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Panel on Commerce and Industry

Meeting on 16 March 2010

Background brief on the development of Hong Kong Science Park

Purpose

This paper provides background information on the development of Hong Kong Science Park (the Science Park) and summarizes the views and concerns expressed by Members at previous discussions.

Background

2. The Science Park located in Pak Shek Kok is a flagship project of the Government's strategy in providing technological infrastructure for applied research and development (R&D). It is being developed in three phases on 22 hectares of land in support of the Government's mission to turn Hong Kong into a regional hub for innovation and technology. The Science Park provides a conducive environment to nurture world-class clusters through making available suitable buildings for lease to technology-based enterprises to carry out R&D work. Its target sectors are electronics, information technology and telecommunications, biotechnology, precision engineering, and a newly-established sector of green technology (including renewable energy and environmental technology).

3. The construction of the Science Park Phase 1 was completed in October 2004. Phase 2 was largely completed in 2008 with the exception of one building. Phase 3 is currently under planning stage. The Science Park provides state-of-the-art laboratories and shared facilities which help reduce the capital investment of R&D companies in product design and development and enable rapid entry of new products into the market at lower cost. The facilities include the Integrated Circuit (IC) Design Centre, IC Development Support Centre, Intellectual Property Servicing Centre, Material Analysis Laboratory, Wireless Communications Test Laboratory, Solid State Lighting Test Laboratory and Radio Frequency Identification Centre. Newly added are the Biotechnology Support Laboratory and the Solar Energy Technology Support Centre.

4. The Hong Kong Science and Technology Parks Corporation (HKSTPC) was established in May 2001 to offer one-stop infrastructural support services to technology-based companies and activities. HKSTPC operates and manages the Science Park, three Industrial Estates at Tai Po, Yuen Long and Tseung Kwan O, and the InnoCentre at Kowloon Tong to provide premises to eligible applicants. HKSTPC also provides support services and facilities through its technology support centres in the Science Park and incubation programmes in the Science Park and InnoCentre.

5. HKSTPC is governed by a Board of Directors. The Chairman is appointed by the Chief Executive, and other members by the Financial Secretary. The Permanent Secretary of Commerce and Economic Development (Communications and Technology) is an ex-officio member on the Board. The Management of HKSTPC is headed by a Chief Executive Officer. As stipulated in the Hong Kong Science and Technology Parks Corporation Ordinance (Cap. 565), HKSTPC conducts its businesses according to prudent commercial principles. HKSTPC's authorized capital upon its establishment on 7 May 2001 is \$1,836,397,594. To develop Phase 2, the Finance Committee approved on 6 July 2001 a commitment to inject \$2,435 million as equity and to provide a loan of \$1,043 million from the Capital Investment Fund to HKSTPC. By October 2006, the equity has been injected in full to HKSTPC.

Previous discussions

6. At the meeting of the Panel on Commerce and Industry (the Panel) on 19 December 2006, the Administration briefed members on the work of HKSTPC, including the latest development of the Science Park. Panel members appreciated the work of HKSTPC which had contributed to the industrial development in Hong Kong.

7. Regarding the technology support services provided by the Science Park, the Panel noted that apart from letting premises to companies for operation, high-cost and advanced centralized facilities and equipment were also provided on an hourly fee-charging basis in the Science Park so as to help reduce entry barriers for industry, small firms in particular, to engage in high-end activities. HKSTPC also launched a technology incubation programme in the Science Park for technology start-up companies by providing them with low-cost accommodation. Incubatees would be provided with office premises at nil rental for the first year, and concessionary rates at the subsequent two years. In addition, incubatees were also provided with centralized facilities and technical assistance, as well as legal and marketing consultancy services. The aim of HKSTPC was to support, in the long run, over 100 technology-based incubatees each year.

8. Some Panel members had expressed concerns whether the same admission criteria and tenancy terms would be applied to local and non-local companies, and whether companies which were not tenants could have access to the technology support services and facilities provided by the Science Park. The Administration advised that HKSTPC adopted a fair approach to all tenants irrespective of their

business scale and whether they were local companies or otherwise. Nevertheless, the incubation programme launched in the Science Park was specifically designed to help local and foreign SMEs. Non-tenants could use the centralized facilities and equipment provided in the Science Park on a fee-charging basis, and different rates were applied to local and non-local companies. Under the loyalty scheme, tenants would be offered a significant discount for use of those facilities and equipment with a view to attracting them to stay in the Science Park.

9. Some Panel members commended the efforts of HKSTPC in upgrading the capabilities of the local manufacturing and service industry. They expressed support for the future development plan of the Science Park as it would facilitate the development of high value-adding and high technology industries in Hong Kong.

10. Hon Jeffrey LAM raised a question on the tenancy position of the Science Park at the Council meeting on 8 July 2009, and urged HKSTPC to provide rent exemption and rent freezing measures to tenants of the Science Park in the 2009-2010 financial year to assist them tide over the economic difficulty after the financial tsunami.

Latest position

11. The Financial Secretary has announced in his 2010-2011 Budget Speech that the Government will support and finance the development of Phase 3 of the Science Park. The Administration will brief the Panel at its meeting on 16 March 2010 on the development plan and the financial arrangements for the project.

Relevant papers

12. A list of relevant papers on the subject is available on the Legislative Council website at http://www.legco.gov.hk/database/english/data_ci/ci-science-park.htm.

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