

立法會

Legislative Council

LC Paper No. CB(2)1611/2024

Ref : CB2/PL/CI

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 2024 session of the Legislative Council (“LegCo”). It will be tabled at the Council meeting of 11 December 2024 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 (“I&T”), intellectual property (“IP”) 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 20 members, with Hon Jeffrey LAM Kin-fung and Dr Hon Johnny NG Kit-chong elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in [Appendix 2](#).

Major work

4. I&T provides key impetus for Hong Kong’s high-quality economic development. I&T have all along been placed at the core of the overall national development. The important positioning of Hong Kong as an international I&T centre is affirmed in the “Outline of the 14th Five-Year Plan for National

Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" ("the 14th Five-Year Plan").

5. The Government announced in end-2022 the Hong Kong Innovation and Technology Development Blueprint, providing a clear development path and systematic strategic plan to promote the development of I&T in Hong Kong, with a view to consolidating our strengths in basic research and development ("R&D"), strengthening the transformation and commercialization of R&D outcomes, and accelerating the development of new real economy.

Life and health technology

6. The Administration launched a \$6 billion Subsidy Programme ("the Subsidy Programme") to provide funding subsidies to support local universities in setting up life and health technology research institutes ("LHTRIs"), thereby promoting the development of a life and health technology ecosystem in Hong Kong. At its meeting on 20 February 2024, the Panel was briefed on the Subsidy Programme, which was subsequently approved by the Finance Committee ("FC") on 7 June 2024.

Promoting the development of life and health technology in Hong Kong

7. Members discussed with the Administration the objectives and operation of the Subsidy Programme. Members noted that the objective of the Subsidy Programme was to encourage universities to set up LHTRIs, foster cross-university, cross-institutional and multi-disciplinary cooperation, and attract leading I&T talent and research teams from the Mainland and overseas to Hong Kong, thereby further consolidating and enhancing Hong Kong's strengths in upstream basic research in life and health technology.

8. The Administration explained the subsidy disbursement mechanism to members, who considered that, should no funding be provided for a funded project for its failure to achieve the objectives at a certain stage, the potential beneficiary should still be required to bear its own expenses to avoid disruption of the project. There were views that the field of life and health technology in Hong Kong was of a high standard but lacked achievements in the commercialization of R&D outcomes, and that complementary measures for the development of this field should be optimized. The Administration responded that it had introduced initiatives, including the Research, Academic and Industry Sectors One-plus Scheme and the New Industrialisation Acceleration Scheme, to promote coordinated I&T development of the upstream, midstream and downstream.

9. Members suggested establishing an independent research organization to spearhead the projects of LHTRIs, thereby obviating the need for institutions to raise funds on their own. The Administration advised that, since the Subsidy Programme would provide funding subsidies for institutions on a matching basis, allowing them to contribute 20% of the funding or in-kind contributions in instalments. The Administration believed that the application requirements should not cause great difficulties to the institutions. Furthermore, as the Subsidy Programme aimed to consolidate and enhance the basic research capabilities of institutions, LHTRIs should be established upon their existing management structure and research framework.

10. Considering that the Government should demand to be given reasonable returns on the outcomes of funded life and health technology research projects, members asked whether the Administration would be entitled to the relevant IP benefits. The Administration replied that, in addition to the research teams, institutions would primarily be entitled to the remaining IP benefits in order to attract diverse research teams to participate in the work of LHTRIs. Investing resources in the development of scientific research was an investment in the society as a whole. Efforts to consolidate upstream research capabilities were instrumental in driving the midstream and downstream industry development, thereby promoting economic growth.

Research and Development Centres

11. The Panel received a briefing from the Administration on 18 June 2024 on the operation of the five R&D Centres under the purview of the Innovation and Technology Commission (“ITC”) in 2023-2024. Members supported the Administration’s submission of its proposal for consideration by FC to create a new subhead under the Innovation and Technology Fund (“ITF”) for the Hong Kong Applied Science and Technology Research Institute (“ASTRI”), and the increase or new commitment of a total of \$1,304.5 million for supporting the operating expenditure of ASTRI, the Hong Kong Research Institute of Textiles and Apparel, the Logistics and Supply Chain MultiTech R&D Centre and the Nano and Advanced Materials Institute from 1 April 2025 to 31 March 2028. The Administration also proposed to incorporate the Automotive Platforms and Application Systems R&D Centre (“APAS”) into the Hong Kong Productivity Council (“HKPC”) and extend the APAS’s operation up to the time when all the approved commitment has been expended. The Panel supported the proposal.¹

¹ The proposal was approved by FC on 19 July 2024.

Operation of the Research and Development Centres

12. Members considered that the five R&D Centres should preserve the distinctiveness of their R&D projects to ensure effective utilization of resources. They enquired about the mechanism for determining the contents of R&D projects and suggested that R&D Centres enhance collaboration with funded universities and other R&D organizations, such as LHTRIs, to foster development among the industry, academia and research sectors.

13. The Administration advised that the five R&D Centres maintained close liaison with universities and the industry to conduct R&D across different focus areas, thereby preventing duplication of R&D projects. The R&D Centres also prioritized midstream technology transfer and downstream application of R&D outcomes. To promote development among the industry, academia and research sectors, the Administration encouraged investment in R&D from the private sector with a view to enhancing their technological know-how and facilitating the commercialization of R&D outcomes.

Facilitating commercialization of research and development results

14. Members were of the view that, as it would be more difficult for the five R&D Centres, which were public organizations, to commercialize individual R&D outcomes in the private market, R&D projects should be structured to promote the public good to encourage adoption of R&D outcomes by the public sector. Consideration could also be given to conducting R&D on technologies needed by the industry, so that facilities and technologies could be made available to the industry at a lower cost, thereby enhancing the practicality of R&D outcomes.

15. According to the Administration, funding support was provided for bureaux/departments through the TechConnect (block vote) for purchasing R&D products. Additionally, the Innovation Hub@HK had been set up to showcase the R&D outcomes of public research institutes, facilitating commercialization of outcomes and technology transfer to the industry. Regarding the private sector, the R&D Centres had been actively engaged in technology transfer by supporting the development of diverse industries through contract research and collaborative projects, as well as licensing of technologies to the industries. At the same time, R&D Centres also actively collaborated with the industries and research institutions in the Mainland to promote the application of R&D outcomes therein.

16. Members expressed concern about the impact of incorporating APAS's operation into HKPC (see paragraph 11 above) on the manpower resources and operation of the latter. They also raised a question about the Administration's strategy for supporting the development of the new energy vehicle industry.

17. According to the Administration, HKPC would retain the manpower resources of APAS and the former's annual performance indicators would be adjusted accordingly after the incorporation. The Administration would regularly review the development of APAS and Hong Kong's future I&T advancements so as to adjust relevant policies.

Performance indicators

18. Members asked how the Administration measured the effectiveness of the R&D Centres and suggested setting more specific performance indicators. According to the Administration, the effectiveness of the R&D Centres was assessed using six indicators, including the level of incomes from the industry and other sources, number of ongoing projects involving industry participation, and the number of organizations benefiting from the Public Sector Trial Scheme. The target for the level of industry and other income was currently set at 35%, with consideration being given to raising the target to 40%.

Hong Kong Science Park and InnoParks

19. At its meeting on 16 July 2024, the Panel received a briefing by the Administration on the latest developments of the Hong Kong Science Park ("Science Park") and InnoParks. The Hong Kong Science and Technology Parks Corporation ("HKSTPC") advised that it would continue to provide quality infrastructure facilities, assist local I&T enterprises in seizing opportunities in the Greater Bay Area and developing overseas markets, provide support for start-ups and nurture I&T talent.

Operation and development of the Hong Kong Science and Technology Parks Corporation

20. Members enquired about the Administration's support for the development of the life and health technology ecosystem. The Administration advised that HKSTPC had enhanced the relevant infrastructure over the past few years to meet industry needs, including the establishment of the Drug Safety Testing Center and the Biobank, both of which met international standards.

21. Members enquired how the Administration would facilitate Mainland enterprises in setting up operations at the Science Park for developing I&T business and their subsequent relocation to I&T sites in the Northern Metropolis. Separately, members commented that HKSTPC lacked flexibility in admitting enterprises to the Science Park. The Administration and HKSTPC responded that, with the provision of various ancillary facilities and services in different parks, enterprises coming to Hong Kong could develop their business in different

facilities according to their needs and development strategies. Enterprises in the Science Park would be required to have half of their staff engaged in R&D. HKSTPC would consider the potential contributions enterprises interested in setting up operations in the Science Park could make to Hong Kong and would exercise flexibility in processing such applications as far as possible.

22. Members expressed views on the performance indicators and strategies for supporting I&T, and also raised a question on the viability of enterprises in the Science Parks. Some members pointed out that, despite significant governmental investment in developing the I&T industry, few enterprises had transformed into unicorn enterprises. According to HKSTPC, its performance indicators included the turnovers of enterprises in the park, the amount of funds raised by HKSTPC for enterprises in the park, and the number of enterprises enrolled in the Incu-Bio Programme. Since HKSTPC's objective was to support start-up development, no statistics were kept on the profitability of start-ups. Members suggested that the Administration compile statistics on the profit and loss of enterprises in the Science Park or their contribution to the gross domestic product, tax revenue, etc. The Administration advised that it would follow up.

Occupancy rate and development sites in the Hong Kong Science Park and InnoParks

23. Members were concerned that, while most of the sites in the Science Park had been leased out, the majority of the tenants were small and medium-sized enterprises ("SMEs"), and the occupancy rate of the Data Technology Hub ("DT Hub"), the Advanced Manufacturing Centre ("AMC") and other specialized multi-storey industrial buildings in the InnoParks was relatively low. Members exchanged views with the Administration and HKSTPC on land planning for supporting I&T development, assistance to enterprises in the InnoParks in upgrading and transformation, encouraging local and overseas enterprises to establish a presence in the InnoParks, and improving the tenancy situation of AMC.

24. HKSTPC stated that, given an over 90% occupancy rate of the Science Park, it could still offer hundreds of thousands of square feet of floor space to suitable companies. Additionally, a new building in the Science Park was scheduled for completion in early 2025. HKSTPC would continue to work with the Administration to explore ways to meet enterprises' demand for I&T space by way of constructing another building in the park, optimizing the plot ratio, and allocating additional sites in the vicinity of the park. Proposed projects such as the San Tin Technopole and land reclamation could also provide I&T land for longer-term development.

25. Regarding the occupancy situation of the InnoParks, the Administration explained that the occupancy rate had dropped as a result of non-renewal of tenancies by individual tenants upon expiry of their leases. Moreover, factors such as the location and size of the InnoParks, as well as the availability of supply and rental levels in the vicinity could also impact the occupancy rate.

26. Pointing out that the factory buildings provided at AMC could not meet the production needs of the relevant enterprises, members asked whether the Science Park would consider modifying some of the factory buildings to provide suitable facilities for promoting new industrialization. According to HKSTPC, the development of AMC and DT Hub involved long-term planning and investment, as the factory buildings required tailor-made design, a process that would take considerable time. HKSTPC would help and encourage enterprises to utilize AMC and DT Hub, along with their ancillary facilities, and was identifying suitable existing buildings to explore modifications for the purpose of supporting new industrialization development. In recent years, HKSTPC had constructed a number of specialized multi-storey industrial buildings and enterprises could apply for admission therein with regard to their individual needs. At the same time, HKSTPC had re-entered some industrial land which was available for enterprises to apply for self-construction of factory buildings.

Data centres and supercomputing centres

27. Members concurred that supercomputing centres were crucial for the development of data centre operations in Hong Kong. Currently, HKSTPC, the Cyberport and various universities were building their own supercomputing centres. Members were concerned whether Hong Kong's power supply system had sufficient capacity to support the development of these centres. There was also a concern about the coordination among the supercomputing centres to collaboratively deploy computing power network to optimize the use of resources. The Administration advised that it would continue to keep watch on the power supply issue and consider the proposal about the complementarity among supercomputing centres in a timely manner.

Innovation and technology talent

28. Members discussed with the Administration the training and nurturing of I&T talent, including the effectiveness of recruitment activities organized by HKSTPC in the Mainland. Members noted that HKSTPC had launched an internship programme and collaborated with several park companies to undertake recruitment activities in the Mainland. According to the Administration, funding support was provided for eligible organizations and enterprises to engage university graduates in Science, Technology, Engineering and Mathematics ("STEM")-related disciplines to conduct R&D work, and I&T companies were

also subsidized to hire university students taking STEM-related programmes for short-term internships. HKSTPC had exchanged views with the institutions on curriculum development and made arrangements for students to work in the Science Park.

29. Members noted the progress of HKSTPC's plan to set up branches in Mainland cities. They were of the view that Hong Kong's technological talent and companies should not be readily relocated to other regions. HKSTPC advised that the purpose of setting up branches was to help park companies develop in the Mainland, and that the Shenzhen campus had attracted many companies to Hong Kong and helped many of them access the Mainland market. HKSTPC indicated that it had no specific plan to set up campuses in other locations.

New Industrialisation Acceleration Scheme

30. At its meeting on 8 April 2024, the Panel received a briefing from the Administration on the proposal to set up a \$10 billion New Industrialisation Acceleration Scheme ("NIAS") under ITF. Members noted that financial assistance would be provided under NIAS on a matching basis to encourage enterprises in industries of strategic importance (i.e. life and health technology, artificial intelligence ("AI") and data science, and advanced manufacturing and new energy technologies) to set up new smart production facilities in Hong Kong. The Administration would also provide support for NIAS-funded enterprises in engaging research talent and non-local technical personnel through the Research Talent Hub and the Technology Talent Admission Scheme. The Panel supported the Administration's establishment of NIAS to accelerate the development of new industrialization in Hong Kong.²

31. Members exchanged views with the Administration on, among others, the vetting procedures of NIAS, the composition of the vetting committee and the time required for vetting applications. Members urged the Administration to expedite the vetting process and suggested that the scope of NIAS be expanded to cover traditional manufacturing industries. The Administration advised that, while actively attracting overseas top-notch strategic enterprises to set up or expand business in Hong Kong, it encouraged local enterprises to upgrade and transform with the use of I&T to achieve smart production and enhance competitiveness.

32. Members suggested that the Administration set up a one-stop office to coordinate efforts to assist top-notch strategic enterprises in setting up production facilities in Hong Kong. Members also called for, after financial support was

² The proposal was approved by FC on 17 May 2024.

offered to top-notch strategic enterprises to set up production facilities in Hong Kong, the continued provision of appropriate support for their long-term development. According to the Administration, the New Industrialisation Development Office led by the Commissioner for Industry (Innovation and Technology) would serve as an important service window to assist top-notch strategic enterprises to set up business and develop in Hong Kong, including proactively implementing relevant government policies and support measures.

33. Members raised concern about the economic benefits that NIAS could bring to Hong Kong. According to the Administration, the establishment of NIAS would encourage more enterprises in industries of strategic importance to set up new smart production facilities and large-scale R&D centres in Hong Kong, so as to further facilitate multi-pronged collaboration among the industry, academic and research sectors, and to drive forward the development of Hong Kong's I&T ecosystem, thereby creating more opportunities for research talent.

Enhancement of the Copyright Ordinance (Cap. 528)

34. The Panel noted at the meeting on 16 July 2024 the public consultation on the enhancement of the Copyright Ordinance (Cap. 528) regarding protection for AI technology development, covering (a) copyright protection of works generated by generative AI ("AI-generated works"); (b) copyright infringement liability for AI-generated works; (c) possible introduction of specific copyright exception (i.e. text and data mining exception); and (d) other issues relating to generative AI (namely deepfakes and the transparency of AI systems). The Panel welcomed the Administration's efforts to further enhance the copyright regime of Hong Kong in order to support the development of the AI industry.

Regulatory Scope of artificial intelligence technology

35. Members pointed out that, amid the rapid development of AI technology, there was no consistent international regulation on copyright of AI-generated works. Members were of the view that the Administration should refrain from introducing excessive regulation in order to retain flexibility.

36. The Administration recognized that the relevant legislation should remain flexible to cope with rapid technological advancements. It pointed out that, as the existing provisions and principles would be applicable when dealing with copyright protection and infringement of AI-generated works, there might not be a need to legislate for the regulation of AI-generated works at this stage.

Interpretation of works involving artificial intelligence and copyright infringement liability

37. Members exchanged views with the Administration on the interpretation of works involving AI. Members were concerned about the potential copyright infringement liability that might arise from the creation and use of AI-generated works. There was a view that the relevant legislation should exempt users from copyright infringement liability. The Administration advised that the existing provisions and legal principles in Cap. 528 would apply to copyright infringement arising from AI-generated works. Liability would be assigned depending on the specific facts and evidence of each individual case, making it difficult to generalize. On whether the legislation should exempt users of AI-generated works from copyright infringement liability, the Administration considered that it warranted prudent discretion as the interests of different stakeholders, including copyright owners, were involved and there were divergent views. The Administration proposed in the public consultation exercise the introduction of a specific copyright exception to cover both non-commercial and commercial computational data analysis and processing (i.e. commonly known as text and data mining exemption). The introduction of the proposed specific copyright exception was considered to be conducive to driving the development of AI technology and industry, facilitating the research community and maintaining the international competitiveness of Hong Kong.

Support measures for small and medium enterprises

38. Members discussed at the meeting on 8 April 2024 the Administration's support and assistance measures for SMEs in Hong Kong.

Supporting small and medium enterprises facing business difficulties

39. In view of the business difficulties encountered by numerous SMEs and the wave of business closures, members held in-depth discussions on the various support measures introduced by the Government. Members urged the Administration to step up support for SMEs to cope with cash flow problems. The Administration advised that, to meet the financing needs of SMEs during economic downturn, more flexible repayment options would be provided under the SME Financing Guarantee Scheme ("SFGS") administered by the Hong Kong Mortgage Corporation Limited to give enterprises more time to gradually switch to normal repayment. Moreover, given the ongoing instability of the global economy and the varied pace of recovery across individual industries, it had been announced that application period for the 80% and 90% Guarantee Products under SFGS would be extended for two years until the end of March 2026, so that SMEs in needs could continue to obtain commercial loans through SFGS to cope with cash flow problems.

Assisting small and medium enterprises in developing e-commerce, marketing and exploring Mainland and overseas markets

40. Members welcomed the Administration's launch of "E-commerce Easy" under the BUD Fund to provide financial support for enterprises to implement electronic commerce ("e-commerce") projects in the Mainland. Members urged the Administration to step up its efforts to assist SMEs in developing e-commerce business in the Mainland. According to the Administration, the E-commerce Development Task Force had been set up to explore the areas related to the development of e-commerce, the impact of e-commerce on the economy, as well as the development trends in the Mainland and other overseas e-commerce markets. The Task Force would also coordinate and implement policies and measures on e-commerce development to assist SMEs in conducting e-commerce business to expand their markets. In addition, the Hong Kong Trade Development Council ("HKTDC") actively supported the sustainable development and digital transformation of SMEs, including the development of e-commerce business.

41. Members quoted the view that SMEs' lack of knowledge about the application procedures of the SME Export Marketing Fund had often led to delays in submissions. Members urged the Administration to provide appropriate support for SMEs and enhance the efficiency of application processing. The Administration advised that the Trade and Industry Department ("TID") was deploying manpower to cope with the substantial increase in applications. TID would continue to improve the layout of the thematic web page to provide clearer information to assist SMEs with submissions, aiming to facilitate applications and enhancing the efficiency in application processing .

42. Members urged the Administration to step up its support for Hong Kong exporters in seizing opportunities arising from the post-epidemic gradual recovery of the global economy to explore the Mainland and overseas markets, in particular emerging markets in the Association of Southeast Asian Nations ("ASEAN") and the Middle East. The Administration advised that the Hong Kong Export Credit Insurance Corporation ("HKECIC") would continue to actively support Hong Kong exporters in developing different markets. In addition, HKECIC had, in collaboration with five local banks, launched the "risk-sharing arrangement on domestic sales" to improve its underwriting ability in the Mainland, thereby boosting the confidence of Hong Kong exporters in tapping the Mainland market.

Hong Kong's participation in the Belt and Road Initiative

43. At the meeting on 20 February 2024, the Administration briefed members on the latest work in promoting Hong Kong's participation in the Belt and Road ("B&R") Initiative ("B&RI"). Members noted that the Administration had been

taken forward the relevant work according to the following five-pronged key strategy (namely enhancing policy coordination; fully leveraging Hong Kong's unique advantages; making the best use of Hong Kong's position as the professional services hub; promoting project participation; and establishing partnership and collaboration), with a view to promoting the development of the five areas of connectivity (i.e. policy coordination, infrastructure connectivity, unimpeded trade, financial integration and people-to-people bond) with B&R-related countries and regions.

Market expansion along the Belt and Road by Hong Kong enterprises and professional services sector

44. Members expressed concern about the changes in Hong Kong's economic and trade relations with the traditional European and American markets amid the complex geopolitical environment in recent years. Members urged the Administration to proactively assist Hong Kong enterprises and the professional services sector in exploring wider business opportunities in the B&R markets, including supporting exchanges between local trade organizations and their counterparts in B&R countries, and liaising with overseas Chinese organizations to help Hong Kong enterprises explore the local markets. Members also suggested that the Administration encourage local airlines to operate more international flights between Hong Kong and Middle East cities, such as Riyadh, Saudi Arabia, so that Hong Kong residents could travel with ease to these countries for business or leisure.

45. The Administration advised that it would continue to actively broaden Hong Kong's economic and trade network to foster unimpeded trade and consolidate Hong Kong's status as an international trade centre. Meanwhile, the Administration had been, through various funding schemes, assisting local enterprises in developing market and production bases and driving forward the external promotion of Hong Kong's professional services.

Attracting enterprises and investment

46. Members urged the Administration to actively attract enterprises and family offices from B&R countries to set up or expand their business in Hong Kong. Pointing out the presence of numerous Islamic countries along B&R, members suggested that the Administration should enhance understanding of Islamic culture among the public and enterprises and put in place measures helpful for the daily lives of Muslims so as to facilitate more investors and talent from Islamic countries to settle in Hong Kong.

47. The Administration advised that it would set up consultant offices of Invest Hong Kong ("InvestHK") and HKTDC along B&R countries, especially

emerging countries such as the Middle East, Central Asia and Africa, to strengthen efforts in attracting enterprises and investment and trade promotion. In addition, the FamilyOfficeHK team under InvestHK actively promoted Hong Kong's position as a hub for family offices. Hong Kong Talent Engage under the Labour and Welfare Bureau would, through a variety of online and offline activities and services, provide overseas talent coming to Hong Kong for development with information on different aspects of living and jobs or skills, as well as pertinent support in areas such as accommodation, employment and children's education, with a view to encouraging them to settle in Hong Kong for development.

Hong Kong as an international financial centre

48. Members suggested that the Administration make good use of Hong Kong's position as an international financial centre to enhance its efforts in attracting enterprises from B&R countries to list in Hong Kong, thereby bringing more business opportunities to the local professional services sector, including accounting, legal and financial services. There was also a suggestion that the Administration should enhance the development of Hong Kong into an international virtual asset trading centre to attract more overseas capital to Hong Kong for investment.

49. According to the Administration, Hong Kong was not only an international financial centre and an international trade centre, but also a global offshore Renminbi business hub, an international asset management centre and a risk management centre, serving as an ideal international financing platform to support B&R projects. Through organizing various major events, the Commerce and Economic Development Bureau actively promoted Hong Kong's advantages and facilitate business matching and project participation.

Free trade agreements and investment agreements

50. At its meeting on 18 June 2024, the Panel received a briefing from the Administration on the implementation and latest progress of Hong Kong's free trade agreements ("FTAs") and investment agreements, including Hong Kong's FTA negotiations with Peru, Hong Kong's pursuit of accession to the Regional Comprehensive Economic Partnership ("RCEP") and Hong Kong's investment agreements signed with Türkiye and Bahrain respectively.

Regional Comprehensive Economic Partnership Agreement

51. Expressing concern about the progress of Hong Kong's request for accession to RCEP, members urged the Administration to proactively liaise with the business sectors and stakeholders of various RCEP Members with a view to soliciting their support for Hong Kong's accession to RCEP. According to the

Administration, RCEP was the world's largest FTA representing nearly 30% of global trade and possessing enormous economic potential and it remained one of its top priorities to seek early accession to RCEP. Upon the entry into force of RCEP on 1 January 2022, the Administration had immediately submitted Hong Kong's formal accession request. As stipulated in the RCEP Agreement, it should be open for accession in accordance with the procedures to be adopted by the RCEP Joint Committee. According to the Administration's understanding, discussions on the accession procedures were still in progress among RCEP Members and no conclusion had yet been reached. The Administration would continue to actively lobby RCEP Members on different levels and through various platforms, striving for Hong Kong's early accession to RCEP.

Expanding Hong Kong's free trade agreement and investment agreement network

52. Members supported the Administration's continuous efforts to expand Hong Kong's worldwide network of economic and trade connections and seek to reach FTAs and investment agreements with more economies. Members also urged the Administration to step up efforts in promoting Hong Kong's role as an international trade and investment hub to overseas economies, and actively promote Hong Kong's economic and trade connections with emerging markets in the Middle East region, thereby fostering closer economic and trade relations in the region and exploring further opportunities for Hong Kong businesses and enterprises.

53. The Administration advised that, pursuant to the National 14th Five-Year Plan which supported Hong Kong in enhancing its status as an international trade centre, it had been redoubling its efforts in forging FTAs and investment agreements with trading partners, with a view to injecting new impetus into Hong Kong's trade and investment. As regards FTAs, the Administration had been actively reaching out to potential FTA partners in the region (in particular, the Cooperation Council for the Arab States of the Gulf, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), which not only embraced vast market potentials for Hong Kong but also formed key links in B&RI. The Administration would also tap and reach out to other economies to explore potential new FTAs. For investment agreements, Hong Kong was in negotiation with Saudi Arabia and Bangladesh respectively, and broaching with a few potential economies in the Middle East and along B&R.

Mainland and Hong Kong Closer Economic Partnership Arrangement

54. Members were concerned about the implementation of the liberalization measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA") which enabled Hong Kong industries to access the Mainland market, and pointed out that some young online streamers faced

difficulties in various aspects when accessing the Mainland market with the use of Mainland live broadcast platforms.

55. According to the Administration, trade in goods and services had been substantially liberalized under CEPA. The Administration would heed the views of the trades and review the need to further enhance the provisions of CEPA,³ and communicate and liaise with the relevant authorities, such as the Ministry of Commerce, in a timely manner.

World Trade Organization: the Thirteenth Ministerial Conference

56. At its meeting on 21 May 2024, the Panel was briefed by the Administration on the key outcomes of and other discussions at the Thirteenth Ministerial Conference of the World Trade Organization (“WTO”). Members noted that ministers adopted at the meeting the Abu Dhabi Ministerial Declaration, which made a number of decisions including the extension of the practice of non-imposition of customs duties on electronic transmissions, the decision to accelerate discussions with a view to having a fully and well-functioning dispute settlement system accessible to all WTO Members within 2024, and the recognition of progress made in reforming the WTO in general.

Expanding Hong Kong’s worldwide network of economic and trade connections

57. Members urged the Administration to, apart from actively participating in the rule-based multilateral trading system under the WTO framework, continue to seek to expand Hong Kong’s worldwide network of economic and trade connections by seeking to enter into FTAs and investment agreements with more economies, as well as pursuing membership of different regional trade organizations, particularly in emerging markets such as ASEAN and the Middle East.

58. The Administration advised that it had been endeavouring to forge FTAs and investment agreements with trading partners, with a view to injecting new impetus into Hong Kong’s trade and investment. At present, the FTA negotiations between Hong Kong and Peru had been substantially concluded and Hong Kong was also actively seeking early accession to RCEP. The Administration would continue to expand external trade relations, especially economies with strong economic and trade connections with Hong Kong as well as markets with development potentials or at strategic locations.

³ A new agreement was signed on 9 October 2024 between the Ministry of Commerce and the Hong Kong Special Administrative Region Government under the framework of CEPA to further amend the Agreement on Trade in Services under CEPA in order to further open up to Hong Kong the services market of the Mainland, thereby giving Hong Kong enterprises and professional sectors more preferential treatment to tap into the Mainland market. For details, see [LC Paper No. CB\(2\)1216/2024\(01\)](#).

Promotion of inward investment

59. Members received a briefing from the Administration on the work of InvestHK at the meeting on 15 October 2024. The Administration advised that InvestHK would continue to work closely with relevant bureaux/departments and members of the “Hong Kong inc.” to maximize Hong Kong’s important roles as a “super-connector” and a “super value-adder” under “one country, two systems”.

60. Acknowledging InvestHK’s proactive efforts in promoting inward investment, members expressed views on a number of issues, including the work and effectiveness of InvestHK in attracting business and investment, ways for the Government to attract strategic enterprises and talents to establish presence in Hong Kong, as well as relevant support measures for local SMEs. Members suggested making enhancement to the New Capital Investment Entrant Scheme to further attract new capital to Hong Kong. Members commented that InvestHK should continue to step up its publicity and promotional efforts, and maintain close liaison with overseas Hong Kong Economic and Trade Office (“ETOs”) in organizing overseas investment promotion activities to introduce Hong Kong’s business advantages and opportunities to local enterprises.

Intellectual property trading centre

61. At its meeting on 30 April 2024, the Panel received a briefing from the Administration on various measures and progress made in developing Hong Kong into a regional IP trading centre.

Enhancing the promotion of intellectual property trading and arbitration services

62. Members urged the Administration to actively promote IP trading and step up the promotion of Hong Kong’s arbitration services. The Administration advised that it had been making continuous efforts to promote IP trading and facilitate the commercialization of IP. To facilitate arbitration of disputes, the Arbitration Ordinance (Cap. 609) had been amended to provide that all IP disputes, whether within or outside Hong Kong, could be arbitrated and IP arbitral awards could be enforced in Hong Kong.

Development of a regional intellectual property trading centre

63. Pointing out that Hong Kong had a number of competitive advantages, members supported developing Hong Kong into a regional IP trading centre. members supported the Administration’s continued efforts in promoting a series of policies and measures and maintaining close liaison and collaboration with stakeholders to consolidate Hong Kong’s position as a regional IP trading centre.

The Administration advised that it would continue to capitalize on Hong Kong's advantages in legal, taxation, professional services, etc. and make every effort to carry out various measures, so that Hong Kong could seize the opportunity to develop IP trading, thereby ensuring the continuous high-quality development of Hong Kong's competitiveness and economy.

Strengthening the protection of intellectual property rights

64. Members were concerned that patent owners in Hong Kong who wished to obtain patent protection in the Mainland would need to lodge separate applications to the Mainland IP authorities. Members urged the Administration to step up efforts in facilitating cross-boundary IP protection between the Mainland and Hong Kong to provide convenience for Hong Kong patent owners to seek patent protection in the Mainland.

65. The Administration advised that the Intellectual Property Department ("IPD") had all along been exploring with the relevant Mainland IP authorities the feasibility of implementing cross-boundary IP protection facilitation measures. Members were briefed on the cross-boundary facilitation measures such as the pilot project launched by the China National Intellectual Property Administration, the "Hong Kong Special Administrative Region Intellectual Property Enquiry Points" launched by the Guangdong Administration for Market Regulation, and the enquiry services offered by IPD.

66. Members were concerned about the progress of the implementation of the "original grant patent" ("OGP") system in Hong Kong, in particular how the Administration would enhance OGP examination capabilities. According to the Administration, the OGP system was introduced in 2019. IPD would sustain its efforts in staff recruitment and training, enhancing the quality and efficiency of patent examination, institutional establishment and enhancement, etc., striving to acquire institutional autonomy in conducting substantive patent examination in 2030.

Building manpower capacity

67. Members pointed out that developing Hong Kong into a regional IP trading centre would stimulate and drive the demand for high-value-added IP-related professional services, such as legal, mediation and arbitration, accounting, finance, valuation, management, consultation and agency services. Members expressed concerns about the supply and training of relevant professionals, as well as the capacity of the Judiciary and the local legal profession in handling IP-related cases. The Administration advised that, to support the development of the OGP system, plans had been made to introduce regulatory arrangements for local patent agent services. IPD had started relevant

preparatory work and would promote the development of IP mediation and arbitration services in conjunction with the Judiciary. Moreover, the Judiciary established the Intellectual Property List in the Court of First Instance of the High Court in 2019 and assigned specialist judges to handle IP cases for enhanced management of the relevant cases, with a view to reducing the costs and time needed for the resolution of relevant disputes.

Other issues

68. The Panel was also briefed on the work of ETOs and the Offices of the Government of the Hong Kong Special Administrative Region in the Mainland, and consulted on the proposed capital injection into ITF and the Hong Kong-Shenzhen Innovation and Technology Park Incubation Support Programme for Life and Health Technology Start-Ups (“Incubation Programme”) during the 2024 session. The Panel supported the Administration’s injection of \$7.5 billion into ITF in 2025-2026 through the Appropriation Bill, and its submission of the funding proposal for the Incubation Programme to FC for consideration.

Meetings held

69. During the period between January and November 2024, the Panel held a total of 10 meetings. The Panel has scheduled another meeting on 17 December 2024 to receive briefings by the Administration on “Latest development of the Trade Single Window”, “Innovation and Technology Industry-Oriented Fund”, “Frontier Technology Research Support Scheme” and “Latest development of the Hong Kong-Shenzhen Innovation and Technology Park”.

Council Business Divisions
Legislative Council Secretariat
5 December 2024

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 2024 session

Chairman Hon Jeffrey LAM Kin-fung, GBM, GBS, JP

Deputy Chairman Dr Hon Johnny NG Kit-chong, MH, JP

Members Hon MA Fung-kwok, GBS, JP
Hon Martin LIAO Cheung-kong, GBM, GBS, JP
Hon Jimmy NG Wing-ka, BBS, JP
Hon SHIU Ka-fai, BBS, JP
Hon LAU Kwok-fan, MH, JP
Hon Robert LEE Wai-wang
Hon LAM San-keung, JP
Hon Duncan CHIU
Dr Hon Wendy HONG Wen
Hon Dennis LEUNG Tsz-wing, MH
Hon Edward LEUNG Hei
Hon Sunny TAN
Dr Hon Kennedy WONG Ying-ho, BBS, JP
Hon Edmund WONG Chun-sek
Hon Kenneth FOK Kai-kong, JP
Hon Adrian Pedro HO King-hong
Hon SHANG Hailong
Prof Hon William WONG Kam-fai, MH

(Total: 20 members)

Clerk Mr Daniel SIN

Legal Adviser Ms Doreen WAN