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**Panel on Commerce and Industry**

**Meeting on 19 April 2011**

**Background brief on  
the three Industrial Estates operated and managed  
by the Hong Kong Science and Technology Parks Corporation**

**Purpose**

This paper provides background information on the three Industrial Estates (IEs) operated and managed by the Hong Kong Science and Technology Parks Corporation (HKSTPC) and the views and concerns expressed by Members in previous discussions.

**Background**

2. HKSTPC was a statutory corporation wholly-owned by the Government. It was set up in 2001 to facilitate the research and development and application of technologies in manufacturing and service industries, and to support the development, transfer and use of new or advanced technologies in Hong Kong. HKSTPC operates and manages the Hong Kong Science Park at Pak Shek Kok, Tai Po, and three IEs at Tai Po, Yuen Long and Tseung Kwan O, and the InnoCentre at Kowloon Tong to provide premises to eligible applicants.

3. According to HKSTPC, IEs offer developed land to both manufacturing and service industries with new or improved technology and processes which cannot operate in multi-storey factories or commercial buildings. IEs facilitate the overall development of Hong Kong's economy by broadening its economic base and upgrading technology levels. IEs in Tai Po, Yuen Long and Tseung Kwan O commenced operation in 1978, 1980 and 1994 respectively. They have a total area of 217 hectares.

4. As at February 2011, the occupancy rates of IEs in Tai Po, Yuen Long and Tseung Kwan O were 100%, 96% and 98% respectively. The three IEs are home to over 160 local and international ventures, including those from data and information services, telecommunications, biotechnology and food processing industries.

### **Previous discussions**

5. 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 its IEs programme. Members noted that HKSTPC was undertaking a comprehensive study to examine the position of the IEs in the overall context of the economic and industrial environment in the region. Issues including demand for special industrial land, admission criteria, competitiveness of land premium, lease management policies, and the need or otherwise for a fourth industrial estate would be reviewed in the study.

6. On the future development plan of IEs, some Panel members expressed concern that more companies such as those engaging in food processing and the manufacturing of traditional Chinese medicine might wish to establish their business in Hong Kong as consumers gained greater confidence in products made in Hong Kong, the leasable area available in the IEs might not be able to cope with the market demand in the long run. These members were also of the view that to cope with changes in the local economic and industrial landscape, HKSTPC should consider extending further the scope of activities permissible in the IEs to cover product promotion services. The Administration took note of members' suggestions.

7. At the policy briefing for the Panel on 19 October 2010, the Secretary for Commerce and Economic Development briefed members on the relevant initiatives under the 2010-2011 Policy Agenda. Panel members noted that HKSTPC had commissioned a consultancy study to reposition and revitalize IEs, so as to keep pace with the changing demands and bring the best economic benefit to Hong Kong. The study had been completed and HKSTPC was reviewing the findings. The Administration would work closely with HKSTPC to look into the feasibility and cost effectiveness of various proposals, taking into account long-term sustainable development directions and strategies.

### **Recent developments**

8. At the special meeting of the Finance Committee on 21 March 2011, some Members asked whether recommendations of the study on the

repositioning and revitalization of IEs covered measures to facilitate Hong Kong's development of high-end data centre services, and whether the units of IEs were used for storage or as office.

9. The Administration advised that in the past year, HKSTPC granted about 8 hectares of land in the Tseung Kwan O IE according to its established policies on IEs for enterprises to set up high-end data centres. According to HKSTPC's established policies which required the land to be used mainly for industrial purposes, application for admission to IEs were assessed on their individual merits. Other supporting uses, such as for storage and as office in relation to production, were only permitted to a reasonable level.

### **Latest position**

10. The Administration will brief the Panel on 19 April 2011 on the findings and recommendations of the study on the revitalization review of IEs.

### **Relevant papers**

Administration's paper for the Commerce and Industry Panel meeting on 19 December 2006

<http://www.legco.gov.hk/yr06-07/english/panels/ci/papers/ci1219cb1-486-3-e.pdf>

Minutes of Commerce and Industry Panel meeting on 19 December 2006

<http://www.legco.gov.hk/yr06-07/english/panels/ci/minutes/ci061219.pdf>

Administration's paper for the Commerce and Industry Panel meeting on 19 October 2010

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci1019cb1-17-3-e.pdf>

Administration's replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2011-12: serial nos. CEDB(CT)058 and CEDB(CT)066

[http://www.legco.gov.hk/yr10-11/english/fc/fc/w\\_q/cedb-ct-e.pdf](http://www.legco.gov.hk/yr10-11/english/fc/fc/w_q/cedb-ct-e.pdf)

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