

立法會
Legislative Council

LC Paper No. CB(1)2432/11-12
(These minutes have been seen
by the Administration)

Ref : CB1/PL/CI/1

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 15 May 2012, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

- Members present** : Hon WONG Ting-kwong, BBS, JP (Chairman)
Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)
Hon Fred LI Wah-ming, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, BBS, JP
Dr Hon Samson TAM Wai-ho, JP
Hon Tanya CHAN
- Members absent** : Hon Timothy FOK Tsun-ting, GBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Albert CHAN Wai-yip
- Public officers attending** : Agenda item IV
Miss Janet WONG, JP
Commissioner for Innovation and Technology

Mr Johann WONG
Deputy Commissioner for Innovation and
Technology

**Attendance by
invitation**

: Agenda Item IV

The University of Hong Kong

Professor Paul TAM Kwong-hang
Pro-Vice-Chancellor and Vice-President

The Professional Commons

Mr Charles MOK
Chairman

IT Voice

Mr Francis FONG
Member

The Chinese General Chamber of Commerce

Mr NG Cheung-shing
Committee Member

Hong Kong Invention Association Ltd

Mr CHEUNG King-fung, BBS
President

Hong Kong Linux Industry Association

Mr Alan KAN
Chairman

The Hong Kong Metals Manufacturers Association

Mr SZE Kam-shing
Chairman

Modernized Chinese Medicine International Association

Dr Vivian WONG
Council Member

Hong Kong Federation of Innovative Technologies and Manufacturing Industries

Mr LAI Hin-fai
Deputy Chairman and Secretary General

Guangdong-Hong Kong Association for the Promotion of Technology Enterprise (HK)

Dr LO Wai-kwok
Immediate Past President

The Hong Kong Association for the Advancement of Science and Technology

Dr Rebecca LEE
President

Hong Kong Small and Medium Enterprises Development Association

Dr David KAM
Chairman

The Hong Kong Institution of Engineers

Ir CHAN Fuk-cheung
President

Construction Industry Council

Mr Ivan WONG
Senior Manager

Hong Kong Information Technology Joint Council

Mr Henry CHAN Hang
Vice-President

The Chinese Manufacturers' Association of Hong Kong

Mr Michael LIANG
Vice Chairman
Innovation and Technology Committee

Hong Kong Plastic Bags Manufacturers' Association

Mr Rickly W K WONG
Executive Vice-President

The Hong Kong Association of the Pharmaceutical Industry

Mr Roe SHAHAR
Vice-President

The Hong Kong Polytechnic University

Prof Alexander WAI Ping-kong
Vice President
(Research Development)

Hong Kong Science and Technology Parks Corporation

Mr Allen YEUNG
Vice President
Business Development and Technology Support

The Chinese University of Hong Kong

Prof WONG Kam-fai
Associate Dean (External Affairs) of Faculty of Engineering & Director of Centre for Innovation and Technology (CINTEC)

Hong Kong Institute of Biotechnology

Dr Ken S Y YEUNG
General Manager
Biologics & GMP Consultation Services
Department

Hong Kong Jewellery & Jade Manufacturers
Association

Mr Ken LO
Director

Clerk in attendance : Ms YUE Tin-po
Chief Council Secretary (1)3

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

Ms May LEUNG
Legislative Assistant (1)3

Action

I. Confirmation of minutes of meetings

(LC Paper No. CB(1)1787/11-12 -- Minutes of meeting held on
20 March 2012

LC Paper No. CB(1)1809/11-12 -- Minutes of meeting held on
17 April 2012)

The minutes of the meetings held on 20 March and 17 April 2012 were confirmed.

II. Information papers issued since last meeting

(LC Paper Nos. CB(1)1653/11-12(01) -- Submission on
(*English version only*) and (02) Anti-Counterfeiting Trade
Agreement and
Trans-Pacific Partnership
from a member of the
public dated 12 March 2012
and the Administration's
written response

LC Paper No. CB(1)1728/11-12(01) -- Information on the financial position of the Applied Research Fund for the period of 1 September to 30 November 2011

LC Paper No. CB(1)1731/11-12(01) -- Administration's paper on United Nations Sanctions (Liberia) Regulation 2012 and United Nations Sanctions (Liberia) Regulation 2011 (Repeal Regulation)

2. Members noted that the above papers had been issued since last meeting.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)1790/11-12(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1790/11-12(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 19 June 2012 at 2:30 pm to discuss the following items:

- (a) Trade relations between the Mainland and Hong Kong;
- (b) Annual progress report of the Research and Development Centres; and
- (c) Review of the patent system in Hong Kong.

IV. Promotion of innovation and technology in Hong Kong

(LC Paper No. CB(1)1790/11-12(03) -- Administration's paper on promotion of innovation and technology in Hong Kong)

Submissions from deputations not attending the meeting

- (LC Paper No. CB(1)1790/11-12(09) -- Submission from Hong
(*Chinese version only*) Kong Computer Society
- LC Paper No. CB(1)1820/11-12(04) -- Submission from City
(*English version only*) University of Hong Kong
- LC Paper No. CB(1)1857/11-12(05) -- Submission from
(*Chinese version only*) Federation of Hong Kong
Industries)

Welcoming remarks by the Chairman

4. The Chairman welcomed representatives of the deputations to the meeting. He said that written submissions from deputations received before the meeting had been circulated to members, and deputations which had not provided written submission were requested to do so as soon as possible after the meeting. He reminded the deputations that when addressing the Panel at the meeting, they were not covered by the protection and immunity under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382), and their written submissions were not covered by the said Ordinance.

Presentation by deputations

The University of Hong Kong

(LC Paper No. CB(1)1834/11-12(01) -- Submission (*English version only*))

5. Professor Paul TAM Kwong-hang presented the views of The University of Hong Kong as detailed in its submission.

The Professional Commons

(LC Paper No. CB(1)1877/11-12(01) -- Joint submission with IT Voice
(*Chinese version only*))

(*provided after the meeting and subsequently issued via email on 17 May 2012*)

6. Mr Charles MOK presented the views of The Professional Commons as detailed in its joint submission with IT Voice.

IT Voice

(LC Paper No. CB(1)1877/11-12(01) -- Joint submission with The Professional Commons (*Chinese version only*))

(provided after the meeting and subsequently issued via email on 17 May 2012)

7. Mr Francis FONG presented the views of IT Voice as detailed in its joint submission with The Professional Commons.

The Chinese General Chamber of Commerce

8. Mr NG Cheung-shing, Committee Member of The Chinese General Chamber of Commerce, opined that the Administration should step up efforts in promoting commercialization of research and development (R&D) results, including streamlining the relevant procedures and exploring possible areas of improvement of the Innovation and Technology Fund (ITF). The Administration should also provide more incentives, such as tax concession, for enterprises to further stimulate private investment in R&D.

Hong Kong Invention Association Ltd

(LC Paper No. CB(1)1790/11-12(04) -- Submission (*Chinese version only*))

9. Mr CHEUNG King-fung presented the views of Hong Kong Invention Association Ltd as detailed in its submission.

Hong Kong Linux Industry Association

(LC Paper No. CB(1)1877/11-12(02) -- Submission (*Chinese version only*))

(provided after the meeting and subsequently issued via email on 17 May 2012)

10. Mr Alan KAN presented the views of Hong Kong Linux Industry Association as detailed in its submission.

The Hong Kong Metals Manufacturers Association

(LC Paper No. CB(1)1790/11-12(05) -- Submission (*Chinese version only*))

11. Mr SZE Kam-shing presented the views of The Hong Kong Metals Manufacturers Association as detailed in its submission.

Modernized Chinese Medicine International Association

(LC Paper No. CB(1)1790/11-12(06) -- Submission (*Chinese version only*))
(*revised submission tabled at the meeting and subsequently issued via email on 17 May 2012*)

12. Dr Vivian WONG presented the views of Modernized Chinese Medicine International Association as detailed in its submission.

Hong Kong Federation of Innovative Technologies and Manufacturing Industries

(LC Paper No. CB(1)1790/11-12(07) -- Submission (*Chinese version only*))

13. Mr LAI Hin-fai presented the views of Hong Kong Federation of Innovative Technologies and Manufacturing Industries as detailed in its submission.

Guangdong-Hong Kong Association for the Promotion of Technology Enterprise (HK)

(LC Paper No. CB(1)1790/11-12(08) -- Submission (*Chinese version only*))

14. Dr LO Wai-kyok presented the views of Guangdong-Hong Kong Association for the Promotion of Technology Enterprise (HK) as detailed in its submission.

The Hong Kong Association for the Advancement of Science and Technology

(LC Paper No. CB(1)1877/11-12(03) -- Submission (*Chinese version only*))
(*provided after the meeting and subsequently issued via email on 17 May 2012*)

15. Dr Rebecca LEE presented the views of The Hong Kong Association for the Advancement of Science and Technology as detailed in its submission.

Hong Kong Small and Medium Enterprises Development Association

(LC Paper No. CB(1)1820/11-12(01) -- Submission (*Chinese version only*))

16. Dr David KAM presented the views of Hong Kong Small and Medium Enterprises Development Association as detailed in its submission.

The Hong Kong Institution of Engineers

(LC Paper No. CB(1)1857/11-12(01) -- Submission (*English version only*))

17. Ir CHAN Fuk-cheung presented the views of The Hong Kong Institution of Engineers as detailed in its submission.

Construction Industry Council

(LC Paper No. CB(1)1877/11-12(04) -- Submission (*English version only*))
(*provided after the meeting and subsequently issued via email on 17 May 2012*)

18. Mr Ivan WONG presented the views of Construction Industry Council as detailed in its submission.

Hong Kong Information Technology Joint Council

(LC Paper No. CB(1)1877/11-12(05) -- Submission (*Chinese version only*))
(*tabled at the meeting and subsequently issued via email on 17 May 2012*)

19. Mr Henry CHAN Hang presented the views of Hong Kong Information Technology Joint Council as detailed in its submission.

The Chinese Manufacturers' Association of Hong Kong

(LC Paper No. CB(1)1857/11-12(02) -- Submission (*Chinese version only*))

20. Mr Michael LIANG presented the views of The Chinese Manufacturers' Association of Hong Kong as detailed in its submission.

Hong Kong Plastic Bags Manufacturers' Association

(LC Paper No. CB(1)1857/11-12(03) -- Submission (*Chinese version only*))

21. Mr Rickly W K WONG presented the views of Hong Kong Plastic Bags Manufacturers' Association as detailed in its submission.

The Hong Kong Association of the Pharmaceutical Industry

(LC Paper No. CB(1)1820/11-12(02) -- Submission (*English version only*))

22. Mr Roe SHAHAR presented the views of The Hong Kong Association of the Pharmaceutical Industry as detailed in its submission.

The Hong Kong Polytechnic University

(LC Paper No. CB(1)1790/11-12(10) -- Submission)

23. Prof Alexander WAI Ping-kong presented the views of The Hong Kong Polytechnic University as detailed in its submission.

Hong Kong Science and Technology Parks Corporation

(LC Paper No. CB(1)1790/11-12(11) -- Submission (*English version only*))

24. Mr Allen YEUNG presented the views of Hong Kong Science and Technology Parks Corporation as detailed in its submission.

The Chinese University of Hong Kong
(LC Paper No. CB(1)1820/11-12(03) -- Submission (*Chinese version only*))

25. Prof WONG Kam-fai presented the views of The Chinese University of Hong Kong as detailed in its submission.

Hong Kong Institute of Biotechnology
(LC Paper No. CB(1)1857/11-12(04) -- Submission (*English version only*))

26. Dr Ken S Y YEUNG presented the views of Hong Kong Institute of Biotechnology as detailed in its submission.

Hong Kong Jewellery & Jade Manufacturers Association
(LC Paper No. CB(1)1790/11-12(12) -- Submission (*Chinese version only*))
(*revised submission tabled at the meeting and subsequently issued via email on 17 May 2012*)

27. Mr Ken LO presented the views of Hong Kong Jewellery & Jade Manufacturers Association as detailed in its submission.

Administration's response

28. At the invitation of the Chairman, Commissioner for Innovation and Technology (CIT) briefed members on the Administration's policy and strategy to promote innovation and technology development in Hong Kong, as set out in the Administration's paper (LC Paper No. CB(1)1790/11-12(03)).

29. CIT made the following points in response to the deputations' views:

- (a) the ITF was set up to provide financial support to a spectrum of activities that boosted Hong Kong's innovation and technology capability, ranging from applied R&D, technology transfer and commercialization of R&D outcomes. The Administration had refined the vetting criteria of the ITF to give greater emphasis to relevant factors in addition to scientific/technical considerations, so as to select and support projects with greater prospect of realization/commercialization;
- (b) the Administration had been working closely with local universities (in particular their knowledge transfer offices) as well as the Research and Development Centres to identify measures to facilitate applied research, in particular commercialization of R&D outcomes;

- (c) the Research and Development Cash Rebate Scheme was introduced to reinforce a research culture among private companies and encourage them to establish stronger partnerships with local public research institutions. To enhance the attractiveness of the Scheme, the Administration had increased the level of rebate from 10% to 30% since February 2012;
- (d) the Administration would explore the feasibility of expanding the Yuen Long Industrial Estate so as to capture the opportunities in high-tech industries in the longer run;
- (e) the Administration was committed to strengthening co-operation between the Mainland and Hong Kong in innovation and technology. There were established collaboration mechanisms at all levels, from the State Ministry of Science and Technology (MOST) in Beijing, the Guangdong Provincial Government to the Shenzhen Municipal Government. With the Central Government's emphasis on science and technology development in the 12th Five-Year Plan, the Administration had been working closely with MOST to identify and implement initiatives to dovetail the 12th Five-Year Plan; and
- (f) the Administration had been actively promoting technology collaboration with other economies and research institutes, and had also stepped up the promotion of the strengths of Hong Kong to overseas universities and technology companies with a view to fostering research collaboration and the use of Hong Kong as a landing pad for access to the Mainland market.

Discussion

30. Dr LAM Tai-fai noted that Hong Kong's gross expenditure on R&D (GERD) as a ratio to Gross Domestic Product (GDP) remained low by international standard. He opined that the R&D expenditure of Hong Kong enterprises' manufacturing operations in the Pearl River Delta region should also be included in the GERD. He also suggested that the Administration should provide financial support to the enterprises for providing on-the-job training and continuing education in relation to innovation and technology to their employees.

31. CIT responded that there was an international standard for measuring GDP. Various economies all over the world, including Hong Kong, adopted the same standard for measuring GDP. CIT added that Hong Kong had a

good supply of quality university graduates with science and technology background. As regards on-the-job training, CIT advised that the Hong Kong Council for Testing and Certification and the Vocational Training Council had organized technical seminars/workshops/short courses to raise the technical expertise of practitioners in the testing and certification industry.

32. Dr Samson TAM enquired about the Administration's support for the small and medium enterprises (SMEs) in pursuing R&D. He also suggested that the Administration should conduct a comprehensive study on the promotion of innovation and technology in Hong Kong, with a public engagement exercise to collect stakeholders' views on the subject.

33. In response, CIT advised that the Small Entrepreneur Research Assistance Programme (SERAP) was a specific programme under the ITF that supported company in-house R&D activities. It provided capital funding to local technology-based companies (with less than 100 employees) to undertake projects that had innovative and technological content, and had a reasonable chance of commercialization. To better support the R&D activities of SMEs, the Administration had recently introduced enhancements to SERAP. These enhancements included increasing the funding ceiling for each project from \$4 million to \$6 million, extending the Programme to cover companies with venture capital investment, and expanding the scope of funding to facilitate commercialization, including industrial design, testing and certification of prototype and clinical trial, etc.

34. Ms Emily LAU noted that there were not many university graduates who chose to pursue a career in the R&D sector due to the constraint of job opportunities. She opined that the Administration should foster a stronger culture that placed more importance in innovation and technology, and step up efforts in attracting international technology enterprises to set up R&D bases in Hong Kong, so as to create more job opportunities for the university graduates with science and technology background. Prof WONG Kam-fai of The Chinese University of Hong Kong said that the promotion of commercialization of R&D results would also be conducive to attracting young talents to consider pursuing innovation and technology as a life-long career.

35. Ms Emily LAU also expressed concern about the R&D of Chinese medicines (CM), in particular the commercialization of R&D results and manufacturing of proprietary CM. Dr Vivian WONG of Modernized Chinese Medicine International Association said that the Administration should provide a platform for universities, the CM industry and other stakeholders to identify and explore the potential of commercialization of

R&D results.

Summing up

36. The Chairman called on the Administration to take into consideration the views expressed by Panel members and deputations when reviewing the policy and strategy to promote innovation and technology development in Hong Kong.

V. Any other business

37. There being no other business, the meeting ended at 4:28 pm.

Council Business Division 1
Legislative Council Secretariat
8 August 2012