

立法會
Legislative Council

LC Paper No. CB(1)780/19-20

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by the Administration)

Ref : CB1/PL/CI

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 21 April 2020, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Jimmy NG Wing-ka, BBS, JP (Chairman)
Hon Alvin YEUNG (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon SHIU Ka-fai, JP
Hon CHAN Chun-ying, JP
Hon LAU Kwok-fan, MH

Members absent : Hon Dennis KWOK Wing-hang
Hon CHUNG Kwok-pan
Hon CHU Hoi-dick

**Public officers
attending**

: Agenda item III

Innovation and Technology Bureau

Dr David CHUNG, JP
Under Secretary for Innovation and Technology

Ms Sandy CHEUNG
Principal Assistant Secretary for Innovation and
Technology (1)

Innovation and Technology Commission

Ms Rebecca PUN, JP
Commissioner for Innovation and Technology

Mr Ivan LEE, JP
Deputy Commissioner for Innovation and Technology

Miss Kathy CHAN
Assistant Commissioner for Innovation and
Technology (Funding Schemes)

Agenda item IV

Commerce and Economic Development Bureau

Ms Leona LAW
Principal Assistant Secretary for Commerce and
Economic Development (Commerce and Industry) 2

Invest Hong Kong

Mr Stephen PHILLIPS
Director-General of Investment Promotion

Mr Vincent TANG
Associate Director-General of Investment Promotion 3

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

Staff in attendance : Mr Joey LO
Senior Council Secretary (1)8

Mr Terence LAM
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Zoe YIP
Clerical Assistant (1)3

Action

I. Information papers issued since last meeting

(File Ref: CITB CR 102/53/1 -- Legislative Council Brief on United Nations Sanctions (Somalia) Regulation 2019 (Amendment) Regulation 2020

LC Paper No. CB(1)489/19-20(01) -- Joint letter dated 20 March 2020 from 22 Members to Chairmen of committees concerning their request for rescheduling all committee meetings which are unrelated to the issues about the novel coronavirus infection

LC Paper No. CB(1)507/19-20(01) -- Information paper on the financial position of the Applied Research Fund for the period from 1 September to 30 November 2019)

Members noted the above papers issued since the last meeting.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)535/19-20(01) -- List of outstanding items for discussion

LC Paper No. CB(1)535/19-20(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 19 May 2020 at 2:30 pm to discuss the revamp of the small and medium enterprise ("SME") service centres under Trade and Industry Department, Hong Kong Productivity Council ("HKPC"), Hong Kong Trade Development Council and Hong Kong Science and Technology Parks Corporation ("HKSTPC"). As there would only be one discussion item for the next meeting, the Chairman suggested and members agreed that the next meeting would be held from 2:30 pm to 4:00 pm.

(Post-meeting note: Members were informed under LC Paper No. CB(1)560/19-20 dated 28 April 2020 that the Chairman had acceded to the Administration's request for updating the subject of the agenda item as "Support for SMEs".)

III. Progress report of the funding schemes under the Innovation and Technology Fund

(LC Paper No. CB(1)535/19-20(03) -- Administration's paper on "Latest Progress of the Innovation and Technology Fund"

LC Paper No. CB(1)535/19-20(04) -- Paper on the funding schemes under the Innovation and Technology Fund prepared by the Legislative Council Secretariat (updated background brief)

3. The Chairman drew members' attention to Rule 83A of the Rules of Procedure which provided that members should not speak on a matter in which they had a direct or indirect pecuniary interest, except where they disclosed the nature of that interest.

Presentation by the Administration

4. At the invitation of the Chairman, Under Secretary for Innovation and Technology briefed members on the latest progress of various funding schemes under the Innovation and Technology Fund ("ITF") and sought members' support for the implementation of the proposed STEM Internship Scheme. Details were set out in the Administration's paper (LC Paper No. CB(1)535/19-20(03)).

Discussion

Achievements of the Innovation and Technology Fund

5. Noting that the Innovation and Technology Support Programme ("ITSP") had funded 2 622 projects since it was introduced in 1999, Mr YIU Si-wing sought further elaboration on (a) the progress of commercialization of the funded projects; (b) the number of jobs so created; (c) the economic benefits so generated; and (d) the number of overseas and Mainland companies so attracted to establish their presence in Hong Kong.

6. Commissioner for Innovation and Technology ("CIT") responded that ITSP had funded 2 622 projects involving various technology areas, with a total funding of over HK\$9.4 billion (as at end February 2020). Regarding the achievements of the projects funded by ITSP, she advised that the funded organizations had since 2017 been invited to provide relevant information on the intellectual property ("IP") rights in their post-project evaluation forms submitted after completion of the projects. According to the information in the evaluation forms received, the funded projects had generated over 210 IP rights. CIT advised that the Administration would explore effective ways to gather information on the progress of commercialization of the funded projects in the subsequent years.

7. Mr YIU Si-wing said that it was disappointing to note that the Administration had only gathered information on the number of IP rights generated from the funded projects since ITSP had been introduced for nearly 20 years. He considered that the Administration should gather more relevant information and publish statistics on the four areas as he mentioned (paragraph 5 above refers). The statistics could give international investors and innovation and technology ("I&T") talents a clear picture of the potential of Hong Kong's I&T industry and attract them to establish their presence in Hong Kong.

8. CIT stressed that many research and development ("R&D") projects funded by ITSP had achieved good results. The whole process of a R&D project normally took a long span of time before the R&D outcomes generated could be introduced to the market. In fact, the R&D outcomes of various projects funded by ITSP in the past had recently been applied in real life to combat the coronavirus disease ("COVID-19") epidemic and benefit the community. To encourage and identify projects with greater prospect of realization/commercialization, the Innovation and Technology Commission ("ITC") had refined the vetting criteria for ITSP applications so that in assessing a project proposal, consideration was also given to whether there was a holistic plan of realization/commercialization of the R&D outcomes.

Admin

9. Dr CHIANG Lai-wan said that she had requested, for many times, the Administration to furnish the Panel with quantitative data on the effectiveness of ITF, but to no avail. She had doubt as to whether the Administration had been maintaining a close liaison with the funded organizations to comprehend the progress and achievements of the funded projects. As the capital injection into ITF over the years involved a large sum of funding (i.e. HK\$34 billion), Dr CHIANG urged the Administration to assess and quantify ITF's effectiveness and achievements so as to ensure the effective use of public funding. She also requested the Administration to provide supplementary information on (a) the achievements of ITF's funding schemes in supporting realization and commercialization of local research outcomes; and (b) the economic contributions brought by ITF and its funded projects, in terms of Hong Kong's competitiveness, productivity, gross domestic product ("GDP") and employment market. Dr CHIANG said that the requested information should form the basis for her to consider whether to support further capital injection into ITF.

10. Dr CHIANG Lai-wan also held that Hong Kong had in the past relied excessively on the pillar industries and neglected the development of I&T and manufacturing industries. Although the Administration had launched 16 funding schemes under ITF which supported a wide range of technology areas, none of these technology areas, in her view, could effectively be industrialized. ITF, with its financial resources being diluted, could at best support I&T companies on project basis. As such, Dr CHIANG suggested that the Administration should, instead of being too aggressive, focus its effort and ITF's resources on not more than two technology areas, as so doing could help create critical mass for maximum impact. Once a new industry based on the identified technology area was successfully developed, it would create new development opportunities for broadening the economic base of Hong Kong and contribute to Hong Kong's GDP growth. Dr CHIANG added that the Democratic Alliance for the Betterment and Progress of Hong Kong had been suggesting that Hong Kong should focus on the development of R&D investment in medical services, which involved the areas of pharmaceutical products, medical appliances and medical testing, etc.

11. CIT responded that the Administration saw the importance of promoting the diversified development of industries in Hong Kong. ITF currently funded five broad categories of activities, namely (a) supporting R&D; (b) facilitating technology adoption; (c) nurturing I&T talents; (d) supporting technology start-ups; and (e) promoting I&T culture. As regards the support for R&D, CIT advised that ITF had invested a large sum of funding in a large number of R&D projects. In view of members' concern, the Administration would explore adopting a more proactive approach to keep track of the subsequent developments and achievements of ITF-funded projects. As for the support for technology start-ups, CIT said that the Administration supported professors and students of six universities under ITF to start technology businesses and commercialize their R&D

results. The relevant statistics were set out in paragraph 3(m) of the Administration's paper.

Nurturing and retaining innovation and technology talent

12. Mr Charles Peter MOK was of the view that most of the ITF applicant enterprises were start-ups, SMEs or tenants of HKSTPC and Cyberport which had relied heavily on ITF's support in conducting R&D projects. Given that the financial support provided by ITF's funding schemes were usually time-limited and capped at certain level, the number of quality jobs these companies could create was far less than that could be created by multinational R&D corporations which had substantial resources and funds. As a result, Hong Kong's I&T practitioners could hardly find better jobs in the I&T field after working for several years and eventually many of them chose to leave the industry for good. In order to facilitate the creation of more quality jobs to retain technology talents, Mr MOK urged the Administration to formulate specific policies and measures to (a) promote the industrialization of local I&T industry by way of, for example, promoting the extensive use of local R&D outcomes in the private market; and (b) incentivize multinational R&D corporations to set up regional offices in Hong Kong.

13. Mr Charles Peter MOK also referred to the comments of the local I&T start-ups that when assessing applications under the Researcher Programme, ITC had recently attached more importance to funding applications which were related to natural or applied science. Given that the definition of "R&D activity" under the Researcher Programme as stated in the application guideline was not confined to natural or applied science, he urged the Administration to actively consider all the funding applications so that local I&T start-ups specialized in developing mobile applications and game programmes could receive timely assistance from ITF to employ researchers. CIT took note of Mr MOK's comments.

14. Mr MA Fung-kiwok considered that one of the key components of promoting I&T was to nurture and pool together technology talents. Mr MA and Dr CHIANG Lai-wan referred to the statistics provided by the Administration that about 70% of the researchers who had completed engagement under the Researcher Programme indicated that they were being employed in the I&T field or planned to pursue a career in R&D. While expressing concerns on whether the researchers could easily find a job in the market after completing the engagement period which lasted for only about 14 months on average, Mr MA and Dr CHIANG sought further elaboration on the percentage of researchers who had actually found a job in the I&T field after the engagement period.

15. CIT advised that organizations undertaking ITF-funded R&D projects might recruit researchers under the Researcher Programme to assist in the R&D projects.

The duration of the engagement period of the researchers so recruited would tie in with the length of the concerned R&D projects. The Administration had been conducting regular surveys to collect information on the employment status of the researchers who had completed the engagement period under the Researcher Programme. In 2019, 53% of the respondents had found a job in the I&T field. Another 15% of the respondents advised that they were seeking a job and were interested in a future career in the I&T field.

16. CIT stressed that the Administration had attached great importance to the nurturing of I&T talents. Since February 2019, the funding period of both the Researcher Programme and the Postdoctoral Hub had been extended from two years to three years so as to provide R&D talents with ample time to demonstrate their professional strengths in R&D projects.

17. Mr MA Fung-kwok pointed out that while Hong Kong was facing a shortage of I&T talents, the Administration's survey indicated that about 30% of the ITF-funded researchers had, for unknown reasons, left the sector after completing the engagement period. He considered it important to find out why and when the ITF-funded researchers had left the sector and see whether there was a trend of it at all. The statistics could ultimately help the Administration formulate effective measures to retain I&T talents. In this connection, Mr MA requested the Administration to consider collecting information on a regular basis about the career pursuits of all the researchers who had completed the engagement period under the Researcher Programme and enumerating the number of those who were still working in the I&T field.

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18. CIT responded that the Administration would explore ways to keep track of the employment situation of the researchers who had completed the engagement period under the Researcher Programme as far as possible. At Dr CHIANG Lai-wan's request, CIT undertook to provide information on (a) regarding researchers who had completed engagement under the Researcher Programme (the former Internship Programme), the number and the respective percentage of those who were still working in the I&T field now; and (b) regarding incubatees of HKSTPC and Cyberport and I&T start-ups which had received grants from ITF, the number and the respective percentage of those which were still in operation now.

Implementation progress

19. Mr Martin LIAO considered that the Government's capital injection into ITF over the past some 20 years was too meager and the level of ITF's annual expenditure was far from sufficient for promoting I&T development in Hong Kong. For example, despite covering a wide range of technology areas, ITSP had funded only about 120 projects per year on average. In order to boost ITF's annual

expenditure and promote I&T development in Hong Kong, Mr LIAO asked how the Administration would encourage the R&D Centres, universities and designated public research institutes to submit a certain number of project proposals every year.

20. Mr Martin LIAO added that private venture capital ("VC") funds investing in R&D activities would not dispute the fact that R&D projects might not necessarily succeed due to a number of factors. Similarly, he considered that the Administration should not be too conservative in assessing funding applications under ITF although there was a need to ensure prudent use of public money.

21. CIT stressed that ITC was very willing to approve ITF applications, subject to the fulfilment of eligibility criteria and completion of the necessary vetting procedures. The success rate of ITF applications was indeed comparable to other similar funds operating in other jurisdictions. If an application under ITSP was not supported by the Assessment Panel, ITC would notify the applicant of the reasons and encourage the applicant to submit a revised application having regard to the Assessment Panel's comments. ITC would continue to encourage the R&D Centres, universities and other designated local public research institutes to submit more proposals of applied R&D projects.

22. Noting the waves of vandalism amid the social incidents, Mr Martin LIAO sought details of whether the progress of the ITF-funded R&D projects conducted by the R&D Centres, universities and designated public research institutes had been delayed due to the vandalistic activities and occupation of university campuses.

23. CIT advised that ITC had received a number of applications from the funded organizations for postponing the deadlines for completion of the funded R&D projects due to unforeseen circumstances caused by the COVID-19 outbreak and other reasons. Given that the delays were caused by factors which were beyond the control of the funded organizations, ITC had, where appropriate, extended the deadlines and adjusted the funding amounts.

The proposed STEM Internship Scheme

24. Mr CHAN Chun-ying noted that the Administration had set aside HK\$40 million to implement the proposed STEM Internship Scheme to subsidize undergraduates and postgraduates taking STEM (i.e. Science, Technology, Engineering and Mathematics) programmes in local universities to enrol in short term internships in I&T related work. He asked whether the Administration would consider relaxing the eligibility criteria to cover all the undergraduates and postgraduates, regardless of their majors, so as to enlarge the local I&T talent pool. He also asked what measures the Administration would take to encourage the five

R&D Centres and local I&T companies to actively participate in the STEM Internship Scheme and offer internship positions for the undergraduates and postgraduates.

25. CIT responded that by implementing the STEM Internship Scheme, the Administration aimed to encourage STEM students to gain I&T-related work experience during their studies, and to pursue a career in I&T after graduation. Noting Mr CHAN Chun-ying's suggestion, the Administration considered it more prudent to implement the proposed STEM Internship Scheme, taking into account the implementation progress and experience before expanding the coverage of the scheme. The Administration would review the effectiveness of the scheme one year after its implementation, so as to decide whether or not to regularize the scheme or enhance the relevant measures.

Public Sector Trial Scheme

26. Mr WONG Ting-kwong and Mr CHAN Chun-ying noted that the Administration had recently launched a special call for projects under the Public Sector Trial Scheme ("PSTS") to support product development and application of technologies for the prevention and control of COVID-19. Out of the 332 applications, only six had been approved so far. Mr WONG was keen to be briefed on the assessment criteria of the scheme and details of the six approved applications, including the type of products/services involved, name of applicants and the respective amount of funding approved. Mr CHAN asked whether the Administration would expedite the processing of the remaining applications so that the concerned research outcomes could be tried out in the public sector before the end of the epidemic. Mr CHAN also suggested that the Administration should continue to work with the relevant research teams to help them commercialize the research outcomes after the trial.

27. CIT replied that the products and services involved in the six approved applications were an anti-bacterial and anti-viral coating, an anti-bacterial and anti-viral protective clothing, a body temperature scanning robot, a smart body temperature and face mask detection system, a coronavirus detection device and a coronavirus genetic extraction system. In order to enhance Hong Kong's capability in combating the epidemic by using I&T solutions, ITC had adopted fast-track procedures to process the applications, with priorities accorded to those directly relating to the prevention and control of the epidemic. CIT remarked that many of the applications were only submitted a couple of days before the deadline, i.e. less than two weeks before the meeting.

28. CIT added that all the applications would be vetted based on their individual merits. The vetting criteria included but were not limited to (a) the anti-epidemic relevance and I&T elements of the R&D outcomes for trial; (b) the readiness of the

R&D outcomes for trial, which must be owned by the applicant and developed by the applicant primarily in Hong Kong; (c) the proposed trial plan, whether it could enhance the chance of realization/commercialization of the R&D outcomes, the proposed follow-up actions on trial results, and whether the application of R&D outcomes could bring wider benefits to the community in terms of combatting the epidemic in Hong Kong; and (d) the support of the public sector organization(s) participating in the project, etc. CIT also advised that PSTS had significantly contributed to the realization of R&D outcomes through actual implementation to identify areas of enhancement and step-by-step improvements to meet the needs of the users.

29. Mr WONG Ting-kwong said that realization and commercialization of R&D outcomes were a crucial part of the policy of developing I&T. He reiterated that the Administration should take the lead to adopt more local R&D outcomes with a view to promoting the research deliverables to the private sector. He sought further elaborations on the number of research outputs of local universities which had been adopted by the Administration in 2019 and the first two months of 2020 and the amount of funding approved under PSTS to support the trial of such research outputs.

30. Mr WONG Ting-kwong added that it was disappointing to note that the Administration had decided not to activate certain functions of the smart lampposts after some people had raised privacy concerns that might arise from the Multi-functional Smart Lampposts Pilot Scheme and vandalized the devices. He urged the Administration to rebut the unfounded accusations in a timely manner and step up its work in promoting the benefits and functions of the technology applications concerned.

31. CIT replied that PSTS supported public sector bodies to try out new technologies or products with a view to enhancing the prospects of realization and commercialization of local R&D outcomes. The Innovation and Technology Bureau and ITC would continue to promote the use of local research outcomes by government departments to enhance their services. As at end February 2020, a total number of 240 projects had been funded under PSTS with funding of about HK\$447 million.

Innovation and Technology Venture Fund

32. Mr CHAN Chun-ying noted that the Administration had invested only about HK\$66 million in 10 local I&T start-ups (up to mid-March 2020) through the Innovation and Technology Venture Fund ("ITVF"), which was far below the estimated expenditure of HK\$800 million for 2019-2020 financial year as provided in the 2019-2020 Budget. He enquired about the reasons for such differences and the time generally needed in assessing an investment proposal submitted by ITVF

co-investment partners ("CPs"). For better utilization of the funding resources under ITVF, Mr CHAN suggested that the Administration might consider reviewing the Government's matching investment ratio in ITVF and streamlining its procedures in vetting and approval of the investment proposals.

33. CIT advised that the Administration had invested through ITVF in 12 investment proposals (involving 11 local I&T start-ups), up to early April 2020. She further advised that the Administration had entered into agreement with the first round of VC funds to become CPs in July and August 2018. With reference to the experience gained from the first year of ITVF's implementation, ITC had streamlined the procedures in assessing the investment proposals submitted by CPs. Currently, investment proposals could be processed within 1 month, provided that the concerned CPs had provided all the required information at the time of submission. To further explore co-investment opportunities, the Administration had earlier this year invited a new round of applications from VC funds with a view to selecting more CPs to join ITVF. The applications received were now under processing.

Re-industrialisation Funding Scheme

34. Mr YIU Si-wing enquired about the latest progress in implementing the Re-industrialisation Funding Scheme ("RFS"). In view of the shortage of land and labour, he asked what measures, in addition to funding support, the Administration would take to facilitate setting up of operations by more manufacturers in Hong Kong and promote the development of the local manufacturing industry.

35. CIT advised that in view of the constraints in land resources and labour, the Administration aimed at attracting manufacturing operations which adopted advanced technologies and would not require much labour or land. The proposed RFS would subsidize manufacturers on a matching basis to set up new smart production lines in Hong Kong. With the Panel's support, the relevant funding application had been submitted to the Finance Committee ("FC") for approval with a view to launching RFS in the second quarter of 2020 as far as possible. The implementation of RFS and other initiatives which promoted the development of high-end production in Hong Kong would help diversify the economy and reduce Hong Kong's reliance on service industries. High-end manufacturing industries would also provide quality jobs for local I&T talents, particularly young people.

Enhancement of the Innovation and Technology Fund

36. Mr CHAN Chun-ying referred to his suggestion raised at the Panel meeting on 15 January 2019 that the Administration should consider establishing trade-specific programmes under ITF (e.g. funding schemes dedicated to financial

technology ("fintech") or e-commerce) to facilitate the development of particular trades. He asked about the result of the Administration's consideration.

37. CIT responded that the Administration had attached great importance to the development of fintech. For example, the Hong Kong Applied Science and Technology Research Institute had identified fintech as one of its R&D focuses and devoted considerable resources in undertaking relevant applied researches.

Others

38. Mr Charles Peter MOK noted that the Administration had earmarked HK\$500 million under the Anti-epidemic Fund to implement the Distance Business Programme ("D-Biz Programme") which provided funding support for enterprises to adopt information technology ("IT") solutions for developing distance business. According to the Administration's paper submitted to FC, a list of pre-approved technologies/service providers ("the Pre-approved List") would be provided. Mr MOK said that the I&T sector was interested in applying for inclusion on the Pre-approved List. He was keen to ensure that the Administration would draw up the Pre-approved List in a fair, open and transparent manner to provide service providers with a level-playing field.

39. CIT advised that D-Biz Programme would be implemented by ITC with HKPC engaged as the Secretariat. In order to speed up the vetting and approval procedures for funding applications under D-Biz Programme, ITC intended to draw up a Reference List with reference to the List of IT Services Suppliers maintained by the Office of the Government Chief Information Officer ("OGCIO"). Applications from other IT service providers to enrol on the Reference List would also be accepted. The Administration had established the D-Biz Programme Vetting Committee which comprised members from the IT sector, the professional services sector, the academia and OGCIO to oversee the implementation of D-Biz Programme, as well as to advise on the lists of IT solutions and IT service providers.

(Post-meeting note: ITC had invited applications from IT service providers to enrol on the Reference List since 4 May 2020 and started receiving applications for D-Biz Programme from 18 May 2020.)

Summing up

40. The Chairman concluded that the Panel supported in principle the Administration's proposal to implement the STEM Internship Scheme.

IV. Promotion of inward investment

(LC Paper No. CB(1)535/19-20(05) -- Administration's paper on "Promotion of Inward Investment"

LC Paper No. CB(1)535/19-20(06) -- Paper on the work of Invest Hong Kong in promoting inward investment prepared by the Legislative Council Secretariat (updated background brief)

Presentation by the Administration

41. At the invitation of the Chairman, Director-General of Investment Promotion ("DGIP") briefed members on the work of Invest Hong Kong ("InvestHK") in 2019 and outlined its work plan for 2020-2021. Details were set out in the Administration's paper (LC Paper No. CB(1)535/19-20(05)).

Discussion

Marketing and social media communications

42. Noting that amid the impact of the COVID-19 outbreak, InvestHK had flexed its approach in investment promotion for 2020-2021 by strengthening its digital marketing and social media strategy, Mr CHAN Chun-ying enquired about the new investment promotion strategies to be adopted in the realms of tourism and hospitality as well as transport and logistics.

43. DGIP advised that InvestHK would continue to refine its business model in response to changes in the market. On specific sectors, the business landscape had shifted dramatically. The teams responsible for tourism and hospitality were actively re-working propositions for the Mainland and international companies in close consultation with the Hong Kong Tourism Board. InvestHK had been keeping the international investors updated on the latest situation in Hong Kong including the lowering costs (such as rental levels) of doing business in Hong Kong. As aviation was one of the hardest hit sectors globally, there would unlikely be any large volume of new aircraft financing in the near term. As soon as the pandemic subsided, however, Asia was expected to remain the major driving force of civil aviation as it enjoyed the bulk of the economic dividend arising from the population growth trend.

Financial services

44. Noting that InvestHK continued its effort in 2019 to attract high net worth individuals and financial companies to set up family offices in Hong Kong, Mr CHAN Chun-ying enquired: (a) whether there was any successful cases done by InvestHK; (b) whether key performance indicators had been set up for the areas of work in this respect; and (c) whether InvestHK would relay to the relevant Policy Bureaux the potential customers' views on Hong Kong's policies conducive to investment promotion (e.g. taxation system and talent attraction policies) vis-à-vis our regional competitors such as Singapore.

45. DGIP said that InvestHK had been working with the Financial Services and the Treasury Bureau, the Financial Services Development Council and the Hong Kong Monetary Authority to launch a dedicated website and pitchbook providing the necessary information for family offices' set up and operation in Hong Kong as well as highlighting InvestHK as the government agency providing one-stop services to family offices. On refining the policies conducive to the setting up of family offices in Hong Kong, InvestHK had been actively engaging the Private Wealth Management Association to understand the industry's latest views.

Innovation and technology

46. Mr Charles Peter MOK said that the United States ("US") Federal Communications Commission's recent decision to allow Google to activate the submarine Pacific Light Cable Network ("PLCN") link between the US and Taiwan but not the US-Hong Kong section was a major loss of foreign direct investment ("FDI") to Hong Kong, and had gravely impacted on Hong Kong's development as an Internet and telecommunications hub and a data centre hub. He enquired: (a) what measures the Administration had taken in a bid to pre-empt or reverse the decision; and hopefully convince international investors including Google and Facebook to re-connect the Taiwan-Hong Kong link; and (b) how the Administration would prevent similar situations from happening to the future Bay to Bay Express Cable System and the Hong Kong-America Cable System. Mr MOK urged the Administration to adopt a more proactive approach in dealing with similar situations in future.

47. DGIP said that InvestHK had long been following the PLCN project with the relevant investors and the relevant Bureaux/Departments. To prevent recurrence of similar incidents in future, InvestHK would continue to do what it could. DGIP agreed to follow up with Mr MOK on the relevant issues after the meeting.

Playing an active role in major Mainland initiatives

48. Mr YIU Si-wing said that although InvestHK's performance in investment promotion in 2019 was satisfactory, the COVID-19 outbreak had cast uncertainties for the outlook in 2020-2021. In this regard, he enquired whether InvestHK would adjust its strategies and priorities in the coming year, and focus resources on the Belt and Road countries and the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") vis-à-vis the US and Europe. Noting that many investment promotion visits to overseas countries and Meetings, incentives, conferences and exhibitions ("MICE") tourism originally scheduled for the first half of 2020 had been cancelled due to the pandemic, but was expected to resume in the latter part of 2020 as soon as the pandemic subsided, Mr YIU suggested that InvestHK should support the organization of such activities in Hong Kong in the remainder of 2020 to enhance international participation and raise Hong Kong's profile and visibility among the overseas countries. In this regard, he urged InvestHK to allocate resources to support the International Travel Expo Hong Kong scheduled for early August 2020, in a bid to revive Hong Kong's inbound and outbound tourism which had been hard-hit by the pandemic. Sharing a similar view, Mr CHAN Chi-chuen suggested that as the US and European countries as well as the Belt and Road countries were still struggling with the combatting of the COVID-19 pandemic, InvestHK should suitably adjust downwards its overseas promotion budget.

49. DGIP said that as the Greater Bay Area development remained the focus of attention of overseas investors, it would continue to form an integral part of InvestHK's work in the coming year. On supporting tourism and MICE events and activities, InvestHK would adopt a supporting rather than an organizer or any leading role in promoting the activities to international investors. DGIP added that given the length of an investment decision cycle spanned typically 12 to over 36 months, now was the time for redoubling rather than pulling back InvestHK's promotion effort in competing for FDI. At present, InvestHK had no plans to trim back its resource allocation with regard to the US and Europe vis-à-vis the Asian region.

Other issues

50. Noting that concerns among overseas investors about the political situation and freedom of the press in Hong Kong had already impacted on some of Hong Kong's international credit ratings, Mr CHAN Chi-chuen enquired whether there was a declining trend in the number of overseas news media setting up offices in Hong Kong in the past two years.

51. DGIP said that credit ratings were not a particularly important factor influencing overseas investors' investment decisions in Hong Kong in terms of most business sectors apart from financial services. He was not aware of a declining trend in the number of overseas news media setting up offices in Hong Kong in recent years.

V. Any other business

52. There being no other business, the meeting ended at 4:07 pm.