

立法會
Legislative Council

LC Paper No. CB(1)548/15-16
(These minutes have been seen
by the Administration)

Ref : CB1/PL/CI

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 15 December 2015, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)
Hon Emily LAU Wai-hing, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon Dennis KWOK
Hon SIN Chung-kai, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan

Members absent : Hon WONG Ting-kwong, SBS, JP (Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Public officers attending : Agenda item IV

Mr Daniel CHENG Chung-wai
Deputy Secretary for Constitutional and Mainland Affairs

Ms Noel TSANG Fung-yi
Principal Assistant Secretary for Constitutional and
Mainland Affairs

Agenda Item V

Mr Nicholas W YANG, JP
Secretary for Innovation and Technology

Mr CHEUK Wing Hing, JP
Permanent Secretary for Innovation and
Technology

Ms Annie CHOI, JP
Commissioner for Innovation and Technology

Mr Vincent TANG
Assistant Commissioner for Innovation and
Technology (Infrastructure & Quality Services)

Mr Allen MA
Chief Executive Officer
Hong Kong Science and Technology Parks
Corporation

Clerk in attendance : Ms Connie HO
Chief Council Secretary (1)3 (Acting)

Staff in attendance : Miss Rita YUNG
Senior Council Secretary (1)8

Ms May LEUNG
Legislative Assistant (1)3

-
1. The Deputy Chairman took over the chair as the Chairman was unable to attend the meeting as he was on a business trip.

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)264/15-16 -- Minutes of meeting held on 20 October 2015)

2. The minutes of the meeting held on 20 October 2015 were confirmed.

II. Information papers issued since last meeting

(LC Paper No. CB(1)213/15-16(01) -- Information paper on "New Agreement on Trade in Services under the Framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement")

3. Members noted the above paper issued since the last meeting.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)279/15-16(01) -- List of outstanding items for discussion

LC Paper No. CB(1)279/15-16(02) -- List of follow-up actions)

4. Members noted that the next regular Panel meeting would be held on 19 January 2016 from 2:30 pm to 5:00 pm to receive briefings by the Secretary for Commerce and Economic Development, the Secretary for Constitutional and Mainland Affairs and the Secretary for Innovation and Technology on the Chief Executive's 2016 Policy Address, and to discuss the following item proposed by the Administration :

- (a) Continuing the funding support for Technology Transfer Offices of local universities, Partner State Key Laboratories and Hong Kong Branches of Chinese National Engineering Research Centres through the Innovation and Technology Fund after 2015-2016.

5. The Deputy Chairman informed members that the Administration noted members' views and suggestions expressed at the last Panel meeting on the "List of outstanding items for discussion" ("the List") and agreed to arrange for discussion of the item on "Research and development of Chinese medicines" (i.e. item 6 on the List) at the Panel meeting in June 2016. In addition, the Administration had withdrawn the proposal for deleting the item on "Progress on the promotion of intellectual property trading" (i.e. item 14 on the List).

IV. Proposed retention of one Administrative Officer Staff Grade C (AOSGC)(D2) post under the Constitutional and Mainland Affairs Bureau

(LC Paper No. CB(1)279/15-16(03) -- Administration's paper on "Enhancing the Co-operation Relations between Hong Kong and the Mainland – Retention of a Directorate Post in the Constitutional and Mainland Affairs Bureau"

LC Paper No. CB(1)279/15-16(04) -- Paper on the proposed retention of one Administrative Officer Staff Grade C (D2) post under the Constitutional and Mainland Affairs Bureau prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

6. At the invitation of the Deputy Chairman, the Deputy Secretary for Constitutional and Mainland Affairs ("DSCMA") briefed members on the Administration's proposal to convert one supernumerary post of Administrative Officer Staff Grade C (AOSGC) (D2) post, i.e. the post of Principal Assistant Secretary (Constitutional and Mainland Affairs) 8 ("PAS(CMA)8"), in the Constitutional and Mainland Affairs Bureau ("CMAB") into a permanent post with effect from 1 July 2016 to continue to provide support for Hong Kong residents and enterprises in the Mainland, foster and strengthen co-operation relations between Hong Kong and the Mainland, and deepen regional co-operation between the two places, as set out in the Administration's paper (LC Paper No. CB(1)279/15-16(03)).

Discussion

Strengthening arts and cultural co-operation between Hong Kong and the Mainland

7. Mr MA Fung-kwok enquired about the effectiveness of the PAS(CMA)8 post in fostering the cooperation between Hong Kong and the Mainland in the past three years, in particular the achievements on promoting exchanges in respect of arts and culture, as well as the creative industries between the two places. DSCMA advised that promoting exchanges in respect of the areas mentioned by Mr MA was one of the key duties of work for the five Offices of the Hong Kong

Special Administrative Region ("HKSAR") in the Mainland ("Mainland Offices") and the five liaison units ("LUs") of HKSAR in the Mainland. Apart from organizing cultural programmes including exhibitions and performances to promote Hong Kong arts and culture, the Mainland Offices also conducted publicity programmes to promote Hong Kong's strengths. These programmes, such as the "Hong Kong Week", attracted a large number of audience and wide media coverage, and provided performance and cultural exchanges opportunities in the Mainland for Hong Kong cultural and performing arts groups.

8. Pointing out that the cultural events organized by the Mainland Offices were skewed towards performing arts, Mr MA Fung-kwok advised the Mainland Offices to disseminate information on major visual arts events held in the Mainland to the local visual arts sector and facilitate Hong Kong visual artists to participate in such events to enhance exchanges between Hong Kong and the Mainland on visual arts. In respect of the creative industries, Mr MA was concerned that the representatives of the Hong Kong film industry had not received from the relevant Government bureaux/departments any information relating to the draft People's Republic of China Film Industry Promotion Law, a piece of new legislation of the Mainland which had undergone consultation and would have a substantial impact on Hong Kong film industry. In this connection, Mr MA enquired about the role of Mainland Offices in dissemination of information on the laws and regulations of the Mainland which might have an impact on the relevant sectors of Hong Kong.

9. In response, DSCMA advised that the Mainland Offices closely monitored the policies, laws and regulations relating to Hong Kong enterprises at the national level and in provinces/municipalities under their respective coverage, and provided timely updates and news to relevant Government bureaux and departments to facilitate their follow up with industry stakeholders where necessary. In addition, the Mainland Offices disseminated information on related Mainland policies, laws and regulations to Hong Kong chambers of commerce and other subscribers of Mainland Offices' newsletters which were published through different means such as emails, internet or social media. The Mainland Offices also organized seminars on topical issues, such as taxation and labour which were of on-going concerns to Hong Kong enterprises, and conducted regular exchanges with them. He said that the Administration would advise the Panel of the details of the case relating to the draft People's Republic of China Film Industry Promotion Law.

(Post-meeting note: The information provided by Administration was circulated to members vide LC Paper No. CB(1)532/15-16(01) on 3 February 2016.)

10. As regards Mr MA Fung-kwok's view on assigning designated official(s) in the Mainland Offices to be responsible for cultural promotion work to enhance cultural cooperation and exchanges between Hong Kong and the Mainland, DSCMA advised that promoting exchanges between Hong Kong and the Mainland on the arts and cultural front required the concerted efforts of relevant Government policy bureaux and departments, in particular the Leisure and Cultural Services Department. Nevertheless, the Administration undertook to consider the relevant view of Mr MA.

Strengthening and deepening regional co-operation

11. Mr MA Fung-kwok enquired whether the Administration would improve the network of Mainland Offices to complement the national plan of building the Silk Road Economic Belt and 21st-century Maritime Silk Road ("Belt and Road initiative"), and about the role of the PAS(CMA)8 post in the future strategic network of Mainland Offices. DSCMA advised that the existing network of the Mainland Offices and their LUs generally covered major provinces and municipalities relevant to the development of the "Belt and Road initiative. In this regard, the Government had established five Mainland Offices, with the Shanghai Economic and Trade Offices ("ETO") in the east, the Guangdong ETO in the south, the Chengdu ETO in the west, the Beijing Office in the north and the Wuhan ETO in the central region. There were also five LUs under the auspices of relevant Mainland Offices such as the Fujian LU of the Guangdong ETO and the Shandong LU of the Shanghai ETO. He added that the catchment areas of the Mainland Offices were not confined to their locating provinces and municipalities. The Mainland Offices would keep in view the implementation proposals of various provinces and municipalities of the Mainland in complementing the "Belt and Road" initiative and disseminate such information to relevant Government bureaux and departments in Hong Kong.

12. DSCMA added that in addition to the "Belt and Road" initiative, the Mainland was actively pursuing the development of the Beijing-Tianjin-Hebei Coordinated Development Programme and the Yangtze River Economic Belt ("Three Supporting Belts"). The PAS(CMA)8 post would assist in comprehensively reviewing the network of Mainland Offices to study how it could be further improved to help Hong Kong enterprises and people better grasp the opportunities arising from the aforesaid new development strategies of the Mainland.

13. Mr Martin LIAO remarked that the development of the Three Supporting Belts would change the present pattern of economic development in the Mainland and create new growth areas. He enquired about the policy measures which, apart from continuing enhancing Government-to-Government cooperation, the PAS(CMA)8 post would help implement to strengthen and deepen the regional

co-operation so that Hong Kong enterprises could tap into the business opportunities arising from regional development.

14. DSCMA responded that CMAB, including the PAS(CMA)8 post, assumed an overall role of fostering and coordinating co-operation between the HKSAR Government and the Central Government as well as provincial/municipal governments in promoting regional development. While the development of the Three Supporting Belts was still at a preliminary planning stage, the Mainland Offices would focus on the collection and dissemination of information on relevant policies and maintain communication with the governments of the concerned provinces and municipalities to enable the HKSAR Government to grasp the development trend. DSCMA added that the development of the Three Supporting Belts would bring about opportunities for Hong Kong enterprises in the Mainland to "go global" and also for Hong Kong people working in the Mainland. He said that promoting Hong Kong professional services, such as legal services, including arbitration and mediation services, during the development of the Three Support Belts was the key area of work of the Government.

15. Mr Martin LIAO referred to the "Central Committee of the Communist Party of China's Proposal on Formulating the Thirteenth Five Year Plan on National Economic and Social Development" ("Proposal on 13th Five-Year Plan") promulgated in November 2015 which emphasized the importance of deepening co-operative development between the Mainland, Hong Kong and Macao, stepping up efforts in opening up to Hong Kong and Macao, and the need for deepening regional co-operation, such as Pan-Pearl River Delta ("PPRD") regional co-operation. Mr LIAO enquired how the PAS(CMA)8 post could help Hong Kong enterprises and people grasp the opportunities arising from the co-operation and development of the PPRD Region pursuant to the relevant initiatives in the Proposal on 13th Five-Year Plan.

16. In response, DSCMA advised that the State Council had entrusted the National Development and Reform Commission ("NDRC") to draft guiding opinions on the future development of the PPRD Region. The PAS(CMA)8 post was responsible for collecting the feedback of relevant Government bureaux and departments on the role to be played by Hong Kong in the future development of the PPRD Region having regard to its unique strengths and providing relevant information for NDRC's consideration. In addition, to tie in with the deepening of co-operation among PPRD provinces/regions in the new era, from 2015 onwards, major activities of the PPRD Forum (including the Trade Fair, the High-Level Forum and the Chief Executive Joint Conference) would be held thrice every two years instead of once every year. The PAS(CMA)8 post was responsible for providing support to HKSAR Government's participation in the PPRD Forum.

China - Hong Kong conflicts

17. Referring to the declining trend in the number of Mainland visitors to Hong Kong, Ms Emily LAU enquired whether the Mainland Offices would collect information on Mainlanders' negative perceptions towards Hong Kong and how the Mainland Offices would deal with such an issue. She said that the negative perceptions of Mainland people towards Hong Kong might be generated by some particular policies or incidents, such as the regulation of export of powdered formula and the case of assault on a Mainland visitor in Hong Kong.

18. The Deputy Chairman and Dr LAM Tai-fai expressed concern about the increasing conflicts and deteriorating relationship between Hong Kong people and Mainlanders. Given that one of the core duties of the PAS(CMA)8 post was to foster and strengthen co-operation relations between Hong Kong and the Mainland, Dr LAM advised that the official concerned should visit the Mainland more frequently to look into the root causes of the conflicts and draw up practical solutions to address the relevant issues, thereby preventing further deterioration of the relationship between people of the two places. The Deputy Chairman was of the view that the number of Mainland visitors to Hong Kong would continue to reduce should there be no improvement on the relationship between Hong Kong people and the Mainlanders.

19. In response, DSCMA said that the Mainland Offices gauged the general perceptions of the Mainland community towards Hong Kong through media reports in the Mainland and their ongoing liaison work. Meanwhile, the Mainland Offices had been enhancing communication and publicity targeted at different sectors in the Mainland with a view to fostering mutual understanding and respect between the Hong Kong and Mainland communities. The Mainland Offices also briefed their interlocutors on incidents which might affect the perceptions of the Mainland community towards Hong Kong.

Other issues and concerns

20. Dr LAM Tai-fai said that the workload of CMAB in relation to constitutional affairs should have reduced following the voting down of the constitutional reform proposal by the Legislative Council ("LegCo") and completion of the District Council Election. He enquired whether CMAB could redeploy existing manpower to provide the necessary support to be provided by the PAS(CMA)8 post. DSCMA advised that it would not be feasible to redeploy existing manpower responsible for constitutional affairs to take up the duties of PAS(CMA)8 given the substantive workload arising from a number of forthcoming elections, namely, the 2016 LegCo By-election for the New Territories East Geographical Constituency, the 2016 Legislative Council General

Election, the Election Committee Subsector Elections and the 2017 Chief Executive Election, as well as the work involved in the review of electoral legislation and the public consultation on enhancement of the voter registration system.

21. Dr CHIANG Lai-wan queried whether the duty of the PAS(CMA)8 post and her team to foster and strengthen the co-operation relations between Hong Kong and the Mainland could be discharged effectively given that the relevant posts would be stationed in Hong Kong and not the Mainland. DSCMA explained that the PAS(CMA)8 post had a role to play in Hong Kong in stepping up co-operation relations between Hong Kong and the Mainland. Given that co-operation between the two places spanned across many different areas, the PAS(CMA)8 post had to coordinate with various Government policy bureaux and departments in Hong Kong in formulating regional cooperation plans and supervising cooperation progress. In addition, the PAS(CMA)8 post assisted in overseeing the work of Mainland Offices in liaising with provinces/ municipalities/ regions in the Mainland.

Summing up

22. The Deputy Chairman concluded that the Panel supported in principle the staffing proposal of the Administration to convert a supernumerary post of Administrative Officer Staff Grade C (AOSGC) (D2) post, i.e. the PAS(CMA)8 post, in the CMAB into a permanent post with effect from 1 July 2016. The Panel supported that the proposal be put forward to the Establishment Subcommittee for consideration.

V. Further development of Hong Kong Science Park

(LC Paper No. CB(1)279/15-16(05) -- Administration's paper on "Further Development of Hong Kong Science Park "

LC Paper No. CB(1)279/15-16(06) -- Paper on the development of the Hong Kong Science Park prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

23. The Deputy Chairman welcomed the attendance of the Secretary for Innovation and Technology ("S for IT") at the Panel meeting for the first time.

24. At the invitation of the Deputy Chairman, S for IT and Chief Executive Officer, Hong Kong Science and Technology Parks Corporation ("CEO, HKSTPC") briefed members on the Administration's plan to expand the existing Hong Kong Science Park ("HKSP") by optimizing the use of the remaining vacant site and increasing the development parameters for the construction of new research and development ("R&D") facilities in three stages, and sought members' support for the proposed financing arrangements for Stage 1 of the proposed Science Park Expansion Programme ("SPX1") which involved the development of two R&D buildings, as set out in the Administration's paper (LC Paper No. CB(1)279/15-16(05)). CEO, HKSTPC advised that the estimated development cost of SPX1 was \$4,428 million. Subject to the funding approval of the Finance Committee in the first quarter of 2016, the Administration planned to commence SPX1 in the second half of 2016 for completion by 2020.

Discussion

Tenants of HKSP

25. While expressing disappointment over the re-zoning of a site at Pak Shek Kok (East) originally designated for the development of HKSP Phase 4 for medium-density private residential development, Mr Charles MOK welcomed the development plan for SPX1 and enquired about the current distribution of HKSP tenants in terms of industry or size of the companies (e.g. start-ups or large-scale technology companies). Dr LAM Tai-fai also enquired about the current distribution of local and overseas companies, the change in the distribution of industries of HKSP tenants over the past 10 years, and the forecast for the next decade.

26. In response, CEO, HKSTPC advised that at present, there were some 350 local, Mainland and overseas R&D companies (excluding the companies enrolled on HKSP's incubation programmes) operating in HKSP. About 63% of these tenants were local companies, 12% were from the Mainland and 25% were from the rest of the world. Over 50% of the local tenants of HKSP were small and medium enterprises. Commissioner for Innovation and Technology ("CIT") explained that one of the directions and work priorities of the Innovation and Technology Bureau was to promote the collaboration between Hong Kong and renowned international science and research institutes. S for IT added that the initiative to attract top-notch international science and R&D institutions to set up operations in Hong Kong would help promote collaboration and groom local talents. At the same time, adequate support would be provided to local technology companies to enable them to nurture ideas, innovate and develop.

27. CEO, HKSTPC further advised that when HKSP Phase 1 was completed in 2004, the majority of the tenants were engaging in the electronics industry which Hong Kong had a leading advantage back then. At present, among the some 350 tenants of HKSP, 90 of them were electronics companies and 112 were information and communications technology companies. In recent years, HKSTPC had been actively promoting the development of three technology clusters including biomedical technology, green technology, and material and precision engineering. Currently there were over 130 companies in these three areas operating in HKSP. CEO, HKSTPC added that HKSTPC would continue to develop biomedical technology and material and precision engineering as key focus technology areas in the coming years.

28. Mr Charles MOK and Dr CHIANG Lai-wan considered that the Administration should attract more international technology companies to set up R&D bases in HKSP. Dr CHIANG added that manufacturing of R&D deliverables in Hong Kong should also be encouraged so as to promote the development of the local industrial sector. Mr MOK enquired about the Administration's initiatives in attracting international technology companies to invest in Hong Kong.

29. CIT responded that the Enterprise Support Scheme was launched as a major funding initiative under the Innovation and Technology Fund ("ITF") to encourage the private sector to invest in R&D. Companies registered in Hong Kong, including subsidiaries set up by international technology companies, would be eligible to apply for funding to conduct in-house R&D projects. Funding of up to \$10 million for each approved project on a dollar-for-dollar matching basis would be provided. The ITF also provided funding on a matching basis for applied R&D projects undertaken by private companies in collaboration with local research institutes.

Estimated economic benefits

30. Dr LAM Tai-fai sought elaboration on the estimation of the economic contribution of HKSP to Hong Kong. CEO, HKSTPC responded that to take forward SPX1, HKSTPC had engaged consultants to carry out an Economic Benefits Analysis. The economic contribution of HKSP to Hong Kong's economy was calculated as the total value added created in the overall gross domestic product of Hong Kong. The consultants had estimated that the economic contribution of HKSP as a whole to Hong Kong would increase from \$10.8 billion currently to \$14.9 billion (when Phases 1 to 3 were fully occupied) and further increase to \$19 billion (when achieving full occupancy of Phases 1 to 3 and SPX1). The estimated amount of value added of \$19 billion included a direct impact of \$12.8 billion generated from the companies located and personnel working in HKSP, an indirect impact of about \$4.2 billion generated from the

service suppliers supporting the HKSP tenants, as well as other induced impacts of about \$2 billion.

31. Referring to the direction of re-establishing local manufacturing industries, in particular high-end manufacturing based on artificial intelligence, data analysis and Internet of Things, Ms Emily LAU expressed concern about the number of jobs to be created, in particular grassroots jobs. CIT responded that low value added mass manufacturing would unlikely be suitable in Hong Kong. The development of high-end manufacturing would drive Hong Kong's economy up the value chain and create job opportunities for highly skilled talents and university graduates from the science, engineering and technology fields. CEO, HKSTPC supplemented that to enhance the value chain of the innovation and technology ("I&T") industries in Hong Kong and further revitalize the Industrial Estates ("IEs"), HKSTPC was in the process of conducting a detailed study on the economic case and relevant financing arrangements for two pilot projects of the development of specialized multi-story industrial buildings under the revised IE Programme. The Administration would brief the Panel on the detailed proposal in around April 2016.

32. Dr CHIANG Lai-wan was of the view that in addition to nurturing the investment in R&D, the Administration should encourage tenants of HKSP to keep their manufacturing and sales bases in Hong Kong, so as to increase tax revenue for the Government. In that regard, she enquired about the estimated tax revenue to be generated for Hong Kong from the future tenants of SPX1. CIT responded that such information might not be available as tax matters were confidential information.

Proposed financing arrangements for SPX1 and financial position of HKSTPC

33. Referring to the cost overrun problems of many public works projects in recent years, Dr LAM Tai-fai enquired whether the Administration had any fallback financing arrangements for cost overrun of SPX1. CIT responded that the amount of equity injection from the Administration would be capped at \$2,878 million. Should the project cost of SPX1 eventually exceed the amount, the Administration would provide no further funding support and HKSTPC was expected to resort to its own means to identify project cost savings and seek extra funding means.

34. Dr CHIANG Lai-wan enquired about the current rental income of HKSTPC, and the projected rental income after SPX1 was completed. While expressing support in principle for SPX1, Dr CHIANG considered that HKSTPC should finance the project cost of SPX1 completely through its internal resources and commercial loan guaranteed by the Administration. She suggested that the Administration should provide more information on HKSTPC's financial position

in the Administration's paper to the Finance Committee to justify the proposed financing arrangements for SPX1.

35. In response, CEO, HKSTPC advised that at present the rental of HKSP office space was about \$17 to \$18 per square foot, and the annual rental income of HKSTPC was about \$400 million. It would be difficult to forecast the rental level and thus the rental income after SPX1 was completed by 2020. S for IT and CEO, HKSTPC further explained that in addition to the rental of office space, HKSTPC was dedicated to building a vibrant I&T ecosystem to connect stakeholders, nurture technology talents, facilitate collaboration, and catalyze innovations in Hong Kong. Almost half of the rental income of HKSTPC was mainly used for the provision of the above services. To finance the development costs of SPX1, it would be necessary for the Administration to provide equity injection and guarantee repayment of the commercial loan and the interest arising therefrom to enable HKSTPC to secure the loan and obtain reasonably advantageous terms. In response to Dr CHIANG Lai-wan's further enquiry, CEO, HKSTPC said that HKSTPC was not under the purview of the Audit Commission. Notwithstanding this, HKSTPC had put in place internal audit mechanism which reported directly to the Audit Committee of the Board of Directors.

36. Noting that the rental of HKSP office space was about \$17 to \$18 per square foot, Mr SIN Chung-kai further enquired if HKSTPC had made a comparison between the market rental level and that of HKSP. Ms Emily LAU expressed concern on whether HKSTPC had faced any difficulties in attracting Mainland or overseas technology companies to come into HKSP, and whether HKSTPC had to lower the rental to attract more tenants.

37. CEO, HKSTPC responded that it would be difficult to make such a comparison since there was no similar type of commercial premises in the vicinity of HKSP. When comparing with the newly developed commercial premises in the East Kowloon region, the rental of HKSP was about 10% to 20% lower than the market rental level. CIT and CEO, HKSTPC further advised that many Mainland or overseas high-tech companies had shown interests in establishing a presence in Hong Kong and setting up offices in HKSP. HKSTPC would select appropriate tenants according to the established admission criteria that the applicant's major operations in HKSP must be I&T based engaging in technology intensive business. HKSTPC had been in negotiation with a number of Mainland or overseas technology companies regarding admission into HKSP.

38. Mr SIN Chung-kai pointed out that HKSTPC should let the tenants know that they had been benefited from low rental as well as the advantageous location of HKSP in terms of its proximity to the Mass Transit Railway station, and thus the convenient transportation to the Mainland. He suggested that HKSTPC should consider increasing the rental of HKSP suitably so as to increase

HKSTPC's income. In response, CEO, HKSTPC advised that the rental of HKSP would be adjusted annually. HKSTPC would increase the rental of HKSP with effect from 1 January 2016. That said, special discounts on rental would be offered to tenants engaging in technologies which would bring wide benefits to Hong Kong, and to high-tech companies that were new to HKSP. These tenants would be informed of the original rental as well as the discounts they had been offered.

Provision of land for the development of I&T industries

39. Noting that all three phases of HKSP would be expected to be fully occupied by 2017-2018, while SPX1 was planned to be completed by 2020, Mr MA Fung-kwok enquired about the provision of land for the development of I&T industries in the interim and in the long run. Mr Martin LIAO also expressed concern about the sufficiency of sites in the IEs to support the future development of various high-end manufacturing industries, such as medical and robotic industries.

40. S for IT and CIT responded that the Administration would continue to identify suitable sites for R&D and related uses as and when necessary. In the long term, sites had been reserved in the Kwu Tung North New Development Area ("NDA"), Lok Ma Chau Loop Area and Hung Shui Kiu NDA for development of high-tech industries and R&D facilities. As regards the revised IE Programme, CEO, HKSTPC advised that in future, HKSTPC would mainly build and manage specialized multi-storey industrial buildings for rental to multi-users belonging to the I&T industries instead of granting the sites to single users for building their own factories. HKSTPC was preparing for the first two pilot projects in the Tseung Kwan O IE, targeting at information and telecommunications technology and advanced manufacturing using robotics technologies. CIT and CEO, HKSTPC added that HKSTPC had also been improving utilization of IEs and HKSP through negotiating with owners of under-utilized IE sites to surrender their land and stepping up enforcement actions under the terms of the leases.

Other issue

41. Ms Emily LAU suggested the Administration to arrange a visit to HKSP for the Panel when appropriate to allow members to better understand the latest development progress of HKSP. The Administration took note of Ms LAU's suggestion.

Summing up

42. The Deputy Chairman concluded that the Panel supported in principle the development plan and proposed financing arrangements for SPX1. He called on

the Administration to provide more information on HKSTPC's financial position in the Administration's paper to the Finance Committee for Members' consideration.

VI. Any other business

43. There being no other business, the meeting ended at 4:23 pm.

Council Business Division 1
Legislative Council Secretariat
12 February 2016