

立法會
Legislative Council

LC Paper No. CB(1)624/11-12(04)

Ref. : CB1/PL/CI

Panel on Commerce and Industry

Meeting on 20 December 2011

**Updated 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). It also summarizes the views and concerns expressed by the Panel on Commerce and Industry (the Panel) on the subject matter.

Background

2. HKSTPC was a statutory corporation wholly-owned by the Government. It was set up in 2001 to facilitate the research, 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. In view of the changing character of the

manufacturing sector and the increasing contribution of service industry, the scope of activities permissible in IE was extended in 1998 to include industrial services sectors, such as broadcasting and telecommunications.

4. As at end of February 2011, HKSTPC has granted about 98% of greenfield sites in the three IEs. The IEs are home to over 160 local and international companies, including those from traditional manufacturing sector as well as technology and service sectors. A list of industries currently operating in the three IEs is in the **Appendix**.

Discussion by the Panel on Commerce and Industry

5. The Panel has been following up on the development of IEs. At the Panel meeting on 19 December 2006, the Administration briefed members on the work of HKSTPC, including its IEs programme. Panel 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 IE 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 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 Panel meeting on 19 April 2011, the Administration briefed members on the latest developments of IEs and the outcome of the consultancy study on revitalizing and repositioning of IEs. Panel members noted the consultant's observations/recommendations on improvement of utilization, emphasis on industries with wider benefits to Hong Kong, the enhancement of hard and soft infrastructure of IEs, as well as improvement measures implemented by HKSTPC. Panel members generally agreed that with the changes of the industry taking place in the last decade or so, it was necessary to review the situation of IEs taking into account various factors. Some Panel members were of the view that the revitalization and reposition of IEs should complement the National 12th Five-Year Plan and the development of the six industries where Hong Kong enjoyed clear advantages. Some other members

urged the Administration to improve the utilization of IEs and review the stringent admission criteria imposed by HKSTPC on applications for setting up a commercial data centre at an IE site.

8. Some Panel members expressed concern about the availability of land suitable for setting up data centres. They urged the Administration to establish specific parks and formulate policies for the development of data centres. The Administration advised that it had been actively identifying sites of about two to three hectares each for high-tier data centre development, and would promote the incentive measures that facilitated the establishment of data centres in conventional industrial buildings.

9. Some Panel members opined that the Administration should set up the fourth IE to facilitate structural transformation of the economy of Hong Kong, thus creating more job opportunities for the front-line labour. Some other members considered it necessary to ascertain whether there was sufficient demand in the market to justify the fourth IE, given that land resources were extremely scarce and valuable in Hong Kong. Moreover, the vast majority of the manufacturing industry had already been relocated to the Pearl River Delta region.

10. Noting that six recycling projects had been admitted in IEs in the past few years, some Panel members considered it undesirable to accommodate concurrently in one IE the recycling, pharmaceutical and data centre industries which had incompatible uses. The Panel called on the Administration to consider carefully the scope of activities to be accommodated in the fourth IE. The Administration was requested to provide a progress report on the need for the fourth IE.

Recent developments

11. To facilitate the setting up of data centres in Hong Kong, the Office of the Government Chief Information Officer set up in July 2011 the Data Centre Facilitation Unit and launched the "datacenter.gov.hk" website to provide one-stop service to local and overseas companies interested in setting up data centres in Hong Kong, e.g. advice on site selection and power supply, as well as co-ordination with other Government departments.

12. To increase land supply for developing data centre, the Chief Executive had announced in his Policy Address that HKSTPC would review the use of IEs and promote their revitalization to support data centre development.

Latest position

13. The Administration will brief the Panel on 20 December 2011 on the latest developments of IEs and considerations to be taken into account in examining whether or not to develop a fourth IE.

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 April 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0419cb1-1893-3-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Commerce and Industry Panel meeting on 19 April 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0419cb1-1893-4-e.pdf>

Minutes of the Commerce and Industry Panel meeting on 19 April 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110419.pdf>

Press release of the Office of the Government Chief Information Officer on 25 July 2011 - "Dedicated unit set up to facilitate data centre development in Hong Kong"

<http://www.ogcio.gov.hk/eng/pubpress/epr110725.htm>

Address by the Chief Executive at the Legislative Council meeting on 12 October 2011 - "From Strength to Strength"

<http://www.legco.gov.hk/yr11-12/english/panels/1112policy-e.pdf>

Council Business Division 1
Legislative Council Secretariat
14 December 2011

Appendix

Industries in Industrial Estates (As at end of February 2011)

Industry	TPIE		YLIE		TKOIE		Total*	
	No. of sites granted	Land area (ha)	No. of sites granted	Land area (ha)	No. of sites granted	Land area (ha)	No. of sites granted	Land area (ha)
Manufacturing								
(a) Biotechnology & Pharmaceutical	7	4.18	10	9.13	0	0	17 (10.2%)	13.31 (6.8%)
(b) Food & Beverages	19	14.98	6	13.20	4	4.85	29 (17.4%)	33.03 (16.8%)
(c) Machinery & Parts	7	4.76	3	2.32	2	2.00	12 (7.2%)	9.08 (4.6%)
(d) Metal Parts & Products	8	5.22	2	2.07	0	0	10 (6.0%)	7.29 (3.7%)
(e) Other Manufacturing (e.g. Building Materials, Chemical & Gases, Electronics Parts and Paper Packaging)	18	15.21	17	18.44	10	19.65	45 (26.9%)	53.30 (27.1%)
(f) Plastic Resins & Plastics Products	6	5.19	3	4.00	0	0	9 (5.4%)	9.19 (4.7%)
(g) Printing & Publishing	5	4.80	5	6.10	3	5.80	13 (7.8%)	16.70 (8.5%)
(h) Supporting Service	7	2.65	6	8.38	4	7.68	17 (10.2%)	18.71 (9.5%)
Services								
(a) Broadcasting	2	4.98	0	0	3	13.20	5 (3.0%)	18.18 (9.3%)
(b) Information & Telecommunication (e.g. Data Centre)	1	0.69	0	0	5	13.23	6 (3.6%)	13.92 (7.1%)
(c) Transmitter Installation	2	2.35	0	0	2	1.30	4 (2.4%)	3.65 (1.9%)
Grand Total#	82	65.01	52	63.64	33	67.71	167 (100%)	196.36 (100%)

* The percentages may not add up to 100.0% due to rounding.

Certain areas of IE are non-building area and seawall that are not for grant.