

立法會
Legislative Council

LC Paper No. CB(1)352/20-21
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by the Administration)

Ref : CB1/PL/CI

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 17 November 2020, at 2:30 pm
in Conference Room 2 of the Legislative Council Complex

Members present : Hon CHUNG Kwok-pan (Chairman)
Hon Jimmy NG Wing-ka, BBS, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon CHAN Kin-por, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, GBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon SHIU Ka-fai, JP
Hon CHAN Chun-ying, JP
Hon CHEUNG Kwok-kwan, JP
Hon LAU Kwok-fan, MH

Members attending : Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Holden CHOW Ho-ding
Hon LUK Chung-hung, JP

Members absent : Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon Kenneth LAU Ip-keung, BBS, MH, JP

Public officers attending : Agenda item V

Commerce and Economic Development Bureau

Mr Edward YAU, GBS, JP
Secretary for Commerce and Economic Development

Ms Betty HO, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)³

Food and Health Bureau

Dr CHUI Tak-yi, JP
Under Secretary for Food and Health

Financial Services and the Treasury Bureau

Mr Raistlin LAU, JP
Deputy Secretary for Financial Services and the Treasury
(Treasury) 1

Department of Justice

Dr Boyce YUNG
Senior Assistant Law Officer (Civil Law)(Commercial)I

Miss Michelle CHAN
Senior Assistant Law Officer(Civil Law)(Advisory)III

Agenda Item VI

Innovation and Technology Bureau

Mr Alfred SIT, JP
Secretary for Innovation and Technology

Ms Annie CHOI, JP
Permanent Secretary for Innovation and Technology

Mr Alan LO
Deputy 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

Development Bureau

Ms Doris HO, JP
Deputy Secretary for Development (Planning and
Lands)1

Mr David LAM
Principal Assistant Secretary for Development
(Planning and Lands) 5

Civil Engineering and Development Department

Mr Ringo MOK, JP
Project Manager (West), West Development Office,
Civil Engineering and Development Department

Mr WONG Chi-hung
Chief Engineer (West)5, West Development Office,
Civil Engineering and Development Department

Fire Services Department

Mr Terrance TSANG
Assistant Director (Headquarters), Fire Services
Department

Mr LI Wai-cheong
Senior Divisional Officer (Planning Group), Fire
Services Department

Architectural Services Department

Mr Michael LI
Project Director/2, Architectural Services
Department

Mr Ryan LAW
Senior Project Manager 225, Architectural Services
Department

**Attendance by
invitation** : Agenda item VI

Hong Kong-Shenzhen Innovation and Technology
Park Limited

Mr Patrick SIU
Chief Executive Officer, Hong Kong-Shenzhen
Innovation and Technology Park Limited

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

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

Ms Connie HO
Senior Council Secretary (1)3

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. Election of Deputy Chairman

The Chairman invited nominations for the deputy chairmanship of the Panel for the 2020-2021 session. Mr Jimmy NG was nominated by Mr CHAN Chun-ying and the nomination was seconded by Ir Dr LO Wai-kwok. Mr NG accepted the nomination. As there was no other nomination, the Chairman declared that Mr NG was elected Deputy Chairman of the Panel for the 2020-2021 session.

II. Information papers issued since the regular meeting on 16 June 2020

(LC Paper No. CB(1)865/19-20(01) -- Information paper on the financial position of the Applied Research Fund for the period from 1 December 2019 to 29 February 2020, and the annual report and audited financial statements of the Applied Research Council for the year ended 31 March 2019

File Ref: CITB CR 75/53/4 and
CITB CR 75/53/5/1 -- Legislative Council Briefs on United Nations Sanctions (Democratic Republic of the Congo) Regulation 2019 (Amendment) Regulation 2020 and United Nations Sanctions (South Sudan) Regulation 2019 (Amendment) Regulation 2020

LC Paper No. CB(1)965/19-20(01) -- Information paper on the financial position of the Applied Research Fund for the period from 1 March to 31 May 2020

LC Paper No. CB(1)154/20-21(01) -- Letter dated 9 November 2020 from Hon MA Fung-kwok regarding his request for including the subject of the National 14th Five-Year Plan in the Panel's list of outstanding items for discussion at a future meeting

File Ref: CITB CR 75/53/8 and CITB CR 75/53/10 -- Legislative Council Briefs on United Nations Sanctions (Central African Republic) Regulation 2020 (Amendment) Regulation 2020 and United Nations Sanctions (Mali) Regulation 2019 (Amendment) Regulation 2020)

2. Members noted the above papers issued since the regular meeting on 16 June 2020. Regarding Mr MA Fung-kwok's request for discussion with the Administration on the subject of the National 14th Five-Year Plan at a future meeting, members agreed that the subject be included in the Panel's list of outstanding items for discussion ("the List").

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)150/20-21(01) -- List of outstanding items for discussion

LC Paper No. CB(1)150/20-21(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on Tuesday, 15 December 2020, at 2:30 pm to receive briefings by the Secretary for Commerce and Economic Development ("SCED"), the Secretary for Constitutional and Mainland Affairs and the Secretary for Innovation and Technology ("S for IT") on the Chief Executive ("CE")'s 2020 Policy Address.

(Post-meeting note: Members were informed on 11 December 2020 vide LC Paper No. CB(1)348/20-21 that as the Coronavirus Disease-2019 ("COVID-19") outbreak in Hong Kong had been getting more severe, the Chairman had directed that the policy briefing-cum-meeting originally scheduled for 15 December 2020 would be rescheduled to a later date.)

Work plan and list of outstanding items for discussion for 2020-2021 session

4. The Chairman informed members that he had met with the Administration on 9 November 2020 to discuss the work plan of the Panel in the 2020-2021 session. Members noted that the items proposed for discussion in the 2020-2021 session had been incorporated in the List (LC Paper No. CB(1)150/20-21(01)).

5. In relation to Item No. 17 "Report on the work of the overseas Hong Kong Economic and Trade Offices ("ETOs") and the Offices of the Government of the Hong Kong Special Administrative Region in the Mainland and Taiwan in 2019-2020", the Chairman informed members that the Administration had proposed to call off the annual meeting for Heads of overseas ETOs and Mainland Offices in 2020 in view of the latest developments of the global COVID-19 pandemic. Noting that regular bi-monthly reports would be submitted to the Legislative Council ("LegCo") by overseas and Mainland ETOs, members agreed to delete this item from the List.

IV. Proposal for setting up the Subcommittee on Issues Relating to the Stimulation of Hong Kong's Economy under the Panel

(LC Paper No. CB(1)23/20-21(01) -- Joint letter dated 16 October 2020 from Ir Dr Hon LO Wai-kwok and Hon Jeffrey LAM proposing to set up the Subcommittee on Issues Relating to the Stimulation of Hong Kong's Economy under the Panel)

6. At the invitation of the Chairman, Mr Jeffrey LAM and Ir Dr Hon LO Wai-kwok briefed members on their proposal for setting up the Subcommittee on Issues Relating to the Stimulation of Hong Kong's Economy under the Panel ("the Proposal"). Details were set out in their joint letter dated 16 October 2020 (LC Paper No. CB(1)23/20-21(01)).

7. Ms Starry LEE expressed support for the Proposal and considered the matter urgent and important. She suggested that the proposed subcommittee should cover measures to support small and medium enterprises ("SMEs") in its study. Concurring with Ms LEE, Ir Dr Hon LO Wai-kwok anticipated that the review and study of measures to support Hong Kong enterprises, regardless of size and industries, which were hard hit by the COVID-19 epidemic would be one of the focuses of the proposed subcommittee.

8. Ms Elizabeth QUAT supported the Proposal. In her viewpoint, the proposed subcommittee should discuss with the Administration policies and

measures to (a) complement the initiatives of the National 14th Five-Year Plan in order to capitalize on the opportunities for integration into the overall national development; and (b) mitigate the impacts of the trade conflict between China and the United States ("US") on the Hong Kong's economy. Mr YIU Si-wing added that Hong Kong should grasp the development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and take part in the country's domestic circulation. Ms QUAT and Mr YIU further suggested that the Financial Secretary and representatives of all relevant bureaux should be invited to attend the meetings of the proposed subcommittee as the issues relating to the stimulation of Hong Kong's economy straddled across different policy areas.

9. Mr Tommy CHEUNG supported the Proposal and indicated his intention to join the proposed subcommittee. He suggested that the proposed subcommittee should include the operation of the catering businesses in its work plan.

10. Mr Martin LIAO also expressed support for the Proposal. As CE had specified 5 September 2021 as the date for holding the general election for the Seventh LegCo, he and the Chairman considered that the proposed subcommittee should complete its work in around six months' time before the Sixth LegCo stood prorogued. Mr YIU Si-wing added that the proposed subcommittee should accord priorities to studying short term measures which could stimulate Hong Kong's economy, with a view to putting forward quick win recommendations.

11. The Chairman concluded that the Panel generally supported the Proposal and raised no objection to the terms of reference of the proposed subcommittee as set out in the Proposal.

(Post-meeting note: Members were informed on 16 December 2020 vide LC Paper No. CB(1)349/20-21 that the immediate activation of the Subcommittee was taken as endorsed by the House Committee, and that the first meeting of the Subcommittee was scheduled for 22 December 2020 at 10:45 am in Conference Room 3 of the LegCo Complex.)

V. Proposed Member's Bill to amend the Prevention and Control of Disease Ordinance (Cap. 599)

(LC Paper No. CB(1)44/20-21(01) -- Hon Tommy CHEUNG's letter dated 21 October 2020 together with the draft bill and the marked-up version showing the amendments made to the Prevention and Control of Disease Ordinance (Cap. 599)

LC Paper No. CB(1)150/20-21(03) -- Administration's response to proposed Member's Bill to amend the Prevention and Control of Disease Ordinance (Cap. 599))

12. At the invitation of the Chairman, Mr Tommy CHEUNG briefed members on the Prevention and Control of Disease (Amendment) Bill 2020 ("the Bill") which he intended to introduce as a Member's Bill into LegCo to amend the Prevention and Control of Disease Ordinance. The Bill sought to empower CE in Council to make regulations to provide temporary economic relief measures to persons who had suffered hardship and loss due to the application of regulations made pursuant to Cap. 599, in particular, temporary relief from actions for inability to perform contracts such as tenancy agreements. Details were set out in the draft bill and the marked-up version showing the amendments made to Cap. 599 appended to Mr CHEUNG's letter dated 21 October 2020 (LC Paper No. CB(1)44/20-21(01)).

13. Mr Tommy CHEUNG added that the Singaporean Government had, apart from implementing economic measures, enacted the COVID-19 (Temporary Measures) Act 2020 ("the Act") in April 2020. Specifically, under Part 2 of the Act, landlords were prohibited from taking any of the following legal actions against eligible tenants of non-residential properties during the prescribed period in relation to non-payment of rents caused by COVID-19: (a) the termination of leases; and (b) the exercise of the right of re-entry or forfeiture under the leases, or the exercise of any other right that had a similar outcome. The Act also spelt out the consequences for taking actions in contravention of the prohibitions. Mr CHEUNG urged the Administration to make reference to the Singapore's experience in cushioning the economy from the impacts of the epidemic.

14. Responding to the legislative proposal, SCED said that the Administration opposed to the Bill in view of the tremendous implications on public expenditure, operation of the Government and government policies as detailed in the Administration's paper (LC Paper No. CB(1)150/20-21(03)).

Discussion

15. Mr Tommy CHEUNG was disappointed with the Administration's opposition to the Bill. Specifically, he could not see why the Bill, if passed, would require the Administration to arrange additional manpower and resources to perform the statutory obligations so imposed on the Government. The Bill did not relate to public expenditure. The Bill, if passed, would only have the effect of deferring, but not discharging, contractual obligations so as to give enterprises cash flow relief and breathing space for making adjustments. He also stressed that in

making regulations under Clause 4(3) of the Bill, CE in Council had the discretion to specify the applicable contract and applicable period of time under Clause 4(4) of the Bill to suitably narrow down the scope of application.

16. Alternatively, Mr Tommy CHEUNG invited the Administration to consider providing for the temporary economic relief in question by invoking the Emergency Regulations Ordinance (Cap. 241) or introducing a brand new primary legislation.

17. Mr SHIU Ka-fai supported Mr Tommy CHEUNG's legislative proposal. While acknowledging the need to implement stringent anti-epidemic measures at the community level to contain public health risk, Mr SHIU considered it unfair to have the burden shouldered by the business sector alone under the current unprecedented business environment. According to his observation, many landlords had not shared the burden with their tenants, though some had. The business sector, in particular SMEs, would find it difficult to pay staff salaries and meet rental payments and other operating costs upon the end of the second tranche of the Employment Support Scheme ("ESS") if the anti-epidemic measures imposed under the regulations made pursuant to Cap. 599 continued. Mr SHIU added that corporate landlords should have the capacity to allow their tenants to defer the rental payments as the Hong Kong Monetary Authority had launched the Pre-approved Principal Payment Holiday Scheme in May 2020 that all loan principal payments of eligible corporate customers would generally be deferred by six months.

18. SCED replied that the Administration had examined the Bill, including Clause 4(4) as highlighted by Mr Tommy CHEUNG at this meeting, in considering whether the Bill related to public expenditure, operation of the Government and government policies for the purpose of Article 74 of the Basic Law. The Administration had reservation about the proposed regulation of the enforcement of civil law rights and interests of individuals and corporations as well as provision of temporary relief from actions for inability to perform contracts by legislative means, given that contracts that a typical business operation would enter into were wide-ranging, from rental agreements, to employment or service contracts, sales or purchase orders, loan agreements and securities agreements, etc. SCED said that there would be practical difficulties for the Administration to choose and to specify the contracts to be covered under Clauses 4(3) and 4(4) of the Bill. He had reservation on the legislative proposal, not only due to its impact on the economy but also on whether it could achieve the intended purpose of assisting businesses hard hit by the epidemic.

19. SCED added that the Administration fully understood that the persistent COVID-19 epidemic and relevant anti-epidemic measures had caused operating difficulties to enterprises across different sectors. Hence, the Administration had implemented a whole range of support measures to assist enterprises to cope with the pressure brought about by the epidemic. Compared to the legislative proposal, SCED said that the current approach adopted by the Administration was considered more effective and flexible in addressing the needs of the business sector in a timely manner.

20. Ms Starry LEE said that the Democratic Alliance for the Betterment and Progress of Hong Kong had called on the Administration to take a more proactive approach in encouraging landlords of private properties to cut rents. For instance, the Administration should (a) communicate with landlords who were unwilling to cut rents, with a view to addressing their concerns; and (b) provide tax deduction of up to 300% of the rental foregone to landlords who had granted rent cuts to their tenants. She enquired about the Administration's plans to lobby or incentivize landlords to reduce rents, thereby easing the financial burden on SMEs.

21. Ms Starry LEE further requested the Administration to provide information as far as possible on the number of landlords of private properties that had reduced rents during the past 12 months to ride out the hard times with their tenants, and other relevant details including but not limited to the level of rent reduction.

22. SCED replied that CE and other principal officials had appealed to landlords in the private sector through different channels, such as the Real Estate Developers Association of Hong Kong, to offer rental concessions to their tenants so as to sail through the difficult period together. The Administration had also led by example by proactively offering rental concessions to eligible business/organizations operating in government premises and other related properties. Various public bodies had also followed suit. Moreover, it was not uncommon for tenancy agreements of commercial premises to contain provisions which required tenants to pay turnover rents in addition to the base rents if their business turnover exceeded a certain level. In other words, the private non-residential rental market somehow had its own mechanism to provide for downward adjustment of rent amid subdued business sentiment. SCED added that one must not lose sight of the fact that there were instances of SMEs and retirees renting out properties as their major source of income. Their interests would inevitably be affected if the Bill was passed.

23. Deputy Secretary for Financial Services and the Treasury (Treasury) 1 supplemented that the rent of private properties was determined by the prevailing property market situation, which was influenced by a host of factors including

supply and demand, as well as the general economic and financial circumstances. Should tax concessions be provided to landlords who had granted rent cuts to their tenants having regard to the market situation, the Government would suffer from unnecessary revenue loss. The Administration would need to take into account the fairness and integrity of the tax system, among other factors, in considering whether new tax initiatives should be introduced.

(Post-meeting note: The information provided by the Administration was circulated to members on 8 December 2020 (LC Paper No. CB(1)345/20-21(01)).)

24. Dr CHIANG Lai-wan was concerned that a lot of companies would lay off their staff upon the end of the second tranche of ESS in November 2020. She asked how the Administration would support SMEs hard hit by the epidemic from December 2020 onwards.

25. SCED responded that Hong Kong's economy had seen negative growth since the second half of 2019. To help affected enterprises, especially SMEs, ride out the storm, the Administration had introduced a number of relief measures in the 2020-2021 Budget and three rounds of measures under the Anti-epidemic Fund. In addition, the Administration had recently extended the Convention and Exhibition Industry Subsidy Scheme to end of 2021 and would consider extending other schemes in cases that there were unexpended funds.

26. SCED stressed that although the Administration had no plans to provide wage subsidies under ESS after November 2020, local enterprises would continue to benefit from other support measures, such as fee concession/waivers. To help alleviate the cash flow problem of enterprises which had been severely hit by the epidemic, the Administration launched a Special 100% Guarantee Product under the SME Financing Guarantee Scheme ("SFGS") on 20 April 2020 and had enhanced the 80% and 90% Guarantee Products under SFGS by providing interest subsidy and principal moratorium to the borrowers. So far, over 21 000 applications for the Special 100% Guarantee Product had been approved, involving a total loan amount of some HK\$30 billion.

27. SCED also advised members that the Administration had over the years established funds and implemented a number of government support schemes, including 12 funding schemes under Commerce and Economic Development Bureau's purview, to support local enterprises in business upgrading and market development, etc. The Administration would from time to time make injections to the funds and introduce enhancement measures to the funding schemes having regard to the needs and circumstances of the trade. The Administration had also introduced arrangements to disburse partial funding in advance for various funding

schemes so as to facilitate the commencement of projects by the funded enterprises.

28. Having considered that Clause 4(4) of the Bill had empowered CE in Council to specify the applicable contract and applicable period of time when making regulations to provide for temporary relief from actions for inability to perform contracts, the Chairman held that Mr Tommy CHEUNG's proposal was feasible and he expressed support for Mr CHEUNG to continue to take forward the legislative exercise. The Chairman also said that members of the Panel generally considered that the Administration should continue to support enterprises to overcome difficulties brought about by the epidemic.

VI. Development of the Lok Ma Chau Loop

(LC Paper No. CB(1)150/20-21(04) -- Administration's paper on "Development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop"

LC Paper No. CB(1)150/20-21(05) -- Paper on the Hong Kong-Shenzhen Innovation and Technology Park prepared by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(1)196/20-21(01) -- Administration's paper on "Development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop" (PowerPoint presentation material))
(Chinese version only, tabled at the meeting and subsequently issued on 17 November 2020)

29. 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

30. At the invitation of the Chairman, S for IT sought members' views and support on the Administration's proposal on the development of the Hong Kong-Shenzhen Innovation and Technology Park ("the Park") in the Lok Ma Chau

Loop ("the Loop"), including: (a) Batch 1 development of the Park and the proposed financial arrangement; and (b) upgrading two works projects to Category A [i.e. 7760CL (part) (development of Lok Ma Chau Loop - Main Works Package 1 (part)) and 3178BF (fire station and ambulance depot with departmental accommodations in Lok Ma Chau Loop)]. With the aid of PowerPoint presentation, Deputy Secretary for Innovation and Technology (1) gave members an overview of the Batch 1 development of the Park and the related works projects. Project Manager (West), West Development Office, Civil Engineering and Development Department and Assistant Director (Headquarters), Fire Services Department then briefed members on the two works projects (i.e. 7760CL (part) and 3178BF) relating to the site formation and infrastructure works for the Loop development and construction of a fire station and ambulance depot with departmental accommodations respectively. Details were set out in the Administration's papers (LC Paper Nos. CB(1)150/20-21(04) and CB(1)196/20-21(01)).

Discussion

Nurturing and retention of talents

31. Mr Jeffrey LAM expressed support for the Administration's funding proposal for the development of the Park. He noted that in November 2019, Vice Premier of the State Council, Mr Han Zheng announced a series of measures to benefit Hong Kong in different areas, including innovation and technology ("I&T"), by allocating additional resources in the development of the Shenzhen/Hong Kong Innovation and Technology Co-operation Zone ("the Co-operation Zone") (comprising the Park in the Loop and the Shenzhen Innovation and Technology Zone ("SZ I&T Zone") north of Shenzhen River and adjacent to the Loop), in order to enhance the upward mobility of young I&T talents. In this regard, Mr LAM enquired about the Administration's measures to attract Mainland and international I&T enterprises to set up bases and build a talent pool in the Park. He urged the Innovation and Technology Bureau to discuss with the relevant bureaux including the Development Bureau on the development of supporting infrastructure/facilities and accommodation for staff working in the Park. Sharing a similar view, Ir Dr LO Wai-kwok said that the Business and Professionals Alliance for Hong Kong supported the development of the Park as a matter of urgency.

32. S for IT advised that the Administration had attached much importance to I&T development in Hong Kong, and in the past few years had allocated over HK\$100 billion for the purpose. In this regard, the Administration had been promoting the development of I&T along eight major areas: (a) increasing resources for research and development ("R&D"); (b) pooling technology talent; (c) providing investment funding; (d) providing technological research infrastructure;

(e) reviewing existing legislations and regulations; (f) opening up government data; (g) leading changes to procurement arrangements; and (h) strengthening popular science education. In order to pool I&T talent, the Innovation and Technology Commission had in January 2020 rolled out enhancement measures of the Technology Talent Admission Scheme ("TechTAS") as announced in CE's 2019 Policy Address. Before the enhancement, TechTAS only covered tenants and incubatees of the Hong Kong Science and Technology Parks Corporation ("HKSTPC") and Hong Kong Cyberport Management Company Limited which conducted R&D activities in seven technology areas (i.e. artificial intelligence ("AI"), biotechnology, cyber security, data analytics, financial technologies, material science and robotics). The enhanced TechTAS was extended to cover six more technology areas (i.e. 5G communications, digital entertainment, green technology, integrated circuit design, the Internet of Things and microelectronics), bringing the total to 13; and to cover all companies conducting R&D activities in such 13 technology areas in Hong Kong. The enhancements had allowed more companies to benefit from the streamlined procedures offered by TechTAS, thus expediting the admission of technology talent from different parts of the world to undertake R&D work in Hong Kong, encouraging cross-fertilization of local and non-local talent and contributing to Hong Kong's I&T development.

33. S for IT added that, development of the Park was the top priority of the Administration's strategy in providing technological research infrastructure. To achieve this objective, the Government of the Hong Kong Special Administrative Region ("HKSARG") had been in close collaboration with the Shenzhen authorities to take forward the development of the Park in the Loop. In addition to becoming the largest I&T platform in Hong Kong, the Park, together with the adjacent SZ I&T Zone, would form a synergistic Co-operation Zone which would leverage the complementary advantages of both Hong Kong and Shenzhen.

34. Ms Elizabeth QUAT said that while it was important to take forward the development of the Park to expedite Hong Kong's R&D development, the Administration should also provide supporting facilities to attract overseas and Mainland talent to work in the Park, including sufficient school places for their children.

35. S for IT advised that promoting R&D was a crucial part of I&T development. The two *InnoHK* research clusters at the Hong Kong Science Park ("HKSP"), one focusing on healthcare technologies and the other on AI and robotics technologies, had the mission of converging top-notch researchers from all over the world to conduct world-class and impactful collaborative researches. S for IT added that at present, international school places available in Hong Kong were sufficient for children of the incoming I&T talents.

36. Mr CHAN Kin-por said that he supported the development of the Park and

urged the Administration to take forward the project as a matter of urgency. He urged the Administration to strike a balance between the number of Hong Kong and Shenzhen staff working in the Park while meeting their needs for commuting and accommodation. He also urged the Administration to promote the employment opportunities and career prospects offered by the Park to local talent.

37. S for IT advised that accommodation units for some 5 000 persons would be available within the Park upon full development, i.e. about 10% of the estimated total working population. The Park would be well supported by transport facilities including the MTR Lok Ma Chau Spur Line and a comprehensive road transport network, as well as transport facilities being planned. It was envisaged that at least half of the 50 000 staff working in the Park would be R&D talent. In order to groom local talent, the Administration had been providing funding support under the Researcher Programme and the Postdoctoral Hub for eligible companies and organizations to engage researchers and postdoctoral talent respectively to conduct R&D work. The two programmes were merged in July 2020 to become the Research Talent Hub. The maximum engagement period for each research talent was three years in general. The maximum monthly allowances for research talents with a local bachelor's degree, master's degree and doctoral degree were HK\$18,000, HK\$21,000 and HK\$32,000 respectively.

38. Mr LAU Kwok-fan and Mr LEUNG Chi-cheung expressed strong support for the development of the Park into the world's knowledge hub and I&T centre. Noting that Shenzhen had made good progress in developing the SZ I&T Zone and Hong Kong had greatly lagged behind developing the Park, they urged the Administration to expedite the development of the Park lest international I&T investments and talent would be lost to Shenzhen.

39. S for IT advised that subject to funding approval by the Finance Committee and with the support of the Civil Engineering and Development Department, the first parcel of land in the Loop would be delivered by end 2021 for construction of the first eight buildings and essential Park facilities for completion between late 2024 and 2027. Meanwhile, HKSARG and Shenzhen Municipal People's Government were exploring the feasibility of allowing HKSTPC to lease and manage some of the areas in the SZ I&T Zone, thereby enabling suitable and interested institutions and enterprises to commence collaborative research or to tap into the Mainland market as soon as possible prior to the completion of the first batch of buildings in the Park.

Planning of the Hong Kong-Shenzhen Innovation and Technology Park and Batch 1 development

40. Noting that the Batch 1 development would involve the western part of the Loop adjacent to the transport interchange, Mr LEUNG Chi-cheung enquired about

the rationale behind such planning. Urging the Administration to relax the frontier closed area restrictions of the neighbouring region of the Loop to release land for development, Mr LEUNG enquired if a fresh Environmental Impact Assessment ("EIA") would be required for the purpose.

41. S for IT advised that HKSARG was formulating an overall plan to develop the peripheral region of the Loop, including the Liantang/Heung Yuen Wai area, so as to exploit the full development potential of the region. For operational reasons, the first phase of the Park involved the development of the western part of the Loop to take advantage of the existing transport network in the proximity of the Lok Ma Chau MTR station. Permanent Secretary for Innovation and Technology ("PS(IT)") added that after the development of the western part of the Loop with a total of 31 buildings to be provided, the second phase would involve the development of the eastern part of the Loop providing a total of 36 buildings. In relation to the development plan, an EIA was prepared under the EIA Ordinance (Cap. 499) in 2013. The overall planning and development of the Loop would be in accordance with the recommendations of the EIA. If new developments were added to the original plan, another EIA might be required which would slow down the pace of the Loop development.

Economic benefits

42. Mr Michael TIEN said that he supported the development of the Park. Noting the current stringent financial position of HKSARG, he enquired about the Administration's assessment on the following: (a) whether there was genuine urgency of the funding for the Batch 1 development of the Park; (b) total funding requirement of the whole project; (c) division of work between the Park and HKSP which was undergoing expansion; and (d) entry and exit, and taxation arrangement of Mainland I&T talent working in the Park who would have to commute between Hong Kong and Shenzhen on a daily basis.

43. S for IT advised that according to the initial estimate from the Economic Impact Analysis Study ("the Study") carried out by the consultant engaged by the Hong Kong-Shenzhen Innovation and Technology Park Limited ("HSITPL"), upon completion of the whole Park, its economic contribution to Hong Kong (including direct, indirect and induced impacts) could reach about HK\$50 billion per annum and about 50 000 local jobs would be created. Due to the rapid development of I&T, the Administration at present did not have a precise estimate of the total funding requirement of the whole project, but it was believed that the total cost would exceed HK\$100 billion. While the expansion of HKSP was necessary, it alone would still be insufficient to support the development need of I&T in Hong Kong. The development of the Park was therefore critical for the future development of Hong Kong's I&T. Meanwhile, the Administration would look into possible facilitation measures, including the use of technology solutions, to

facilitate cross border flow of people between the Park and the SZ I&T Zone.

44. Expressing concern about the combined impact of the trade conflict between China and US and the COVID-19 on Hong Kong's economy, Mr POON Siu-ping enquired about the resources and time required for developing the Park into a world-class knowledge hub and I&T centre, and the breakdown of the direct, indirect and induced economic benefits to be reaped from Batch 1 development of the Park. He also enquired about the expected distribution of the 50 000 jobs to be created upon completion of the whole Park. Noting that the Yuen Long District Council did not support the Loop development at the consultation on 27 October 2020, Mr POON urged the Administration to put more effort in the explanatory and lobbying work on the benefits of the project.

45. PS(IT) advised that according to the estimate from the Study, Batch 1 development would bring about HK\$5.1 billion per annum of economic contribution to the gross domestic product of Hong Kong, comprising around HK\$3.3 billion, HK\$1.4 billion and HK\$0.3 billion for direct, indirect and induced contribution respectively. Upon completion of the whole Park, the economic contribution could reach about HK\$50 billion per annum, comprising HK\$34.1 billion, HK\$12.1 billion and HK\$2.8 billion respectively for direct, indirect and induced impacts. As regards the distribution of the jobs to be created upon completion of the whole Park, given that around 70% of the jobs in HKSP were R&D posts, it was envisaged that about 50% to 70% of the jobs at the Park would be R&D related posts which would offer good career prospects for Hong Kong's R&D talent.

46. S for IT added that given the gross floor area ("GFA") of the whole Park being three times that of HKSP, the annual economic contribution of the Park was also estimated to be roughly three times that of HKSP.

Vision and mission of the Hong Kong-Shenzhen Innovation and Technology Park

47. Mr CHAN Chun-ying said that he supported the development of the Park which would drive the future development of I&T in Hong Kong. Mr CHAN enquired how the Administration would uphold in the operation of the Park the non-profit making principle under the Memorandum of Understanding signed between HKSARG and the Shenzhen Municipal People's Government in 2017.

48. S for IT reassured Members that all income from the Park would be used in the construction, operation, maintenance and management of the Park, and no profits would be disbursed to either the Shenzhen or the Hong Kong side.

49. Noting that it was the vision of the Park to be a world-class knowledge hub and I&T centre, Mr CHAN Chun-ying enquired about the criteria for assessing the

achievement of the vision.

50. S for IT advised that the progress of the Park in realizing its vision might in general be assessed by four major criteria, namely: (a) the number of new technologies developed and R&D products commercialized; (b) the number and qualifications of I&T talent attracted and nurtured; (c) the number of impactful R&D projects attracted from the Greater Bay Area and overseas; and (d) the number of startups and high value-added enterprises supported.

Research and development focus of the Hong Kong-Shenzhen Innovation and Technology Park

51. Noting that a significant proportion of the GFA of the first phase of the Park would be allocated for scientific research and higher education purposes, Mr CHAN Chun-ying enquired about the focus of the R&D and higher education institutions to be set up in the Park vis-à-vis that of the Shenzhen campuses/research institutions set up by local universities. Dr CHIANG Lai-wan also enquired about the R&D directions of the Park.

52. S for IT advised that over 50% and about 15% of the total GFA in the Park would be used for R&D and higher education purposes respectively. It was envisaged that the focus of the higher education institutions within the Park would be on applied R&D. With the geographical advantage of the Park, enterprises therein could leverage Shenzhen's strong production facilities for mass production and tap into the huge Mainland market, so as to expand their development scale and maximize their economic benefits. S for IT added that the Park would focus on the development of six R&D areas in which Hong Kong had a competitive edge, i.e. healthcare technologies, big data and AI, robotics, new materials, microelectronics and financial technology.

Summing up

53. The Chairman concluded that the Panel supported in principle the Administration's proposal on the development of the Park in the Loop.

VII. Any other business

54. There being no other business, the meeting ended at 4:30 pm.