplementary information after the meeting.

Financial support

43. Mr YIU Si-wing referred to the 17 funding schemes under the Innovation and Technology Fund ("ITF") and enquired whether an enterprise could apply for more than one funding schemes. CIT responded that the 17 funding schemes under ITF each had its own objectives, including supporting R&D, nurturing technology talent, facilitating technology adoption, supporting technology start-ups, and fostering an I&T culture. The schemes provided funding support to eligible enterprises to carry out R&D projects as well as realization and commercialization of the R&D outcomes. Eligible enterprises could apply for different funding schemes at various stages of their R&D projects.

Technology support

44. Mr CHAN Chun-ying referred to the INC Invention Centre ("the Hatch") set up by HKPC in collaboration with the Fraunhofer Institute for Production Technology of Germany to introduce i4.0 related technologies to Hong Kong enterprises. Mr CHAN enquired about the details of adoption of the relevant technologies in Hong Kong.

45. CIT advised that HKPC was determined to assist Hong Kong enterprises to move towards high value-added production and gradually upgrade to i4.0. HKPC implemented the "i4.0 Upgrade and Recognition Programme", which facilitated the setting up of intelligent production lines by enterprises. More than 20 industries and 50 enterprises had applied intelligent manufacturing technology for production. In addition, HKPC also operated "Inno Space" and "Digital@HKPC (Digital Transformation)" to promote re-industrialization and assist the industry in moving towards smart production. "Digital@HKPC (Digital Transformation)" was one of the themed exhibition areas in the HKPC building installed with different smart production lines to demonstrate the application of i4.0 technology.

Encouraging and support research and development

46. In response to Mr CHAN Chun-ying's enquiry about the progress of commercialization of R&D outcomes (including the commercialization income received) by the R&D Centres established by the Government, CIT undertook to provide supplementary information after the meeting.

Admin

V. Any other business

47. There being no other business, the meeting ended at 4:19 pm.