

立法會

Legislative Council

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Report of the Panel on Commerce, Industry, Innovation and Technology for submission to the Legislative Council

Purpose

This report gives an account of the work of the Panel on Commerce, Industry, Innovation and Technology (“the Panel”) during the 2022 session of the Legislative Council (“LegCo”). It will be tabled at the Council meeting of 14 December 2022 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

The Panel

2. The Panel was formed by a resolution passed by LegCo on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007, 2 July 2008 and 26 October 2022 for the purpose of monitoring and examining Government policies and issues of public concern relating to commerce, industry, business and services promotion, innovation and technology, intellectual property protection and inward investment promotion. Pursuant to the resolution passed by LegCo on 26 October 2022, the former Panel on Commerce and Industry has been renamed as the Panel on Commerce, Industry, Innovation and Technology. The terms of reference of the Panel are in **Appendix 1**.

3. The Panel comprises 19 members, with Hon SHIU Ka-fai and Hon Sunny TAN elected as Chairman and Deputy Chairman respectively. Mr TAN resigned from the office of Deputy Chairman of the Panel with effect from 29 June 2022. On 18 October 2022, Dr Hon TAN Yueheng was elected as Deputy Chairman of the Panel for the remainder of the 2022 session. The membership list of the Panel is in **Appendix 2**.

Major Work

Development of innovation and technology

Hong Kong Science Park

4. Members pointed out that the Shenzhen branch of the Hong Kong Science Park (“HKSP”) seemed small in scale. They expressed concern about whether the Shenzhen branch could adequately support Hong Kong’s technology enterprises in tapping into the the Guangdong-Hong Kong-Macau Greater Bay Area (“GBA”) market in the Mainland. The Administration advised that the construction of the Hong Kong-Shenzhen Innovation and Technology Park (“HSITP”) at the Lok Ma Chau Loop (“the Loop”) was moving in full steam. It was expected that the first batch of eight buildings would be completed in phases from end-2024 onward. Members urged the Administration to strengthen cooperation with the Shenzhen Municipal Government to jointly develop the Shenzhen branch of HKSP, HSITP and Shenzhen Innovation and Technology Zone. Members also enquired about the details of the GBA InnoAcademy established in the Shenzhen branch of HKSP. Hong Kong Science and Technology Parks Corporation (“HKSTPC”) advised that the GBA InnoAcademy was positioned as a resource centre, training hub, and exchange platform for talent.

5. Members noted that HKSTPC would also set up a GBA InnoExpress to nurture start-ups and support technology enterprises. Furthermore, HKSTPC had commenced the work to establish incubator networks in the GBA campuses of local universities and other relevant institutions, with a view to nurturing innovation and technology (“I&T”) talent in GBA. HKSTPC would also actively connect with the industry to help start-ups commercialize their research and development (“R&D”) outcomes.

InnoParks

6. Members noted that HKSTPC had developed facilities in InnoParks, such as the Advanced Manufacturing Centre (“AMC”) and Microelectronics Centre, for leasing to various tenants. Some members queried if HKSTPC’s target occupancy rate of 50% for AMC in 2022 was way too conservative. Members urged HKSTPC to expedite the leasing exercise. The Administration advised that as Hong Kong’s economic and business environment had been impacted by such factors as the COVID-19 epidemic and geopolitical landscape over the past two years, HKSTPC had set a relatively conservative target occupancy rate for AMC within this year. HKSTPC would actively take forward the leasing exercise.

Research and Development Centres under the Innovation and Technology Commission

7. Members noted that the five R&D Centres under the Innovation and Technology Commission (“ITC”) played an important role in creating an I&T ecosystem. They acted as a focal point for technology collaboration among the Government, industry, academia and research sectors to facilitate technology transfer and commercialization of R&D outcomes and promote re-industrialization of Hong Kong. Members considered that the Administration should review and consolidate the role and positioning as well as development direction of the R&D Centres. At the same time, local universities should be allowed to undertake R&D work which was more exploratory in nature, and the R&D Centres should avoid direct competition with the relevant industries and private R&D institutions. The Administration advised that each R&D Centre had its specific R&D area of expertise and technology area. It had established two InnoHK Clusters which served as a platform to facilitate collaborations between local universities and Mainland and overseas research institutions.

8. Members expressed concern about when the R&D Centres could run on a self-financing basis. The Administration stressed that in measuring the work of the R&D Centres, in addition to financial income, it would also take into account other indicators, including the economic benefits brought to Hong Kong enterprises with the aid of the R&D Centres and other social benefits (such as the job opportunities provided).

9. Members urged the R&D Centres to step up their efforts in facilitating technology transfer and commercialization of R&D outcomes, and to promote their R&D outcomes to the industry. The Administration advised that it would continue to collaborate with the industry, universities and technology institutes to facilitate the commercialization of R&D outcomes.

10. In respect of enhancing R&D cooperation with the Mainland and other countries, members suggested that the R&D Centres should set up branches in GBA and explore enhancing cooperation with enterprises in member countries of the Association of Southeast Asian Nations to promote the commercialization of R&D outcomes. The Administration advised that in recent years, the R&D Centres had I&T cooperation with the Mainland cities of GBA on a number of projects. Also, up to 50% of the R&D work of Innovation and Technology Fund (“ITF”)-funded R&D projects was allowed to be conducted in the Mainland.

11. Members suggested that the Administration should step up efforts in publicizing and promoting the R&D outcomes of the R&D Centres to the industry and the public (including setting up exhibition centres). The Administration

advised that ITC launched the Innovation Hub@HK Website (www.innovationhub.hk) in mid-August 2022 with the aim of showcasing the R&D outcomes of local universities and the R&D Centres, thereby facilitating technology transfer and commercialization of R&D outcomes. ITC would step up efforts in promoting the website, including publicizing it to enterprises outside Hong Kong through the Government's Economic and Trade Offices in the Mainland and overseas.

Sites reserved for innovation and technology development

12. Members noted that the Administration would consolidate HSITP and the areas around Lok Ma Chau/San Tin to form the San Tin Technopole. In addition, a site covering 56 hectares near the Liantang/Heung Yuen Wai Boundary Control Point was reserved for I&T-related purposes. As for the development of the San Tin Technopole, works had commenced to formulate the relevant development plan, including the distribution of land uses, infrastructure and ancillary facilities arrangement, etc. The Administration proposed to conduct open tender exercises for some portions of land in the San Tin Technopole, so that both public and private sectors could concurrently take forward different development projects.

13. Referring to the Administration's establishment of an emergency hospital and community isolation facilities on a site originally reserved for I&T development at the Loop in response to the fifth wave of the epidemic, members expressed concern about whether such measures would affect the development of HSITP. The Administration advised that it was identifying feasible options to enable the relevant site to be restored to I&T development purpose as early as possible.

Innovation and Technology Fund

14. The Panel was briefed on the latest progress of ITF and various funding schemes under ITF. Members generally agreed that ITF had contributed to the promotion of I&T development in Hong Kong.

Supporting research and development and facilitating technology adoption

15. Members urged the Administration to increase the resources for supporting R&D, promote the realization and commercialization of R&D outcomes and encourage more investments in R&D by the private sector. Members also suggested that the Administration should streamline the application procedures of the funding schemes to facilitate the submission of applications by start-ups and small and medium enterprises ("SMEs"). Some members called

on the Administration to encourage the adoption of technology in traditional industries.

16. The Administration stated that it would continue to allocate funding to promote I&T development in Hong Kong. To incentivize private companies to increase investment in technological R&D, it had also provided enhanced tax deduction for expenditure incurred by enterprises on R&D. At the same time, it would continue to review the operation of the funding schemes under ITF and streamline the application process as appropriate. The Administration added that currently, apart from funding R&D projects, ITF also offered funding schemes to support other I&T areas, with a view to promoting the commercialization of R&D outcomes. On encouraging enterprises to adopt technology, the Administration advised that funding support would be provided to local enterprises for the adoption of technology for product development, the production of prototypes or samples of R&D outcomes for conducting trials, etc.

Investing in technology enterprises

17. On members' suggestion of setting up a government-funded investment institution with direct involvement in investments in I&T enterprises, the Administration advised that it planned to use the Future Fund to set up the Strategic Tech Fund to further consolidate Hong Kong's position as an I&T centre. HKSTPC and Hong Kong Cyberport Management Company Limited would be invited to identify technology enterprises which were of strategic value to Hong Kong as well as investment opportunities conducive to enriching the I&T ecosystem. The Administration was also prepared to invest in local I&T start-ups through the Innovation and Technology Venture Fund. In addition, HKSTPC established the Corporate Venture Fund to co-invest with angel investors or venture capital ("VC") funds in start-ups currently in HKSP or had participated in its incubation programmes on a matching basis.

18. Members urged HKSTPC to liaise with the banking sector and assist technology enterprises in establishing a cooperation mechanism with banks, so as to provide suitable financing services for enterprises at different stages. HKSTPC advised that it had been actively helping technology enterprises and investors (such as VC funds and the banking sector) build up connections and assisting technology enterprises in raising fund to expand their business.

Biomedical technology

19. Members were of the view that the Administration should put in efforts to support the R&D of biomedical technology, including allocating more resources, providing ancillary facilities required, attracting more research

institutions to establish a presence in Hong Kong and stepping up publicity to the public about Hong Kong's strengths and achievements in R&D on biomedical technology. Members noted that the Administration planned to set up an InnoLife Healthtech Hub in HSITP to focus on R&D relating to life and health disciplines for application in fields of prevention, diagnosis, pathology tracking, medicine, etc. In addition, HKSTPC commenced the operation of the Biobank at the end of 2020. Meanwhile, the Government was coordinating the discussions between the Hospital Authority ("HA") and HKSTPC on the use of HA's clinical data for supporting the industry and R&D institutions to conduct R&D.

Nurturing innovation and technology talent

20. Members generally welcomed the "Research Talent Hub" ("RTH") scheme. Some members enquired about the criteria for approving the applications for RTH, and how the Administration could assess the effectiveness of the scheme. The Administration advised that when assessing an RTH application, ITC would take into consideration, among other things, the applicant company's experience in conducting R&D, and the nature of the R&D work to be conducted by the research talent engaged through RTH. ITC would also invite funded research talent to submit evaluation questionnaires after the end of their engagement periods to assess the effectiveness of the scheme.

21. Members suggested that the eligibility criteria for the RTH scheme should be relaxed; the reimbursement process of the monthly allowance to the applicant companies should be expedited; more flexibility should be allowed such that the applicant companies would not be required to submit new applications for the engagement of replacement research talent; and the level of maximum monthly allowance for each research talent should be increased. The Administration advised that all technology companies conducting R&D activities were eligible to apply for the RTH scheme. The maximum monthly allowances for research talent were set with reference to the salaries of similar job positions in the market, and the engagement period for each research talent could be extended to 36 months.

22. Members considered that in addition to attracting overseas I&T talent to come to Hong Kong, the Administration should also strive to enlarge the local I&T talent pool. For instance, the enterprises which had admitted overseas I&T talent to conduct R&D work in Hong Kong should be required to recruit a certain number of local I&T talent on a matching basis, or subsidize I&T scholars to conduct research activities in Hong Kong. The Administration advised that it had launched the STEM Internship Scheme to subsidize local undergraduates and postgraduates taking Science, Technology, Engineering and Mathematics

(commonly known as “STEM”) related programmes to enrol in short-term internships, with a view to encouraging STEM students to experience I&T-related work during their studies and fostering their interest early in pursuing a career in I&T after graduation, so as to enlarge the local I&T talent pool. At the same time, the Administration had launched the Global STEM Professorship Scheme to support universities in attracting internationally renowned I&T scholars and their teams to conduct research and teaching activities in Hong Kong.

23. Members noted that HKSTPC had set up the HKSTP InnoAcademy with the aim of assisting technology talent in upskilling themselves to meet the requirements of the industry and attracting more talent to join the I&T sector through a series of training and support initiatives. Member suggested that the Administration and HKSTPC should provide more I&T-related internships for secondary and university students, and conduct on-campus promotion to encourage more students to take STEM-related programmes and consider pursuing a career in the I&T industry in the future.

24. The Administration advised that the STEM Internship Scheme under ITF subsidized local universities to arrange short-term internships for their undergraduates and postgraduates taking STEM-related programmes. The scheme received enthusiastic responses from universities and the business community. Upon completion of their internships, many students had indicated that they would consider pursuing their careers in I&T after graduation. HKSTPC added that it would co-organize with local universities different on-campus promotional activities.

25. Members urged the Administration to actively retain locally trained I&T talent to work for the local I&T industry. The Administration advised that the RTH under ITF provided funding support for eligible companies or organizations to engage graduates in STEM-related disciplines from local universities to conduct R&D work, with a view to creating more quality posts to retain technology talent. The InnoCell of HKSP provided affordable residential and ancillary facilities for personnel working in the park, which also helped attract and retain I&T talent to work in Hong Kong.

26. On attracting more research talent to join R&D work, members were of the view that the R&D Centres should consider introducing an award system, including allowing research personnel to start their own business with the intellectual property (“IP”) of their R&D outcomes. The Administration advised that the R&D Centres served the social functions of assisting local enterprises in enhancing their technological know-how as well as facilitating R&D technology transfer to the industry. Hence, the R&D Centres had to be cautious in handling IP issues of R&D projects.

Promoting popular science

27. Members expressed concern about how the Administration and HKSTPC would promote popular science. Members urged the Innovation and Technology Bureau to step up collaboration with the Education Bureau to promote popular science in formal education programmes. Some members suggested that HKSTPC should receive more students' visits to HKSP. Some other members suggested that the R&D Centres under ITC should promote STEM education in collaboration with secondary schools. The Administration advised that it had also subsidized primary and secondary schools to organize technology-related extra-curricular activities, while HKSTPC had been organizing various major competitions and events to promote popular science, some of which included receiving participating students' visits to HKSP. The Administration added that the R&D Centres had been actively participating in the STEM Internship Scheme under ITF to provide internship positions for undergraduate and postgraduate students in STEM programmes, so as to encourage such students to experience I&T-related work during their studies and foster their interest early in pursuing a career in I&T after graduation.

Measures to support re-industrialization in Hong Kong

Re-industrialization policy

28. Members noted that the re-industrialization policy of the Administration focused on introducing and developing high-end manufacturing industries suitable for Hong Kong based on the internet of things, artificial intelligence, new materials and smart production processes, and at the same time promoting the upgrading and transformation of Hong Kong's traditional manufacturing industries, and enhancing the competitiveness of Hong Kong's manufacturing industries with I&T.

29. Members considered that the Administration had to promote interdepartmental collaboration in implementing the re-industrialization policy, create favourable conditions for enterprises in such areas as infrastructure, talent, capital, laws and regulations as well as investment environment, adopt flexible ancillary measures and tailor policies to individual core enterprises that suited their industry features, with a view to attracting them to set foot in Hong Kong together with the entire supply chain. The Administration advised that it had spared no effort to attract more enterprises to operate in various InnoParks. HKSTPC had also been striving to incubate small-sized start-ups, and identify and invite core enterprises engaged in R&D or manufacturing to establish a presence in Hong Kong. On the development of high-end manufacturing industry,

members suggested that the Administration should closely work with the industry with more exchanges in the fields of advanced technology, smart design and manufacturing, and provide targeted support to selected industries which were specifically well-grounded or those with greater potential for development in Hong Kong. Some members suggested that the Administration should assist traditional manufacturing industries in upgrading and transformation, and improve the quality of traditional manufacturing production.

30. The Administration advised that it had created a favourable investment environment for different sectors, including those well-grounded industries, through land supply, talent training, appropriate financial assistance and facilitation measures, and would provide appropriate support and ancillary measures required to the industry based on the development needs of specific industries.

31. Members asked whether the Administration had set a target on the percentage of the contribution of the manufacturing industry to the gross domestic product. The Administration advised that it would set specific targets when formulating a comprehensive blueprint for industries in the future. The Administration's current task was to reverse the trend of Hong Kong's industrial production activities being relocated to the Mainland and other regions, to encourage re-industrialization, and to attract more high-end manufacturing enterprises to come to Hong Kong.

Infrastructure needed for re-industrialization

32. Some members pointed out that the Administration's ongoing practice of granting industrial sites through open tender exercises might not be able to attract core enterprises to invest in Hong Kong. Also, the mere provision of readily completed factories for use by enterprises might not meet the actual needs of different industries. Members considered that the Administration must implement measures with greater flexibility in respect of land supply to facilitate large enterprises to establish a zone with integrated services, so as to provide R&D, manufacturing and staff accommodation facilities. Some members suggested that the Administration should construct a second AMC in Northwest New Territories, such as Tuen Mun and Yuen Long districts, so as to facilitate business connections with Mainland enterprises and increase the in-situ employment rates of such districts.

33. The Administration responded that apart from granting industrial sites through open tenders, the Government might negotiate with individual enterprises about how to handle relevant requests under exceptional circumstances. As for the provision of facilities, it would, after learning the needs of the industries,

refurbish or expand old factories or provide designated multi-storey and highly-efficient industrial buildings for leasing to multiple users (especially small production lines or R&D institutions).

34. The Administration informed members that due to the limited land available in InnoParks at present, it could not provide enough space for large enterprises to build all facilities. However, the Government's development direction of the San Tin Technopole and HSITP at the Loop was mainly built on the idea of an integrated service zone. As for the location of the second AMC, the Administration advised that it would consider multiple factors, including economic benefits and technical feasibility, before making any decision.

Talent training

35. Members enquired about which institutions were responsible for curriculum design of the Re-industrialization and Technology Training Programme ("RTTP") offered by the Administration and how it would ensure that those who had completed the training would meet the needs of enterprises. The Administration responded that RTTP supported public courses submitted by course providers and tailor-made courses for a particular enterprise (or enterprises). The Administration, enterprises and course providers all had their own role to play in the design and approval of the curriculum. The objective of the programme was to provide funding to local enterprises for their staff to receive training in advanced technologies, including non-local training courses.

36. Members considered that the Administration should enhance the vocational education system, step up efforts to nurture I&T and skilled talent and consider providing free vocational skill training for suitable persons. The Administration advised that it would continue to work with the Education Bureau, the Hong Kong Productivity Council ("HKPC") and the Vocational Training Council to enhance the training of I&T talent in Hong Kong, with a focus on manpower needs arising from re-industrialization.

Support measures for small and medium enterprises

37. Members noted that having regard to the impact of the epidemic and fluctuation of the global market, the Government had introduced various support measures and enhanced existing measures to help SMEs cope with such challenges as liquidity shortage, risks of extending export trade credits and lack of support for market development and business promotion, as well as to help raise SMEs' technological level, enhance their productivity and upgrade or transform their business processes.

SME Financing Guarantee Scheme

38. Regarding the Administration's announcement to further extend the application period of the SME Financing Guarantee Scheme ("SFGS") for one year to 30 June 2023, some members queried whether the total commitment for the Scheme was sufficient to meet the projected loan demand. The Administration advised that the total commitment provided under SFGS would be further increased to meet the required expenditure.

39. Pointing out that some enterprises had applied for the Special 100% Guarantee Product but were rejected, members queried that the vetting and approval criteria adopted by participating lending institutions ("PLIs") were too stringent. Some other members mentioned that cases involving the use of fraudulent means to apply for loan products under SFGS had been detected, and urged the Administration to take appropriate measures to ensure that loans under the Scheme would not be misused. The Administration advised that loan applicants were required to submit relevant documents to PLIs as proof of eligibility, and PLIs were required to conduct customer due diligence and use their expertise to determine the eligibility of applicants. HKMC Insurance Limited would also carry out random checks on loan applications.

40. Members considered that the Administration should require beneficiary SMEs to recruit additional manpower or improve the salary of their staff, thereby allowing their employees to benefit from the Government's funding schemes. Members also requested the Administration to compile statistics on the pay movements of employees of enterprises which had been granted funding, so as to assess the effectiveness of the funding schemes in supporting SMEs.

41. The Administration responded that the implementation of various support measures for SMEs helped prevent large-scale business failures, thereby safeguarding employment. The various funding schemes launched by the Government mainly provided funding support to enterprises on a matching basis requiring proportional investment from applicant enterprises, and improvement of employees' salary might be regarded as part of the investment. On the assessment of the effectiveness of the funding schemes, the Administration did not consider it appropriate to measure the effectiveness of the funding schemes directly based on the headcount and employees' pay movements of enterprises which had been granted funding.

Export credit insurance

42. Some members pointed out that local enterprises faced greater difficulty in obtaining export credit insurance when expanding in the Mainland domestic

sales market. They urged the Government to liaise with the Mainland Government to explore the provision of more credit information of Mainland companies to the Hong Kong Export Credit Insurance Corporation (“ECIC”), so that ECIC might provide more export credit insurance products targeting the domestic sales market. ECIC advised that it had been working with credit agencies and its Mainland counterparts to gather buyer information, and engaging in exchanges with the China Export & Credit Insurance Corporation and its international counterparts, so as to provide products and services that catered to Hong Kong businesses.

Dedicated Fund on Branding, Upgrading and Domestic Sales

43. On the operation of the Dedicated Fund on Branding, Upgrading and Domestic Sales (“BUD Fund”), members suggested that the Administration should expedite the vetting and approval of projects of a smaller scale and lower funding amount, and extend the geographical coverage of the funding support to all markets around the world. The Administration responded that it had been streamlining the application procedure of BUD Fund, in addition to launching an online application platform and increasing the ratio of initial payment, etc. On extending the coverage of the funding support, the Administration explained that it was not appropriate to extend the geographical coverage of the funding support to all markets around the world at this stage, having regard to the work involved in project monitoring, including on-site checking.

SME Export Marketing Fund

44. Members welcomed the expansion of the funding scope of SME Export Marketing Fund (“EMF”) to exhibitions targeting the local market, effective for a period of two years. Members suggested regularizing such enhancement measure. The Administration, however, did not consider it appropriate to do so. The Administration explained that the original intention of setting up EMF was to encourage SMEs’ participation in export promotion activities, thereby assisting them in expanding their markets outside Hong Kong. The objective of launching such enhancement measure was to maintain Hong Kong’s leading position in large-scale merchandise exhibitions through conducting local market promotion, while helping enterprises ride out the storm amidst the economic hardship arising from the epidemic.

45. Members expressed concern about the low success rate of application for EMF. The Administration explained that some applications were not processed due to withdrawal by the enterprises concerned or lack of supporting documents. When processing applications for EMF, the Trade and Industry Department would provide assistance to applicant enterprises as far as possible. Its Support and

Consultation Centre for SMEs would also provide SMEs with information on various government funding schemes through different channels.

Hong Kong Trade Development Council's support measures

46. Members also welcomed the launch of the GoGBA one-stop platform by the Hong Kong Trade Development Council (“HKTDC”), which they believed would help local enterprises explore business opportunities in GBA, while further strengthening Hong Kong’s “intermediary” role in domestic and international dual circulation. Given that the policies, tax concessions, etc. in different Mainland cities might vary, members urged HKTDC to continue to enhance GoGBA’s services, including setting up GoGBA Business Support Centres in all Mainland cities of the GBA. HKTDC advised that at present, GoGBA Business Support Centres had been set up in Shenzhen (Qianhai), Guangzhou (Nansha), Zhuhai (Hengqin), Dongguan and Zhongshan. HKTDC would set up another GoGBA Business Support Centre in Foshan.

47. Members enquired about how HKTDC could help promote Hong Kong’s creative industries and its status as a regional IP trading centre. Members noted that HKTDC organized various large-scale exhibitions or events to help promote Hong Kong’s cultural and creative industries every year. HKTDC also helped promote scientific research projects of local universities and facilitate commercialization and productization of patents on universities’ R&D outcomes. Moreover, HKTDC organized the Business of IP Asia Forum, and developed and managed the Asia IP Exchange platform to promote the development of IP trading.

Supporting small and medium enterprises and start-ups in the innovation and technology sector

48. Members urged the Administration to increase the support for the I&T sector, strive to promote collaboration among the industry, academic and research sectors, and provide funding for private SMEs to conduct R&D activities. The Administration advised that the Enterprise Support Scheme under ITF would provide dollar-for-dollar matching funding for private companies to carry out in-house R&D projects.

49. Members expressed concern that while some SMEs would engage graduates through the RTH scheme under ITF to conduct R&D work, long lead time was required for the process of reimbursing allowance. The Administration advised that enterprises funded under RTH would be required to submit reports on a half-yearly basis and after approval, the Administration would reimburse the allowance. Over the past two years, there had been a delay in vetting reports and reimbursing allowance due to the impact of the epidemic.

Supporting small and medium enterprises in other sectors

50. Members considered that the Administration should extend the scope of funding schemes for SMEs to cover those in the financial services sector, and step up promotional efforts, provide advisory services to SMEs and help them identify the most suitable funding scheme and submit applications. The Administration advised that over the past few years, the Government had sponsored HKPC on a number of occasions to organize Fund Fairs to provide SMEs with information on various government funding schemes. Also, the Administration had consolidated the services of four SME centres to provide integrated advisory and referral services. SME ReachOut, a dedicated team the Administration had commissioned HKPC to operate, assisted SMEs in identifying suitable funding schemes and addressing questions related to applications, and promoted government funding schemes through such means as seminars and visits to chambers of commerce. The Administration advised that SME ReachOut could also provide trade associations of the financial services sector with information on government funding schemes.

World Trade Organization: Key outcomes of the Twelfth Ministerial Conference

51. Members noted that the World Trade Organization (“WTO”) normally held Ministerial Conferences every two years to make decisions on WTO work, including various trade issues which were still subject to ongoing negotiations. The Administration had briefed the Panel on the key outcomes of the Twelfth Ministerial Conference of WTO. In particular, members expressed concern about the new Agreement on Fisheries Subsidies (“FSA”).

52. The Administration informed members that under FSA, WTO members should not grant subsidies that contributed to illegal, unreported and unregulated fishing; for fishing regarding an overfished stock; and for fishing on the unregulated high seas.

53. Members expressed concern that such terms as “subsidies”, “illegal fishing” and “fishing on the unregulated high seas” in FSA were rather generic. Some members pointed out that at present, the Administration offered assistance to the trade mostly in the form of low-interest loans, etc. If such measures were construed to mean “subsidies” under FSA, once fishermen were charged with “illegal fishing”, they might be disqualified from applying for loans or even required to make immediate repayment of all outstanding loans. Fishermen often operated without “fishing permits” simply because the Administration could not issue “certificates of surveys” in time. In carrying out fish capture activities

under such circumstances, they might be liable to such offences as “illegal fishing” under the law.

54. Members urged the Administration to give a detailed explanation of the relevant terms and provisions to the trade, and draw up a “negative list” to provide clear guidelines to the trade, so as to prevent fishermen from inadvertently violating FSA and thus affecting their chances of being granted subsidies in the future.

55. The Administration explained that for the purpose of FSA, “subsidies” might cover low-interest loans and financial assistance measures provided through various development funds. In addition, local fishing activities were regulated under the Fisheries Protection Ordinance (Cap. 171). Relevant breaches of Cap. 171 might be regarded as “illegal fishing” activities as defined under FSA. As for “unregulated high seas”, the Administration explained that waters of exclusive economic zones or regional fisheries management organizations were generally not regarded as “unregulated high seas”. Hong Kong’s fishing vessels were less likely to operate in waters of “unregulated high seas”.

56. The Administration advised that WTO members might allow flexibility in enforcing the penalties. The Administration would consider whether the irregularities were related to fisheries operations, the severity of the offences and the relevant penalties in determining whether to suspend or revoke the fishermen’s eligibility for applying for subsidies. The Administration advised that it would consider disseminating detailed information to the trade on the terms in FSA in the future, and after studying the provisions of FSA in detail, it would review the situations commonly faced by Hong Kong’s fisheries trade and communicate with the trade to set out a list of potential breaches of the rules.

Other issues

57. The Panel was also consulted on the following legislative proposals and funding proposal during the 2022 session:

- (a) the legislative proposal on rental enforcement moratorium;¹

¹ The Administration introduced the Temporary Protection Measures for Business Tenants (COVID-19 Pandemic) Bill into LegCo in March 2022. The Bill was passed at the Council meeting on 27 April 2022.

- (b) the legislative proposal on updating Hong Kong's copyright regime;² and
- (c) the funding proposal for the information technology system required for the implementation of Phase 3 of the Trade Single Window System.³

Meetings held and visits conducted

58. During the period between January and November 2022, the Panel held a total of eight meetings, including meetings by video-conferencing on 11 February, 7 March and 19 April 2022. The Panel also conducted visits to HKPC and HKSP on 20 June and 28 November 2022 respectively to better understand the work of HKPC and its latest R&D projects, as well as the latest development of HKSTPC and the development of the local I&T ecosystem. The Panel has scheduled another meeting for 20 December 2022 to receive a briefing by the Administration on measures to support the convention and exhibition industry in Hong Kong, and enhanced provision of calibration services by the Standards and Calibration Laboratory of ITC.

Council Business Division 1 and Public Complaints Office
Legislative Council Secretariat
30 November 2022

² The Administration introduced the Copyright (Amendment) Bill 2022 into LegCo in June 2022. The Bill was passed at the Council meeting on 7 December 2022.

³ The funding proposal ([FCR\(2022-23\)22](#)) was approved by the Finance Committee on 17 June 2022.

Legislative Council

Panel on Commerce, Industry, Innovation and Technology

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to commerce, industry, business and services promotion, innovation and technology, intellectual property protection and inward investment promotion.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Panel on Commerce, Industry, Innovation and Technology

Membership list for the 2022 session*

Chairman Hon SHIU Ka-fai, JP

Deputy Chairman Dr Hon TAN Yueheng, JP

Members Hon Jeffrey LAM Kin-fung, GBS, JP
Hon MA Fung-kwok, GBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon Jimmy NG Wing-ka, BBS, JP
Hon YUNG Hoi-yan, JP
Hon LAU Kwok-fan, MH, JP
Hon Robert LEE Wai-wang
Dr Hon CHOW Man-kong
Dr Hon Dennis LAM Shun-chiu, JP
Hon Duncan CHIU
Dr Hon Wendy HONG Wen
Hon Dennis LEUNG Tsz-wing, MH
Hon Edward LEUNG Hei
Hon Sunny TAN
Ir Hon Gary ZHANG Xinyu
Dr Hon Kennedy WONG Ying-ho, BBS, JP
Hon Edmund WONG Chun-sek

(Total: 19 members)

Clerk Mr Daniel SIN

Legal Adviser Ms Doreen WAN

* Changes in membership are shown in Annex

Annex to Appendix 2

Panel on Commerce, Industry, Innovation and Technology

Changes in membership (2022 session)

Member	Relevant date
Prof Hon SUN Dong	Up to 18 June 2022

For **changes in membership of the Legislative Council**, please refer to the link below:

(<https://www.legco.gov.hk/en/members/legco-members/changes-in-legco-membership.html>)