

**立法會**  
***Legislative Council***

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**Panel on Commerce and Industry**

**Meeting on 21 April 2015**

**Background brief on the development of  
the Hong Kong Science and Technology Parks Corporation,  
the Hong Kong Science Park and the three Industrial Estates**

**Purpose**

1. This paper provides background information on the Hong Kong Science and Technology Parks Corporation ("HKSTPC"), as well as the development of the Hong Kong Science Park ("HKSP") and the three Industrial Estates ("IEs") operated and managed by HKSTPC. It also summarizes the views and concerns expressed by Members on the subject in previous discussions.

**Background**

HKSTPC

2. HKSTPC is a statutory body established in 2001 with a public mission to facilitate the establishment and the nurturing of a world-class technology community dedicated to applied research and development ("R&D") in Hong Kong, and to strengthen Hong Kong's position as a regional technology hub by promoting innovation, technology development and commercialization of five technology clusters, namely electronics, information technology and telecommunications, precision engineering, biotechnology, and green technology.

3. The Government is the sole shareholder of HKSTPC, which is governed by a Board of Directors appointed by the Government. HKSTPC operates and

manages the HKSP, three IEs at Tai Po, Yuen Long and Tseung Kwan O, and the InnoCentre<sup>1</sup> at Kowloon Tong.

### HKSP and the three IEs

4. HKSP located in Pak Shek Kok provides technological infrastructure for applied R&D, purpose-built R&D office space, advanced laboratories and technical support services to technology companies with the aim of supporting the Government's mission to turn Hong Kong into a regional hub for innovation and technology ("I&T"). The 22-hectare waterfront site consists of three phases. According to the Administration<sup>2</sup>, Phases 1 and 2 of HKSP are about 93% occupied. Construction of the \$4.9 billion Phase 3 is progressing on schedule. Its first three buildings were completed in March 2014 and officially opened in September 2014, while the remaining two buildings are expected to be completed in 2016. So far, HKSTPC has already secured some 60 tenants for HKSP Phase 3, comprising a good mix of local and overseas technology companies. Upon completion, the gross floor area of HKSP will be increased by around 50% to 330 000 square metres, accommodating over 600 companies and providing 15 000 job opportunities.

5. Admission criteria for HKSP tenants are published on HKSTPC's website<sup>3</sup>. These include, among others, the applicant's major operations in HKSP must be I&T based engaging in technology intensive business, the applicant's operations must contribute to the long-term economic success of Hong Kong through the development, enhancement and/or application of I&T, and the business of the applicant should be amongst the five focused technology clusters of HKSP, etc.

6. The three IEs at Tai Po, Yuen Long and Tseung Kwan O offer a total of 217 hectares of land for long lease until 2047 to projects which cannot be accommodated in ordinary multi-storey industrial or commercial buildings. The land is granted at a premium based on land development costs and adjusted periodically taking into account of inflation and prevailing market conditions. The admission criteria to IEs are set out on HKSTPC's website<sup>4</sup> which include, inter alia, the operation is not classified as offensive trade under Government

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<sup>1</sup> InnoCentre is tailored for design talents to spur the development of high value-adding design and creative industries.

<sup>2</sup> See paragraph 54 of the Administration's paper on "2015 Policy Address: Policy Initiatives of Commerce, Industry and Tourism Branch and Innovation and Technology Commission, Commerce and Economic Development Bureau" ([LC Paper No. CB\(1\)438/14-15\(03\)](#)).

<sup>3</sup> <http://www.hkstp.org/en-US/Leasing-Admission/Application-for-Tenancy-Industrial-Site/Hong-Kong-Science-Park/Admission-Criteria.aspx>

<sup>4</sup> <http://www.hkstp.org/en-US/Leasing-Admission/Application-for-Tenancy-Industrial-Site/Industrial-Estates/Admission-Criteria.aspx>

regulations (e.g. tanning of leather), and the project is not engaging primarily in storage and warehousing, etc.

7. In view of the changing nature of the manufacturing sector and the increasing contribution of service industry, apart from the traditional manufacturing industries, the scope of activities permissible in IEs has been extended since 1998 to include technology and service industries, such as broadcasting and telecommunications. With the grant of site for the first data centre in Tseung Kwan O IE, more data centre and telecommunications projects have been admitted to IEs. To ensure the effective use of valuable land in IEs and to release under-utilized sites to meet demand in the short to medium term, HKSTPC has been actively improving the utilization of IE land through various measures including encouraging grantees that are not fully utilizing their sites to consider starting new projects, surrender the sites or assign under-utilized sites to new grantees.

### **Review on the utilization and long-term development direction of HKSP and IEs**

8. The Administration has, in conjunction with HKSTPC, completed a Review on the utilization and long-term development direction of HKSP and IEs<sup>5</sup>. It is recommended that HKSTPC should consider suitably raising the development density of HKSP to optimize its land use in the light of the severe shortage of land resources in Hong Kong so as to increase the supply of R&D facilities. As regards the IEs, the Review report recommends HKSTPC to update the IE policy to enhance the value chain of the I&T industries, taking into account changes in the economic structure and shortage of land supply in Hong Kong.

### **Views and concerns expressed by Members**

#### Development of HKSP

9. The Panel on Commerce and Industry ("the Panel") discussed the development plan and financing arrangements for HKSP Phase 3 at its meeting on 16 March 2010. While some members expressed concern about the high development cost of HKSP Phase 3, members generally supported the development of Phase 3 as the clustering of R&D companies and their

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<sup>5</sup> See paragraphs 42 and 43 of the Administration's paper on "2015 Policy Address: Policy Initiatives of Commerce, Industry and Tourism Branch and Innovation and Technology Commission, Commerce and Economic Development Bureau" ([LC Paper No. CB\(1\)438/14-15\(03\)](#)).

professionals/talents in HKSP would help facilitate the development of I&T and bring about economic benefits to Hong Kong. Members were keen to ensure that the development of HKSP Phase 3 would attract more local and overseas R&D companies to set up offices in HKSP, thereby creating more job opportunities for university graduates of science, engineering and technology background, and boosting private investment in R&D.

10. Some members considered that the existing land area in HKSP was insufficient to sustain the long-term development of I&T industries and were concerned about the availability of land for the development of HKSP Phase 4. At the Panel meetings on 18 November 2014 and 20 January 2015, some members expressed disappointment at the Administration's proposal to rezone a site of some eight hectares at Pak Shek Kok (East), originally reserved for the development of HKSP Phase 4, to residential use for medium-density private residential development. Despite that the Administration had reserved sites in Kwu Tung North New Development Area ("NDA") and Lok Ma Chau Loop area for R&D and related uses, some members were of the view that expanding HKSP, where a cluster effect could be achieved, would be more conducive to the development of I&T in Hong Kong in the long run. Pointing out that some technology infrastructure required long-term planning, members urged the Administration to formulate forward-looking and concrete plans for the provision of technology infrastructure and ancillary facilities such that investors and companies of the I&T and R&D industries could plan ahead and have the peace of mind to invest in Hong Kong. The Administration advised that while the development of the reserved sites had to tie in with the overall development plans of the concerned NDAs, flexibility in the proposed land uses of the reserved sites would be provided to accommodate the latest technologies in the I&T industries.

11. During the examination of the Estimates of Expenditure 2015-16, Members raised questions about HKSTPC's initiatives and the role of HKSP in promoting the development of I&T in Hong Kong, supporting technology start-ups, and promoting Hong Kong/Mainland collaboration on the technology industry.

12. The Administration advised that in addition to the provision of infrastructure for I&T based companies, HKSTPC would strengthen its connection with innovators, government agencies, investors and the industry; foster collaboration with international and local universities and research institutions across different technological disciplines; and continue to promote innovative development by creating a vibrant ecology and offering suitable services to I&T companies at different R&D stages. HKSTPC ran three incubation programmes, namely the Incu-Tech Programme, Incu-Bio

Programme and Incu-App Programme, which provided technology start-ups with a structured form of support. In addition, HKSTPC had proposed to set up a \$50 million Corporate Venture Fund to assist local technology start-ups during their early investment stage, and to encourage more investment from angel investors and investment funds in the local I&T industry.

13. On cooperation between Hong Kong and the Mainland, the Ministry of Science and Technology of the Republic of China had designated HKSP as Hong Kong National High-tech Industrialization (Partner) Base for Green Technology, Hong Kong National Modern Services Industrialization (Partner) Base, and Hong Kong National High-tech Industrialization (Partner) Base for Integrated Circuits. HKSP would continue to proactively collaborate with the Partner Bases in the Mainland to strengthen cooperation between the technology industrial parks in Hong Kong and the Mainland and support the development of relevant industries in both places.

#### Development of IEs

14. The Panel was briefed on the latest developments of IEs at its meeting on 19 April and 20 December 2011. Panel members considered it necessary to review the operation of IEs and formulate a new IE policy to revitalize the various IEs so as to dovetail with the changes of the industry base in the last decade or so. To promote the effective use of valuable land in IEs, some members suggested that the Administration should consider encouraging the grantees of IE sites to build more storeys for their projects, instead of occupying large horizontal space, thus accommodating more projects in smaller sites and releasing more land for other applicants. Support or preferential measures should also be provided to facilitate local small and medium enterprises' admission to IEs. The Administration advised that HKSTPC had been actively facilitating the upgrading of technology level and the broadening of industrial base in IEs through the established admission procedures and exit arrangements in the lease.

15. In view of the rising manufacturing costs in the Mainland in recent years, some members considered that the Administration should formulate an industrial policy to improve the local industrial landscape, so as to attract Hong Kong manufacturing enterprises to move their production base back to Hong Kong, thereby generating job opportunities for local people. While some members called on the Administration to ascertain whether there was market demand for a fourth IE, some other members supported setting up a fourth IE to facilitate the structural transformation of the economy of Hong Kong. Noting that recycling projects had been admitted into IEs in recent years, some members considered it undesirable to accommodate concurrently in one IE the

recycling, pharmaceutical and data centre industries which had incompatible uses. These members suggested that the Administration should consider carefully the scope of activities and the suitable mix of industries to be accommodated in IEs.

16. On the development of data centres in Hong Kong, some members urged the Administration to review the admission criteria in relation to restriction on subletting on applications for setting up commercial data centres in IEs having regard to the unique operation model of data centres.

### Council meetings

17. At the Council meetings on 24 October and 7 November 2012, 11 June 2014, 11 February and 25 March 2015, Dr Hon CHIANG Lai-wan, Hon Charles MOK, Hon Ronny TONG and Hon Frederick FUNG raised questions relating to HKSP and IEs. Issues covered in the questions include the development of pharmaceutical production plants in IEs, the occupancy rate of HKSP, the development of HKSP Phase 4 as well as the admission criteria and vetting procedures for setting up data centres in IEs.

18. At the Council meeting on 4 May 2011, Hon Andrew LEUNG moved a motion on "Promoting regional economic integration between Guangdong and Hong Kong". Members urged the Administration to, inter alia, expeditiously conduct studies on establishing a fourth IE and formulate an implementation timetable, with a view to creating better conditions for expanding local industries with competitive edge and creating more new employment opportunities for Hong Kong. The motion as amended by Dr Hon Samson TAM, Hon WONG Kwok-hing, Hon Miriam LAU and Hon CHAN Kam-lam was passed.

19. At the Council meeting on 19 March 2014, Hon CHUNG Kwok-pan moved a motion on "Encouraging the return of the industrial sector for development to make Hong Kong's industries more diversified". Members called upon the Administration to introduce concrete measures and support policies, including revitalizing the various IEs, to encourage the return of the industrial sector for development in Hong Kong. The motion as amended by Hon SIN Chung-kai, Hon Kenneth LEUNG and Hon CHAN Yuen-han was passed.

20. Details of the relevant Council questions and motions are given in the hyperlink in the **Appendix**.

**Latest position**

21. The Administration will brief the Panel on 21 April 2015 on the major new initiatives to be implemented by HKSTPC.

**Relevant papers**

22. A list of relevant papers is shown in the **Appendix**.

Council Business Division 1  
Legislative Council Secretariat  
17 April 2015

**Development of the Hong Kong Science and Technology Parks Corporation,  
the Hong Kong Science Park and the three Industrial Estates**

**List of relevant papers**

Date of meeting	Meeting	Paper
16/3/2010	Panel on Commerce and Industry	<p>Administration's paper on "Development of Science Park Phase 3 and proposed financing arrangements" (<a href="#">LC Paper No. CB(1)1357/09-10(03)</a>)</p> <p>Background brief on the development of Hong Kong Science Park prepared by the Legislative Council Secretariat (<a href="#">LC Paper No. CB(1)1357/09-10(04)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)1681/09-10</a>)</p>
19/4/2011	Panel on Commerce and Industry	<p>Administration's paper on "Latest developments of Industrial Estates" (<a href="#">LC Paper No. CB(1)1893/10-11(03)</a>)</p> <p>Background brief on the three Industrial Estates operated and managed by the Hong Kong Science and Technology Parks Corporation prepared by the Legislative Council Secretariat (<a href="#">LC Paper No. CB(1)1893/10-11(04)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)2403/10-11</a>)</p>
4/5/2011	Council	<p>Motion on "Promoting regional economic integration between Guangdong and Hong Kong" moved by Hon Andrew LEUNG (<a href="#">Wording of the motion passed</a>) (<a href="#">Progress report</a>)</p>



Date of meeting	Meeting	Paper
20/12/2011	Panel on Commerce and Industry	<p>Administration's paper on "Latest developments of Industrial Estates"  <a href="#">(LC Paper No. CB(1)624/11-12(03))</a></p> <p>Updated background brief on the three Industrial Estates operated and managed by the Hong Kong Science and Technology Parks Corporation prepared by the Legislative Council Secretariat  <a href="#">(LC Paper No. CB(1)624/11-12(04))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(1)1039/11-12)</a></p> <p>Follow-up paper  <a href="#">(LC Paper No. CB(1)897/11-12(01))</a></p>
24/10/2012	Council	<p>Question No. 6 on "Development of the pharmaceutical industry of Hong Kong" raised by Dr Hon CHIANG Lai-wan  <a href="#">(Hansard)</a> (Page 587-597)</p>
7/11/2012	Council	<p>Question No. 16 on "Hong Kong Science Park" raised by Hon Charles MOK  <a href="#">(Hansard)</a> (Page 1485-1487)</p>
19/3/2014	Council	<p>Motion on "Encouraging the return of the industrial sector for development to make Hong Kong's industries more diversified" moved by Hon CHUNG Kwok-pan  <a href="#">(Wording of the motion passed)</a>  <a href="#">(Progress report)</a></p>
11/6/2014	Council	<p>Question No. 7 on "Re-zoning of a site near the Hong Kong Science Park to residential use" raised by Hon Ronny TONG  <a href="#">(Hansard)</a></p>

<b>Date of meeting</b>	<b>Meeting</b>	<b>Paper</b>
18/11/2014	Panel on Commerce and Industry	<p>Administration's paper on "Final Report on Comprehensive Review on the Innovation and Technology Fund"  <a href="#">(LC Paper No. CB(1)211/14-15(03))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(1)345/14-15)</a></p>
20/1/2015	Panel on Commerce and Industry	<p>Administration's paper on "2015 Policy Address - Policy Initiatives of Commerce, Industry and Tourism Branch and Innovation and Technology Commission, Commerce and Economic Development Bureau"  <a href="#">(LC Paper No. CB(1)438/14-15(03))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(1)582/14-15)</a></p>
11/2/2015	Council	<p>Question No. 12 on "Development of data centres in Hong Kong" raised by Hon Frederick FUNG  <a href="#">(Administration's reply)</a></p>
25/3/2015	Council	<p>Question No. 1 on "Development of data centres in Industrial Estates" raised by Hon Frederick FUNG  <a href="#">(Administration's reply)</a></p>
30/3/2015	Special meeting of the Finance Committee to examine the Estimates of Expenditure 2015-2016	<p>Administration's replies to Members initial written questions:</p> <p>Commerce, Industry and Tourism  <a href="#">(Reply Serial No. CEDB(CIT)090)</a></p> <p>Communications and Technology  <a href="#">(Reply Serial Nos. CEDB(CT)114 and 121)</a></p>