

**立法會**  
**Legislative Council**

LC Paper No. CB(1)678/16-17

(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI

**Panel on Commerce and Industry**

**Minutes of policy briefing cum meeting  
held on Wednesday, 25 January 2017, at 2:30 pm  
in Conference Room 1 of the Legislative Council Complex**

- Members present** : Hon WU Chi-wai, MH (Chairman)  
Hon SHIU Ka-fai (Deputy Chairman)  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon CHAN Kin-por, BBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon LEUNG Kwok-hung  
Hon YIU Si-wing, BBS  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon Dennis KWOK Wing-hang  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
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  
Hon Jimmy NG Wing-ka, JP  
Hon CHAN Chun-ying  
Hon Tanya CHAN  
Hon HUI Chi-fung  
Hon LAU Kwok-fan, MH  
Dr Hon YIU Chung-yim
- Member attending** : Hon KWOK Wai-keung

**Members absent** : Hon James TO Kun-sun  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Dr Hon Elizabeth QUAT, JP  
Hon CHU Hoi-dick  
Hon Holden CHOW Ho-ding

**Public officers attending** : Agenda item IV

Commerce and Economic Development Bureau

Mr Gregory SO, GBS, JP  
Secretary for Commerce and Economic Development

Mr Philip YUNG, JP  
Permanent Secretary for Commerce and Economic  
Development (Commerce, Industry and Tourism)

Mr Godfrey LEUNG, JP  
Under Secretary for Commerce and Economic  
Development

Ms Vivian SUM, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)1

Mr David WONG, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)2

Miss Erica NG, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)3

Ms Salina YAN, JP  
Director-General of Trade and Industry

Constitutional and Mainland Affairs Bureau

Mr Raymond TAM, GBS, JP  
Secretary for Constitutional and Mainland Affairs

Ms CHANG King-yiu, JP  
Permanent Secretary for Constitutional and Mainland  
Affairs

Mr Ronald CHAN, JP  
Under Secretary for Constitutional and Mainland  
Affairs

Miss Charmaine LEE, JP  
Deputy Secretary for Constitutional and Mainland  
Affairs 2

Ms Joyce HO  
Deputy Secretary for Constitutional and Mainland  
Affairs 3

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  
Deputy Secretary for Innovation and Technology

Ms Annie CHOI, JP  
Commissioner for Innovation and Technology

Mr Johann WONG, JP  
Deputy Commissioner for Innovation and Technology

Mr Allen YEUNG, Ir, JP  
Government Chief Information Officer

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

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

Mr Joey LO  
Senior Council Secretary (1)8

Miss Judy YEE  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)3

Miss Zoe YIP  
Clerical Assistant (1)3

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Action

**I. Confirmation of minutes of meeting**

(LC Paper No. CB(1)462/16-17 -- Minutes of meeting held on  
20 December 2016)

The minutes of the meeting held on 20 December 2016 were confirmed.

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

(LC Paper No. CB(1)415/16-17(01) -- Information paper on the  
financial position of the Applied  
Research Fund for the period  
from 1 June to 31 August 2016

LC Paper No. CB(1)476/16-17(01) -- Information paper on "Update of  
the Copyright Tribunal Rules")

2. Members noted the above papers issued since the last meeting. The Chairman drew members' attention to the paper on "Update of the Copyright Tribunal Rules" which set out the latest progress of the exercise to update the existing Copyright Tribunal Rules ("CTRs"). Members noted that major stakeholders including the Hong Kong Bar Association and the Law Society of Hong Kong found the finalized new CTRs in order, and the Chief Justice had given his agreement to the finalized new CTRs. The Administration planned to table the relevant subsidiary legislation at the Legislative Council for negative vetting within the current legislative session. The Chairman advised that members who considered it necessary for the subject to be discussed at a meeting of the Panel was invited to contact the Secretariat by 3 February 2017.

*(Post-meeting note: The Secretariat had not received any request for discussion of the above information paper from members by the deadline.)*

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

(LC Paper No. CB(1)464/16-17(01) -- List of outstanding items for discussion

LC Paper No. CB(1)464/16-17(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 21 February 2017 at 2:30 pm to discuss the following items proposed by the Administration –

- (a) Technology Voucher Programme and Government procurement policy; and
- (b) Application of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks to the Hong Kong Special Administrative Region ("HKSAR").

4. Members also noted that with the concurrence of the Chairmen of the Panel, Panel on Development ("Dev Panel"), and Panel on Information Technology and Broadcasting ("ITB Panel"), a joint meeting of the three Panels would be held on Monday, 6 March 2017, from 2:30 pm to 6:30 pm to discuss with the Administration on the "Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop". The relevant circular was issued to members on 18 January 2017.

5. To facilitate discussion at the above joint meeting, it was agreed that members should be invited to forward their questions relating to the project and/or requests for disclosure of relevant papers and documents to the Administration for written response before the meeting. The Administration was requested to address the issues raised by members in the relevant discussion paper and provide written replies to members' questions prior to the meeting.

*(Post-meeting note: As agreed at the meeting and with the concurrence of the Chairmen of Dev Panel and ITB Panel, members of the three Panels and all other Members were, vide LC Paper No. CB(1)510/16-17 issued on 27 January 2017, invited to submit their questions relating to the above project and/or requests for disclosure of relevant papers and documents to the Secretariat on or before 10 February 2017 for follow-up with the Administration. Members were informed of the questions/views sent to the Administration for response vide LC Paper No. CB(1)584/16-17(01) issued on 21 February 2017.)*

**IV. Briefings by the Secretary for Commerce and Economic Development, the Secretary for Constitutional and Mainland Affairs and the Secretary for Innovation and Technology on the Chief Executive's 2017 Policy Address**

(LC Paper No. CB(1)464/16-17(03) -- Administration's paper on "2017 Policy Address — Policy Initiatives of Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau"

LC Paper No. CB(1)464/16-17(04) -- Administration's paper on "2017 Policy Address — Policy initiatives of Constitutional and Mainland Affairs Bureau in relation to Mainland and Taiwan co-operation"

LC Paper No. CB(1)464/16-17(05) -- Administration's paper on "2017 Policy Address — Policy Initiatives of Innovation and Technology Bureau"

LC Paper No. CB(1)493/16-17(01) -- Speaking note of the Secretary for Commerce and Economic Development  
*(Chinese version only, tabled at the meeting and subsequently issued on 26 January 2017)*

LC Paper No. CB(1)493/16-17(02) -- Speaking note of the Secretary for Constitutional and Mainland Affairs  
*(Chinese version only, tabled at the meeting and subsequently issued on 26 January 2017)*

LC Paper No. CB(1)493/16-17(03) -- Speaking note of the Secretary for Innovation and Technology  
*(Chinese version only, tabled at the meeting and subsequently issued on 26 January 2017)*

Relevant papers

Address by the Chief Executive at the Legislative Council meeting on 18 January 2017 (*issued on 18 January 2017*)

The 2017 Policy Agenda booklet (*issued on 18 January 2017*)

Presentation by the Administration

6. At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed the Panel on the policy initiatives of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau ("CEDB") featured in the 2017 Policy Address. Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)464/16-17(03)) and SCED's speaking note (LC Paper No. CB(1)493/16-17(01)).

7. Secretary for Constitutional and Mainland Affairs ("SCMA") was then invited by the Chairman to brief the Panel on the policy initiatives of the Constitutional and Mainland Affairs Bureau in relation to Mainland and Taiwan co-operation featured in the 2017 Policy Address. Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)464/16-17(04)) and SCMA's speaking note (LC Paper No. CB(1)493/16-17(02)).

8. Lastly, the Secretary for Innovation and Technology ("S for IT") was invited by the Chairman to brief the Panel on the policy initiatives of the Innovation and Technology Bureau ("ITB") in respect of promotion of innovation and technology ("I&T") featured in the 2017 Policy Address. Details of the relevant policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)464/16-17(05)) and S for IT's speaking note (LC Paper No. CB(1)493/16-17(03)).

Discussion

*Convention and exhibition*

9. Ms Tanya CHAN considered that the Administration should provide members with a detailed account of justifications for the estimated shortfall of some 130 000 square metres ("sq m") of convention and exhibition ("C&E") venues at peak periods by 2028 as shown in the findings of the "Demand Study for New Convention and Exhibition Facilities in Hong Kong" commissioned in 2014 by the Administration. In this connection, The Chairman and Ms Tanya CHAN

requested the Administration to disclose the full report of the Study for members' reference.

10. SCED advised that the Executive Summary of the Study, which was presented to members of the Panel at its meeting on 10 February 2015, had in fact included all essential information about the Study. Given that the full report of the Study contained commercially sensitive information provided by stakeholders of the C&E industries to the consultant, it would be inappropriate for the Administration to disclose such information to members. However, the Administration would review the full report of the Study and would consider whether and how to provide further information requested by members, and prior consent would be sought from relevant stakeholders for disclosure of such information if necessary.

11. Ms Tanya CHAN questioned the justifications of the Administration's comprehensive development proposal of WCSG to provide additional C&E venues in Wan Chai in order to meet the projected shortfall in supply of C&E space, taking in view that the AsiaWorld Expo ("AWE") was yet to expand to provide more C&E space and that a piece of land designated for the construction of C&E centres with a gross floor area not exceeding 200 000 sq m was available at Chek Lap Kok. The Chairman expressed a similar concern.

12. SCED responded that the gross floor area of 200 000 sq m to be provided at the Chek Lap Kok site for the construction of exhibition and convention centres referred to by Ms Tanya CHAN already included the C&E venues provided in AWE Phases I and II developments with net floor areas of about 66 000 and 50 000 sq m dedicated for C&E use respectively. The Government had been discussing with the joint venture partner of AWE on phase II development of AWE having regard to its business development and the latest development of Lantau Island, such as the commissioning of the Hong Kong – Zhuhai – Macao Bridge.

13. Ms Tanya CHAN enquired about the justifications for the Administration's decision to invite the Hong Kong Trade Development Council ("HKTDC") to undertake the preliminary design work of the proposed convention centre to be constructed above the Exhibition Station of the Shatin to Central Link ("the new convention centre") which was targeted to be completed in 2020, and to conduct a feasibility study on the proposal of the comprehensive development of WCSG. Ms CHAN was concerned that pursuant to the relevant arrangement, the Administration might further engage HKTDC to manage the said newly constructed C&E facilities in the future, and correspondingly the operating rights of these facilities were required to be granted to the Polytown Company Limited ("PCL"), the current operator of the Hong Kong Convention and Exhibition Centre ("HKCEC"), in the light of the provision of the "non-competition" clause included in the operation agreement signed in 1985 between HKTDC and PCL concerning

the operation of HKCEC which imposed restraints on either party's participation in the establishment of any exhibition facility or trade mark located in Hong Kong other than HKCEC and in operation at any time during the term of the operation agreement. SCED responded that with HKTDC's long history of providing C&E services to Hong Kong businesses, it had a thorough understanding of the needs of Hong Kong businesses as well as world trends in C&E facilities. Hence, HKTDC possessed the experience and expertise in conducting the studies. While HKTDC had been invited to undertake the preliminary design work of the proposed new convention centre and to conduct the feasibility study of the comprehensive development of WCSG, the Administration had no plan to entrust these projects to HKTDC for development at this stage.

14. As directed by the Chairman, the Secretariat would forward the questions raised by Ms Tanya CHAN at the meeting on C&E facilities to the Administration for a written reply.

*(Post-meeting note: The Secretariat had relayed Ms Tanya CHAN's questions to the Administration vide a letter dated 8 February 2017 (CB(1)572/16-17(01)) to SCED. The Administration's written reply to the relevant questions was circulated to members vide LC Paper No. CB(1)577/16-17(02) on 20 February 2017.)*

15. Mr MA Fung-kwok enquired about the additional convention and meeting space to be provided by the proposed new convention centre and whether this project could help alleviate the shortage of C&E venues in Hong Kong, thus postponing the need to implement the comprehensive development of WCSG until the completion of the Kai Tak Sports Park and the conversion of the Hong Kong Stadium into a sports ground.

16. SCED responded that the actual floor area of convention and meeting space to be provided by the proposed new convention centre would be subject to its design. In this connection, HKTDC was working on the preliminary design of the centre at the Government's invitation. According to a preliminary estimation made in 2015, the proposed new convention centre would provide about 10 000 sq m of convention and meeting space.

17. Mr YIU Si-wing considered the expansion of HKCEC to provide more C&E venues in downtown area necessary such that Hong Kong would not lose out to nearby cities, such as Macao, Guangzhou and Shenzhen, as a preferred place for hosting international conventions and exhibitions in the region. However, Mr YIU considered that the Administration should ensure a seamless interfacing between the provision of alternative sports venues and the redevelopment of WCSG in order not to affect users of sports venues and facilities. The Deputy Chairman added that the expansion of C&E facilities in Wan Chai

should not be at the expense of public enjoyment of sports venues and facilities. Mr WONG Ting-kwong considered it imperative to expand HKCEC to provide more C&E venues and facilities, taking in view that the usage of AWE was already close to saturation and that the demand for HKCEC and AWE was different in view of their locations. Mr WONG said that small and medium enterprises ("SMEs") relied heavily on HKTDC on export promotion and were satisfied with HKTDC's services. The industry also commended the management and services of HKCEC.

18. SCED said that the proposed comprehensive development of WCSG was an initial idea, and it was among one of the proposed projects under the overall plan of the Home Affairs Bureau for developing and improving sports facilities in Hong Kong. The Administration was aware of the sports sector's concerns about the proposal, and would continue to listen to the views of different sectors and carry out consultation on the proposal. The Government would take into account findings of the feasibility study and views collected in contemplating the next step ahead.

*Support for small and medium enterprises*

19. Mr Martin LIAO remarked that the Policy Address 2017 neither shed light on how Hong Kong should face the challenges posed by the changing international economic and political landscapes nor introduced any new policy initiatives to provide specific support for SMEs to help them overcome their operation difficulties. Mr LIAO asked whether the Administration would introduce new support measures for SMEs in the upcoming 2017-2018 Budget.

20. SCED replied that in response to the changing macro-economic environment, the Administration would continue to forge Free Trade Agreements and Investment Promotion and Protection Agreements ("IPPAs") with other economies with a view to facilitating local enterprises to gain access to overseas markets and provide legal protection for their overseas investments. In addition, the overseas Hong Kong Economic and Trade Offices' network would be further expanded to help local enterprises tap new markets. At the request of Mr CHUNG Kwok-pan, the Administration would provide information on the 19 IPPAs which Hong Kong had signed with 20 overseas economies, as well as the work of the Economic Development Commission since its establishment in 2013 and its recommendations for promoting the development of industries.

*(Post-meeting note: The information provided by the Administration was circulated to members vide LC Papers Nos. CB(1)577/16-17(01) and CB(1)625/16-17(01) issued on 20 and 28 February 2017 respectively.)*

21. In respect of new support measures for SMEs, SCED said that the Administration had implemented the \$200 million Professional Services Advancement Support Scheme ("PASS") to support Hong Kong's professional services sector in undertaking worthwhile projects to improve service offerings. He assured members that the Administration would keep in view the needs of SMEs and provide them with necessary support.

22. Dr YIU Chung-yim enquired on the kinds of projects to be supported under PASS and the way to attract applications from the professional services sector. Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 2 responded that projects such as outreach and home visit activities, capacity-building programmes and researches/studies and establishment of professional networks could be supported under PASS. He said that unlike the previous funding scheme with similar objectives which provided funding on a dollar-for-dollar matching basis, PASS would provide up to 90% of the overall eligible cost of the project, or \$3 million, whichever was the lower.

23. Mr CHAN Chun-ying noted that the special concessionary measures under the SME Financing Guarantee Scheme ("SFGS") administered by the Hong Kong Mortgage Corporation Limited would end at the end of February 2017, and asked whether the Administration would extend the relevant measures upon expiry. SCED said that the extension of SFGS to end February 2017 was announced in the 2016-2017 Budget, and the Administration would consider extending the relevant measures having regard to the demand of SMEs.

### *Mainland and Hong Kong Closer Economic Partnership Arrangement*

24. Mr YIU Si-wing said that at present, Hong Kong travel agents were allowed to operate outbound group tours for Mainland residents on the Mainland on a pilot basis pursuant to the liberalization measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"). Mr YIU enquired whether the Administration would pursue expansion or enrichment to such measures.

25. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") responded that under the Agreement on Trade in Services signed on 27 November 2015 under CEPA, with effect from 1 June 2016, the restriction on the number of Mainland-Hong Kong joint venture travel agents operating outbound group tours for Mainland residents had been lifted. Moreover, up to five Hong Kong travel agents established on a wholly-owned basis were allowed to operate outbound group tours for Mainland residents on a pilot basis, and the place of establishment of the five travel agents would no longer be confined to the Guangdong Province. The Administration would keep in view the implementation progress of relevant measures and, where

necessary, to explore with the China National Tourism Administration to expand or enrich such measures, or introduce new measures having regard to the actual operating experience of the industry.

26. Mr Jeffrey LAM enquired whether the Administration would consider regularizing the CEPA Joint Working Group ("the Joint Working Group"), and whether the new term of Government would continue to adopt such a mechanism. SCED responded that the Joint Working Group was established in 2013 to provide targeted assistance in sectors which had encountered relatively more entry barriers, and help resolve CEPA implementation problems encountered in individual provinces and municipalities. The Joint Working Group was effective in resolving CEPA implementation issues. Apart from the platform of the Joint Working Group, the Administration had regular communication with the Ministry of Commerce of the Central People's Government regarding the implementation of CEPA. SCED said that he was not in the position to reply whether the Joint Working Group would continue to operate or being regularized under the new term of Government.

#### *Encouraging investment in Hong Kong*

27. Mr CHAN Chun-ying asked whether the Administration would put in place specific policy measures, such as enhancing the provision of international school places and introduction of tax concessionary measures, to attract overseas companies and talents to Hong Kong to foster the development of the targeted industries and businesses, such as technology start-ups and aircraft leasing business. SCED responded that Invest Hong Kong ("InvestHK") strived to facilitate companies from the Mainland and overseas, including start-ups, to set up or expand their business operation in Hong Kong by offering one-stop holistic support services, including education-related assistance, to them. CEDB had also reflected to the relevant Government bureaux and departments the facilities, such as international school places, needed by overseas companies.

#### *Roles of Offices outside Hong Kong*

28. Mr YIU Si-wing enquired about the division of work between the Hong Kong Economic, Trade and Cultural Office ("HKETCO") in Taiwan and the office of the Hong Kong Tourism Board ("HKTB") in Taipei in promoting Hong Kong tourism. PSCIT responded that the HKETCO in Taiwan had been providing support to CEDB and the Tourism Commission in the Government's efforts in tourism promotion while the office of HKTB in Taipei mainly focused on publicity and promotion. That notwithstanding, the two offices collaborated with and complemented the work of each other.

*"Hong Kong-Shenzhen Innovation and Technology Park" in the Lok Ma Chau Loop*

29. Mr MA Fung-kwok enquired about the proportion of land at the Lok Ma Chau Loop ("the Loop") under the proposed project of "Hong Kong-Shenzhen Innovation and Technology Park" ("the Park") that would be used for the development of cultural and creative industries and the relevant admission criteria. Mr YIU Si-wing asked whether the development of C&E facilities and hotels would be incorporated under the project.

30. S for IT responded that the Park would be developed with I&T as the main focus, and a key base for cooperation in scientific research would be established. Relevant higher education, as well as cultural and creative industry would be provided. Other complementary facilities, such as C&E facilities and accommodation for talents working in the Park would be considered for inclusion in the development. The detailed proportion of land use for the relevant purposes under the project was to be further studied.

31. Mr LAU Kwok-fan enquired whether the Administration would provide more land resources to support the development of industry in Hong Kong. Commissioner for Innovation and Technology ("CIT") said that over 10 hectares of land were available at the three industrial estates at present for industrial development. In line with the Government's efforts in promoting "re-industrialization" and to encourage smart manufacturing, two projects, namely the Advanced Manufacturing Centre and the Data Technology Hub, would be implemented in Tseung Kwan O Industrial Estate. The Government had also identified a potential site near the Liantang/Heung Yuen Wai Border Control Point ("LT/HYWBCP") for the development of industrial estates.

32. Given that a number of large scale I&T infrastructure projects, namely the Park at the Loop and the possible development of industrial estates near LT/HYWBCP, would be implemented in North District in the future, Mr LAU Kwok-fan advised that, in anticipation of the huge working population that would be brought about by these projects, the Administration should devise a holistic plan for the relevant developments, particularly the necessary transportation measures. Dr CHIANG Lai-wan concurred with Mr LAU's view.

33. Dr CHIANG Lai-wan asked whether the preferential treatments for Hong Kong goods in entering the Mainland market provided under CEPA would be applicable to I&T products manufactured in the Park. She suggested that the Administration should explore with the Shenzhen Municipal People's Government ("SMPG") the provision of a special preferential tax rate in the Loop to enhance the attractiveness of the Park. CIT responded that the liberalization measures

under CEPA would be applicable to the Park since it was within the administrative boundary of HKSAR where Hong Kong's laws and systems would apply.

34. Dr Fernando CHEUNG said that higher education was originally proposed as the major land use in the Loop having regard to the views collected in the previous public engagement exercises. Dr CHEUNG criticized the Administration for changing the major land use of the Loop to I&T in the absence of public consultation, and queried whether the proposal for the development of the Park was in the best interest of Hong Kong people.

35. S for IT responded that according to the outcome of a series of public engagement activities carried out in Hong Kong and Shenzhen simultaneously in June and July 2008, the development of high technologies industries was among one of the three land uses, the other two being higher education and cultural and creative industries, which received general public support. According to the "Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen" signed between the Government of the HKSAR and SMPG, the use and management of the land in the Loop, as well as the construction, operation, maintenance and management of the Park would follow the law and land administration system of the HKSAR. Moreover, the development of the Loop would primarily be for the benefit of the public, with all future profit from the project to be used in the construction, operation, maintenance and management of the Park. The operational profit would not be disbursed to either of the two governments. The proposed development of the Park at the Loop should be in the interest of Hong Kong.

*Attracting overseas multinational innovation and technology enterprises to establish a presence in Hong Kong*

36. Mr Martin LIAO said that some countries, such as Singapore and India, had been offering tax concessions to attract overseas multinational I&T enterprises to drive local I&T development. For instance, the Singaporean Government had further refined the Productivity and Innovation Credit Scheme under which businesses could enjoy up to 400% tax deduction for qualifying expenditure incurred for their research and development ("R&D") activities. Mr LIAO asked whether the Administration would consider introducing similar measures such that Hong Kong would not lag behind its competitors. Mr Jeffrey LAM expressed a similar view, adding that the Business and Professionals Alliance for Hong Kong had long been urging the Administration to consider introducing a 300% tax concession for R&D expenditure incurred by enterprises.

37. Permanent Secretary for Innovation and Technology ("PS(IT)") said that the Administration was well aware of the tax-related incentives offered by other countries to attract overseas I&T enterprises. As mentioned in the 2017 Policy

Address, the Administration would consider enhancing Hong Kong's overall competitiveness, including offering tax and financial incentives as well as other policy support measures, to attract I&T enterprises. ITB would discuss the related policy issues with the Financial Services and the Treasury Bureau.

38. Whilst expressing support for the Administration's initiative to study the provision of tax concessions to attract multinational I&T enterprises, Mr Charles Peter MOK said that the formulation of such measures would take quite a long time since they represented major changes to Hong Kong's tax regime. Mr MOK enquired about the immediate measures that could be put in place by the Administration.

Admin

39. S for IT responded that the R&D Cash Rebate Scheme ("CRS") and Technology Voucher Programme ("TVP") had been introduced for such purpose. CRS provided private companies with 40% of cash rebate for their investment in eligible applied R&D projects while TVP subsidized SMEs in using technological services and solutions to improve productivity, or upgrade or transform their business process. PS(IT) added that sectors such as biotechnology, big data, Internet of Things, artificial intelligence and smart city were relevant in the process of Hong Kong's "re-industrialization". ITB was drawing up a list of target companies and universities in the Mainland and overseas, and would try to approach them, in cooperation with InvestHK and the various Economic and Trade Offices. At the Chairman's request, the Administration would provide information on the list of aforementioned targeted companies and universities and the criteria adopted by the Administration in drawing up such a list.

*Nurturing of talents for the innovation and technology industry*

40. Mr Charles Peter MOK remarked that the proposed implementation of many large scale I&T infrastructure projects as announced in the 2017 Policy Address would generate a huge demand for talents in the industry. In this connection, Mr MOK enquired about the Administration's plan for nurturing the requisite local talents to underpin the long-term development of I&T industry. The Deputy Chairman and Ir Dr LO Wai-kwok expressed a similar concern. Pointing out that the number of students studying science subjects was decreasing, Ir Dr LO enquired about the short-term measures that the Administration would implement in respect of the promotion of Science, Technology, Engineering and Mathematics ("STEM") education.

41. S for IT responded that the Administration had been promoting STEM education and implementing the Enriched Information Technology Programme in secondary schools to arouse students' interests in science and to create a stronger I&T culture. To encourage university graduates to pursue a career in I&T and nurture more talents, the Internship Programme launched in 2004 had supported

over 2 400 interns. Moreover, the "InnoCell" would be developed at the Hong Kong Science Park to increase its competitiveness by providing suitable accommodation and ancillary offices, thus attracting more high-quality R&D companies and recruiting more talents to Hong Kong. The Park at the Loop would also attract top enterprises, universities and scientific research institutions from the Mainland and overseas to set up laboratories and branches for carrying out research projects either on their own or in collaboration with others, which would help nurture more I&T talents for Hong Kong.

42. Dr CHIANG Lai-wan considered that ITB should convey the long-term manpower needs of the I&T industry to relevant Government bureaux and the University Grants Committee for drawing up manpower development plans with the eight local universities with a view to training up a sufficient number of graduates in science-related disciplines, thereby providing the necessary talent pool to support I&T development in Hong Kong. The Administration took note of Dr CHIANG's view.

Admin

43. Mr Charles Peter MOK opined that while the issues of I&T manpower development also straddled the policy areas of the Education Bureau and the Labour and Welfare Bureau, ITB should enhance the coordination with relevant Government bureaux to formulate a more holistic policy for nurturing of I&T talents. The Administration undertook to provide a written response to Mr MOK's view.

*(At 4:14 pm, the Chairman announced that the meeting would be extended for 15 minutes to 4:45 pm to allow more time for discussion.)*

*Improving the eco-system for technology start-ups*

44. Referring to a start-up established by a graduate of the Hong Kong University of Science and Technology in Shenzhen instead of Hong Kong where its business had turned out to be a great success, Mr WONG Ting-kwong enquired about the means whereby the Administration could improve the environment for starting up businesses in Hong Kong to retain local start-ups and attract global start-ups to set up their businesses in the city.

45. S for IT said that apart from providing more land for I&T development and promoting "re-industrialization", measures had also been taken to enhance the I&T eco-system, such as the provision of more channels of financing to meet the funding needs of start-ups. SCED opined that commercialization of R&D outcomes was crucial to the sustainable development of technology start-ups. In this connection, the Administration had been promoting intellectual property trading to facilitate technology transfer and attract more brands and technology companies to Hong Kong. SCMA considered that Hong Kong should continue to

augment its efforts on internationalization under "one country, two systems" and enhance its institutional advantages.

*Promoting cultural exchanges between Mainland and Hong Kong*

46. Mr MA Fung-kwok enquired about the work accomplished by Head (Cultural Exchange) ("H(CE)") in the past six months since the post was created under the Beijing Office ("BJO") in July 2016. SCMA responded that the major duties of H(CE) included fostering cultural exchange co-operations between Hong Kong and the 10 provinces/municipalities/autonomous regions under the purview of BJO, exploring performance opportunities for Hong Kong arts organizations in relevant provinces/municipalities/autonomous regions and providing necessary support for these organizations to participate in cultural exchange activities on the Mainland. He said that H(CE) had provided support for a number of cultural exchange events, such as the "2016 Hong Kong and Macau Visual Arts Biennial" exhibition held in Beijing, during the past six months. In response to Mr CHUNG Kwok-pan's enquiry, SCMA said that H(CE) had not assisted in the planning for the development of the Hong Kong Palace Museum in the West Kowloon Cultural District.

*Cooperation with the Guangdong Province*

47. Mr CHUNG Kwok-pan enquired about the content of the nine co-operation agreements that were signed between Hong Kong and Guangdong Province at the 19th Plenary of the Hong Kong/Guangdong Cooperation Joint Conference held in Guangzhou on 14 September 2016, one of which being the "Co-operation Arrangement between Guangdong and Hong Kong on Exchanges on Medical and Health Services" ("the Agreement"). Mr CHUNG was concerned whether the arrangements provided in the Agreement would eventually enable Mainland medical professionals to practice in Hong Kong.

48. SCMA responded that the Agreement aimed at enhancing the exchanges of medical personnel and reporting mechanism between Hong Kong and Guangdong Province, and it did not touch on the autonomy of medical professional services of the two places. He would check with the Secretariat whether the Administration had provided the text of the aforementioned nine cooperation agreements to members of the Panel by way of an information paper.

*(Post-meeting note: An information paper provided by the Administration on the 19<sup>th</sup> Plenary of the Hong Kong/Guangdong Co-operation Joint Conference enclosing the text of the nine co-operation agreements signed between the two places in its Annex was issued to Panel members vide LC Paper No. CB(1)39/16-17(01) on 26 October 2016).*

*Promotion of Nansha, Qianhai and Hengqin development*

49. Dr YIU Chung-yim enquired about the implementation progress of the "Register of Hong Kong Professional Firms" and other related implementation measures since they were promulgated in June 2016, which allowed Hong Kong professionals and firms to practice and provide professional services for development projects in Qianhai that were wholly or majority owned by Hong Kong enterprises. SCMA would liaise with the Development Bureau for the provision of relevant supplementary information.

*(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. CB(1)561/16-17(01) on 16 February 2017.)*

**V. Any other business**

50. There being no other business, the meeting ended at 4:45 pm.