

立法會

Legislative Council

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Panel on Commerce and Industry Panel on Development Panel on Information Technology and Broadcasting

Minutes of Joint meeting held on Monday, 6 March 2017, at 2:30 pm in Conference Room 1 of the Legislative Council Complex

Members present : Members of the Panel on Information Technology
and Broadcasting

- ^ Dr Hon Elizabeth QUAT, JP (Chairman)
- *^ Hon Charles Peter MOK, JP (Deputy Chairman)
- Hon James TO Kun-sun
- Hon Claudia MO
- Hon Steven HO Chun-yin, BBS
- Hon YUNG Hoi-yan

Members of the Panel on Commerce and Industry

- * Hon WU Chi-wai, MH (Chairman)
- Hon SHIU Ka-fai (Deputy Chairman)
- *# Hon WONG Ting-kwong, SBS, JP
- * Hon CHAN Kin-por, BBS, JP
- *# Hon Mrs Regina IP LAU Suk-yeet, GBS, JP
- *# Hon Paul TSE Wai-chun, JP
- *# Hon LEUNG Kwok-hung
- * Hon YIU Si-wing, BBS
- *# Hon CHAN Chi-chuen
- Hon Dennis KWOK Wing-hang
- *# Dr Hon Fernando CHEUNG Chiu-hung
- # Dr Hon CHIANG Lai-wan, JP
- *# Hon CHU Hoi-dick
- Hon Jimmy NG Wing-ka, JP
- *# Hon CHAN Chun-ying
- * Hon LAU Kwok-fan, MH
- * Dr Hon YIU Chung-yim

Members of the Panel on Development

- # Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)
- Hon Abraham SHEK Lai-him, GBS, JP
- Hon Frankie YICK Chi-ming, JP
- # Hon CHAN Han-pan, JP
- Hon LEUNG Che-cheung, BBS, MH, JP
- Hon Alice MAK Mei-kuen, BBS, JP
- Dr Hon KWOK Ka-ki
- Hon KWOK Wai-keung
- Dr Hon Helena WONG Pik-wan
- # Hon Alvin YEUNG
- Hon Andrew WAN Siu-kin
- Dr Hon Junius HO Kwan-yiu, JP
- Hon HO Kai-ming
- Hon LAM Cheuk-ting
- Hon Wilson OR Chong-shing, MH
- # Hon HUI Chi-fung
- Hon LUK Chung-hung
- Dr Hon CHENG Chung-tai
- Hon KWONG Chun-yu
- Hon Jeremy TAM Man-ho

Members absent : Members of the Panel on Information Technology and Broadcasting
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Members of the Panel on Commerce and Industry

- # Hon Jeffrey LAM Kin-fung, GBS, JP
- *# Hon MA Fung-kwok, SBS, JP
- Hon Christopher CHEUNG Wah-fung, SBS, JP
- # Hon Martin LIAO Cheung-kong, SBS, JP
- *# Ir Dr Hon LO Wai-kwok, SBS, MH, JP
- # Hon CHUNG Kwok-pan
- * Hon Tanya CHAN

Members of the Panel on Development

- Hon Kenneth LAU Ip-keung, MH, JP (Deputy Chairman)
- Hon CHAN Hak-kan, BBS, JP
- Hon WONG Kwok-kin, SBS, JP
- Hon Michael TIEN Puk-sun, BBS, JP
- Hon Kenneth LEUNG
- Hon Holden CHOW Ho-ding
- Hon SHIU Ka-chun
- Hon CHEUNG Kwok-kwan, JP

Hon Nathan LAW Kwun-chung
Dr Hon LAU Siu-lai

^ Also members of the Panel on Commerce and Industry

* Also members of the Panel on Development

Also members of the Panel on Information Technology and
Broadcasting

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

**Public officers
attending** : Agenda item II

Innovation and Technology Bureau

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

Mrs Millie NG
Deputy Secretary for Innovation and Technology

Mr Johann WONG, JP
Deputy Commissioner for Innovation and Technology

Development Bureau

Mr Thomas CHAN, JP
Deputy Secretary for Development (Planning and
Lands)¹

Mr Ivan CHUNG
Principal Assistant Secretary (Planning and Lands)⁵

Mr LIU Chun-san, JP
Project Manager (New Territories West)
Civil Engineering and Development Department

Education Bureau

Miss Sharon KO
Principal Assistant Secretary (Higher Education)

Commerce and Economic Development Bureau

Ms Fiona LAM
Assistant Head of CreateHK

Clerk in attendance : Mr Desmond LAM
Chief Council Secretary (1)3

Staff in attendance : Ms Connie HO
Senior Council Secretary (1)3

Mr Joey LO
Senior Council Secretary (1)8

Miss Judy YEE
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Zoe YIP
Clerical Assistant (1)3

I. Election of Chairman

Dr Elizabeth QUAT, Chairman of the Panel on Information Technology and Broadcasting, said that Mr WU Chi-wai, Chairman of the Panel on Commerce and Industry and Mr Tommy CHEUNG, Chairman of the Panel on Development had agreed that the joint Panel meeting be chaired by her. In accordance with rule 22(k) of the House Rules, members agreed that Dr QUAT would conduct the joint Panel meeting.

II. Hong Kong/Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop

- (LC Paper No. CB(1)624/16-17(01) -- Administration's paper on "Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop"
- LC Paper No. CB(1)584/16-17(01) -- Written questions raised by members
- LC Paper No. CB(1)624/16-17(02) -- Administration's response to written questions raised by members
- LC Paper No. CB(1)624/16-17(03) -- Paper on the Hong Kong/Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop prepared by the Legislative Council Secretariat (background brief)
- LC Paper No. CB(1)645/16-17(01) -- Administration's paper on Hong Kong/Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop (power-point presentation material))
(Chinese version only, tabled at the meeting and subsequently issued on 7 March 2017)

Presentation by the Administration

2. At the invitation of the Chairman, Secretary for Innovation and Technology ("S for IT") briefed members with the aid of power-point presentation (LC Paper No. CB(4)645/16-17(01)) on the project by the Government of the Hong Kong Special Administrative Region ("HKSAR") and the Shenzhen Municipal People's Government to jointly develop the Lok Ma Chau Loop ("the Loop") into "Hong Kong-Shenzhen Innovation and Technology Park" ("the Park"). Details of the project were set out in the Administration's paper and the Administration's response to written questions raised by members (LC Paper No. CB(1)624/16-17(01) and (02)).

Discussion

Composition of the board of the subsidiary company

3. Dr KWOK Ka-ki was disappointed with the arrangement that while the HKSAR Government would be responsible for constructing the necessary

infrastructure within the Loop and its surrounding areas, the HKSAR Government had no ultimate control over the subsidiary company to be set up to operate the Park by the Hong Kong Science and Technology Parks Corporation ("HKSTPC") under the 4-3-3 ratio for the appointment of the Board of Directors, whereby out of the 10 directors on the Board, four (including the Chairman) would be nominated by the Hong Kong side, three by the Shenzhen side, and the remaining three jointly nominated by both sides.

4. Noting that under the 4-3-3 ratio, three directors would be nominated by the Shenzhen side, and another three would be jointly nominated by both sides, Mr WU Chi-wai expressed concern that should all three jointly nominated directors be filled by Shenzhen personnel, Hong Kong might lose its leading role in the subsidiary company.

5. S for IT said that under the Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen ("MOU") signed by the HKSAR Government and the Shenzhen Municipal People's Government, both sides would put forth nominations for the Board of Directors of the subsidiary company, through the Joint Task Force on the Development of the Hong Kong-Shenzhen Innovation and Technology Park ("Joint Task Force"), to the HKSAR Government for appointment by HKSTPC according to the relevant legislation of HKSAR. The nominations would mainly comprise personnel from top-notch local and overseas research institutions, enterprises and universities. While the Loop would be jointly developed by both sides, the subsidiary company, which was wholly-owned by HKSTPC, would be vested with the responsibility to operate, maintain and manage the Park. Permanent Secretary for Innovation and Technology ("PS(IT)") added that as the nominations of the three directors to be jointly made by both sides would be finalized through friendly negotiations, it would be highly unlikely that the directorship of the subsidiary company be taken up by persons only trusted by the Shenzhen side but not accepted by the Hong Kong side. The interests of Hong Kong would be safeguarded through the power of appointment.

6. In response to Dr CHENG Chung-tai's enquiry about the procedure for the nomination and termination of appointment of the Board of Directors of the subsidiary company, PS(IT) said that as set out in the MOU, nominations for the Board of Directors of the subsidiary company would be made by the Joint Task Force via the HKSAR Government for appointment by HKSTPC. The Joint Task Force would be co-chaired by S for IT on the Hong Kong side and a Vice Mayor of Shenzhen Municipality on the Shenzhen side. The HKSAR Government, through HKSTPC, not only had the power of appointment of directors of the Board, but also the power of terminating the appointment.

7. As regards Dr Fernando CHEUNG's enquiry about the monitoring of the subsidiary company of HKSTPC, Commissioner for Innovation and Technology ("CIT") said that with all the directors of the Board of the subsidiary company appointed by HKSTPC, the subsidiary company would report to HKSTPC and the Joint Task Force on the development of the Park. In addition, as a statutory corporation wholly-owned by the Government, HKSTPC would table its annual reports to the Legislative Council ("LegCo"). Furthermore, LegCo would consider the Administration's funding proposals for HKSTPC. The Administration would also report to the Panel on Commerce and Industry on the latest update of the work of HKSTPC.

8. Mr LEUNG Che-cheung enquired whether any shareholdings of the subsidiary company would fall into the hands of the Shenzhen side. S for IT said that the concern over shareholdings would not arise because the subsidiary company would be a non-profit-making company wholly-owned by HKSTPC.

9. In respect of Mr WONG Ting-kwong's enquiry about the vesting of ownership and administrative power in the Park, S for IT said that as stipulated in the MOU, the Park was within the administrative boundary of the HKSAR, and the ownership of the Park belonged to the HKSAR Government. As such, the laws and land administration system of the HKSAR would apply in the Park. S for IT added that the income generated from the Loop development would be reinvested in its construction, operations, maintenance and management. No profit would be disbursed to either side. The Inland Revenue Ordinance would apply to the companies in the Park.

10. Dr Helena WONG said that the Democratic Party raised no objection to the Loop development. However, she expressed disappointment towards the lack of consultation with the LegCo prior to the signing of the MOU in January 2017. Dr WONG opined that as the ownership and administrative right of the land in the Loop were vested in Hong Kong, the HKSAR Government should have the sole right to develop and manage the Park. She added that the arrangement of the Shenzhen side having the right to nominate Directors to the Board of the subsidiary company would be in contravention of the "One Country, Two Systems" principle.

11. PS(IT) said that the Loop development had been a subject of discussion in LegCo for years. The Administration had reported to the Panel on Development and the Finance Committee on the development progress of the Loop. As regards the nomination arrangement for the Board of Directors of the subsidiary company, PS(IT) reiterated that although the Shenzhen side had the right to nominate Directors to the Board via the Joint Task Force, all nominations would be put forward to the HKSAR Government for appointment by HKSTPC, a statutory corporation wholly-owned by the HKSAR Government. Besides, all matters for determination would be decided by a majority of votes of the members present at the Board

meetings of the subsidiary company.

12. Dr YIU Chung-yim opined that if the ownership of the Loop and management of the Park were vested in the Hong Kong side, the HKSAR Government should not surrender part of its development and management authority to the Shenzhen side. On the contrary, if the Shenzhen side had to be provided with such authorities, the Shenzhen Municipal People's Government should be held responsible for part of the development and operational costs of the Loop.

13. S for IT said that historically, the Loop was within the administrative boundary of Shenzhen, and had been included in the administrative boundary of HKSAR since the promulgation of Order No. 221 of the State Council of the People's Republic of China on 1 July 1997. Out of the need to respect this historical fact, both sides agreed to co-operate in taking forward the Loop development in the spirit of friendly negotiation and mutual benefit. As the ownership of the Loop was vested in Hong Kong, there would be no ground for the Hong Kong side to request the Shenzhen side to shoulder part of the development and operational costs of the Loop. S for IT reiterated that the joint development of the Loop would be beneficial to both sides, and that Hong Kong's interest or right would not be sacrificed in the Loop development.

Land use planning of the Loop

14. Ms Claudia MO commented that the people of Hong Kong should be fully consulted before the Administration proceeded with such a "white elephant project". Concerning that the Loop development would become a residential property development project similar to the Cyberport, Ms MO doubted whether the estimated annual contribution of \$57 billion to Hong Kong's economy by the Park could be realized, and enquired about the estimated cost of the Loop development. Mrs Regina IP said that she was fully supportive of the Loop development as it would facilitate innovation and technology ("I&T") exchanges between Hong Kong and Shenzhen and establish a key base for co-operation in scientific research.

15. Deputy Secretary for Development (Planning and Lands)1 ("DS(PL)1") said that in respect of the infrastructure works and planning, the Civil Engineering and Development Department had engaged a consultant to conduct the detailed design of the Advance Works in accordance with the proposals made in the Planning and Engineering Study on Development of Lok Ma Chau Loop ("the P&E Study"), with a view to preparing for the subsequent site formation and infrastructure works. To support the future development of the Loop, the HKSAR Government would provide the necessary road networks to enhance the accessibility to the Loop and its connectivity with the surrounding areas. The preliminarily estimated cost of the project, including site formation and the associated infrastructure facilities as well as the provision of supporting infrastructural facilities outside the Loop, would be over

\$15 billion by making reference to other land development projects. A more accurate cost estimate could only be determined after the detailed design had been completed.

16. S for IT said that the Loop would be developed with high-tech research and development ("R&D") use as the backbone, complemented by higher education and creative and cultural uses, and there would be no private residential property development in the Loop. CIT added that given that the gross floor area ("GFA") of the Park would be three times bigger than that of the Hong Kong Science Park ("HKSP"), the annual economic contribution of the Park was also estimated to be roughly three times of the current annual contribution of HKSP, i.e. \$19 billion. In response to Mr YIU Si-wing's enquiry, CIT said that all profit generated from the Loop development would contribute to Hong Kong's gross domestic product, and would be used in the construction, operations, maintenance and management of the Loop. Under the non-profit-making principle of the MOU, no profit would be disbursed to either side.

17. Mr CHAN Chun-ying supported the Loop development as a matter of urgency to complement the development of I&T in Hong Kong. He suggested that tax concessions be provided to attract enterprises and universities to set up their bases at the Park. Noting that under the Recommended Outline Development Plan ("RODP") of the Loop, the maximum GFA for higher education, high-tech R&D/cultural and creative ("C&C") industries and commercial use would be 720 000 square meters ("sq m"), 410 000 sq m and 60 000 sq m respectively, Mr CHAN enquired about the details of the commercial use. He also enquired if residential facilities similar to the InnoCell adjacent to HKSP proposed in the 2017 Policy Address to provide accommodation-cum-ancillary offices for rental to tenants at HKSP would be provided to tenants of the Park.

18. PS(IT) said that the land use parameters under the RODP was formulated before the signing of the MOU and would be subject to adjustments. PS(IT) added that the 60 000 sq m of commercial land use would mainly comprise restaurants and shopping arcades for use by tenants of the Park. Mr CHAN's suggestion on providing residential facilities for tenants of the Park could be considered.

19. Mr LUK Chung-hung said that the Hong Kong Federation of Trade Unions had proposed to develop R&D of Chinese medicine in the Loop, which could leverage on the respective strengths of the Mainland and Hong Kong in Chinese medicine and testing and certification.

20. S for IT responded that based on the scientific research and industries that Hong Kong currently possessed an edge, potential areas for development in the Park could include, inter alia, robotics and biomedicine, including Chinese medicine.

21. Noting that under the RODP, 22.8 hectares of the land in the Loop would be allocated for the development of higher education, Mr YIU Si-wing enquired about the role of Hong Kong's universities in the development of the Loop.

22. S for IT said that proposals would be invited from the top-notch higher education institutions in Hong Kong, the Mainland and overseas for operating branches or new institutions in the Park. These branches or new institutions would be set up on a non-profit-making basis, and would focus on programmes and training courses on new or advanced technology, aiming at nurturing talents and engendering synergy and cluster effects with the facilities in the Park.

23. Mr WU Chi-wai and Mr HUI Chi-fung enquired whether there would be any potential land ownership disputes involving the "cross-boundary" land. DS(PL)1 responded that the MOU had resolved the relevant issues between the two places on the ownership of the "cross-boundary" land after the training of the Shenzhen River. Article II(c) of the MOU served as a safeguard clause for both sides, stipulating that each side should take the responsibility for tackling and settling any land ownership problems or claims involving interests in their respective "cross-boundary" land arising before such land was included within the administrative boundary of the other side. Up to now, no such land ownership claims had been received insofar as the Government was made aware.

24. Mr HO Kai-ming said that under the RODP, 22.8 hectares of land in the Loop would be allocated for the development of higher education, whereas only 8.6 hectares would be allocated for the development of high-technology R&D/C&C industries. Noting that Hong Kong's weakness in I&T lied in its ability to commercialize R&D deliverables, Mr HO Kai-ming opined that the focus of development of the Loop should be on high-tech manufacturing industries rather than on higher education. Ms YUNG Hoi-yan shared a similar view that high-tech manufacturing industries should be developed in the Loop to facilitate commercialization of R&D deliverables.

25. PS(IT) said that in the RODP announced in 2013, the focus of development of the Loop had been placed on higher education (about two-thirds of the area) with high-tech R&D/C&C industries being the complementary uses (about one-third of the area). However, with the signing of the MOU on 3 January 2017, it was agreed by both sides that high-tech R&D industries should be the focus of development. PS(IT) added that the findings of Environmental Impact Assessment ("EIA") study had indicated that the Loop was unsuitable for the development of polluting manufacturing industries.

26. S for IT said that the Park was positioned to be a base for co-operation in scientific research involving top-tier enterprises, research institutions and higher education institutions, which could connect upstream and midstream research to

downstream market, thereby further enhancing collaboration among the industry, academic and research sectors. With its geographical advantage, the Park could facilitate enterprises to leverage on Shenzhen's strong production facilities for mass production and tap the huge Mainland market, so as to expand their production scale and enhance their economic benefits. High value-added processes including R&D, prototyping, product design and testing could be performed within the Park. On the other hand, downstream production processes with higher space requirement could be located in other areas of Hong Kong such as the existing industries estates in Tai Po, Yuen Long and Tseung Kwan O, and the planned multi-storey Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate.

27. Mr Jeremy TAM and Dr Fernando CHEUNG opined that as the findings of the public engagement ("PE") exercises were recorded before the change in development focus from education to high-tech R&D/C&C industries, the Administration should conduct another round of public consultation on the basis of the new development parameters.

28. DS(PL)1 said that in the PE, the key development parameters assumed that higher education was the leading land use (about 70%) whereas hi-tech R&D/C&C industries would take up about 30% of the GFA. The outcome of the PE showed that the public generally agreed to the three major land uses proposed. DS(PL)1 added that the proposed land use mix of the three uses as subsequently stated in the RODP was only an assumption for technical assessment purpose. Flexibility had been incorporated into the planning of the Loop so that adjustments could be made to cater for the changing circumstances in future. Accordingly, the future development of the Loop would allow for interaction and interchangeability among the land uses to achieve synergy effect. Notwithstanding the shift in focus from higher education to R&D/C&C industries, the planning objectives and principles of the RODP had not been breached.

29. CIT said that with a plot ratio of 1.37, 1.2 million sq m of GFA would be provided at the Park to cater for the major land uses of higher education, R&D and C&C uses, which were highly interrelated and interchangeable.

30. In response to Dr Fernando CHEUNG's concern about the environmental and ecological impacts, including the impact of birds' flight path, which could be brought about by the development of the Loop, Project Manager (New Territories West) Civil Engineering and Development Department said that an EIA study was carried out when the P&E Study was commissioned. The EIA study had taken into account the development scale and parameters, including the provision of ecological areas in the Loop. The EIA Report was approved by the Environmental Protection Department and the relevant Environmental Permits were still valid.

31. Mr LEUNG Che-cheung supported the development of both higher education and high-tech R&D in the Loop. S for IT said that with the integration of higher education and high-tech R&D, the Loop would be able to leverage on Hong Kong's strength in higher education and R&D to nurture talents and engender synergy and clustering effects. S for IT added that through the development of the Park, enterprises, R&D institutions and higher education institutions worldwide could carry out collaboration projects with their counterparts in Hong Kong and the Mainland. This would help complement the strengths of each other and attract more technology enterprises from around the world to come to Hong Kong with a view to expanding into the Mainland market.

32. In response to Mr Charles Peter MOK's enquiry about whether there would be any changes in the proposed uses of the various sites identified in the North District such as those in Kwu Tung and Hung Shui Kiu for I&T development, CIT said that as the land uses of the sites were proposed before the signing of the MOU, there was room for review of their land uses given that the land in the Loop had been earmarked for I&T development. Mr MOK said that as the Loop would not be able to cater for all the requirements for I&T development, the Administration should consult the public and LegCo before making any changes to the land uses of the various sites.

33. Mr Jeremy TAM enquired about the reason for the sharp increase in estimated employment opportunities arising from the development of the Loop from 29 000 in the RODP to 50 000 as stated in the Administration's paper (LC Paper No. CB(1)642/16-17(01)).

34. CIT said that the 29 000 employment opportunities in the RODP was only an estimation made by the project consultant. The estimated 50 000 jobs to be created inside the Park mentioned in the Administration's paper was calculated based on the actual experience of the operation of HKSP, and the fact that the GFA of the Park would be three times that of HKSP. DS(PL)1 added that under the RODP, it was assumed that the Loop would accommodate 24 000 students and provide 29 000 employment opportunities. The total population assumed to be studying/working in the Loop for the purpose of technical assessments under the RODP would be in the region of 53 000.

35. The Chairman said that the information technology sector welcomed the development of the Loop into a key base for I&T. She said that the Administration should explain to the general public to dispel the various concerns and misunderstandings about the development of the Loop and the Park. She enquired about other measures to be taken by the Administration to address the shortage of land for the development of I&T industries in Hong Kong.

36. S for IT responded that the Administration had taken various measures in the short, medium and long term to promote "re-industrialization". In May 2016, the LegCo Finance Committee approved the funding proposals to develop a Data Technology Hub and an Advanced Manufacturing Centre at Tseung Kwan O Industrial Estate to support smart production and high-end manufacturing. Meanwhile, HKSTPC was embarking on an expansion programme of HKSP. The three development projects were estimated to cost a total investment of about \$12 billion. In anticipation of an increase in the demand for sites for scientific research and new industrial use, a site of about 56 hectares near the Liantang/Heung Yuen Wai Boundary Control Point had been identified for the long-term development of industrial estates.

Development schedule and costs

37. Mr CHAN Chi-chuen enquired whether it was the usual practice to handle simultaneously the Advance Works and the detailed design of the Main Works. Mr CHAN also enquired about the funding support to be provided by the HKSAR Government to HKSTPC. Mr WU Chi-wai raised a similar question.

38. Project Manager (New Territories West) Civil Engineering and Development Department responded that in order to take forward the construction of the Park as soon as possible, the Administration aimed to submit the funding application for the Advance Works and the detailed design of Main Works Package 1 to LegCo in end 2017/early 2018 at the earliest, and to handle simultaneously the tender invitation for the Advance Works and preparatory works of the consultant selection for the Main Works Package 1. CIT added that the Administration would provide appropriate funding support to HKSTPC and require HKSTPC to be prudent on the control of the overall project cost. After HKSTPC had put up the related budget proposal, the Administration would submit the specific financing arrangement to LegCo for consideration.

39. CIT further said that funding support might take the form of direct equity injection, loan financing or loan guarantee as appropriate, having regard to factors such as development progress and cash flow situation. These three forms of funding support had been used when HKSTPC developed HKSP and the multi-storey industrial building projects in the Industrial Estates ("IEs"). An estimation of funding requirement for each phase of development could only be made after the Outline Zoning Plan ("OZP") and the Master Layout Plan for the Loop had been prepared.

40. Noting that Shenzhen was planning to develop an area of about three square kilometres at the north side of Shenzhen River and adjacent to the Loop into a Shenzhen Innovation and Technology Zone, which would synergize with the Park to form the Shenzhen/Hong Kong Innovation and Technology Co-operation Zone,

Dr Junius HO enquired whether Hong Kong would have a role to play in the development of the Shenzhen Innovation and Technology Zone. He also enquired about the development schedule of the Loop.

41. S for IT said that as the site where the Shenzhen Innovation and Technology Zone would be located had always been within the administrative boundary of Shenzhen, it would not be appropriate for Hong Kong to be involved in the development of the Shenzhen Innovation and Technology Zone. Regarding the development schedule of the Loop, S for IT said that the first piece of formed land would be handed over to HKSTPC by 2021 at the earliest.

Mode of management and operation

42. Noting that the positioning and mode of operation of the Park, including the means of sub-leasing the land or offices, had yet to be determined, Mr LEUNG Kwok-hung questioned whether HKSTPC might exercise its authority, as permitted under the relevant provisions of the Hong Kong Science and Technology Parks Corporation Ordinance (Cap. 565), via the subsidiary company it would wholly own, to sell the land or offices in the Park for profits.

43. CIT said that HKSTPC's authority to sublease the land had only been exercised in the case of IEs where the premises were designed and built by a single grantee. The HKSAR Government would grant the formed land within the Loop to HKSTPC by appropriate land disposal means for the development of the Park. The premises in the Loop including the offices and laboratories therein would be rented to the tenants, similar to the business model of the HKSP. Provisions could be included in future documents to prohibit HKSTPC's subsidiary from selling the land for profit if necessary. S for IT assured members that the facilities and support services in the Park would only be rented to tenants.

44. Mr Jeremy TAM noted that Article I(a) of the MOU provided that "the use and management of the land in the Loop (including but not limited to planning, leasing, allocation of leasing revenue, *transfer* and renewal), will follow the law and land administration system of the HKSAR". He considered that the Administration's verbal assurance that the facilities and support services in the Park would only be rented to tenants was insufficient to put the public's mind at ease that the land in the Loop would not be put up for sale. At the request of Mr Jeremy TAM, the Administration would provide a written confirmation that the land in the Loop would only be put up for rent to tenants of the Park rather than for sale.

(Post-meeting note: The information provided by the Administration was circulated to members vide LC Papers No. CB(1)886/16-17(01) issued on 26 April 2017.)

45. Mr Jeremy TAM requested the Administration to present for members' perusal the draft OZP of the Loop before submitting it to the Town Planning Board ("TPB") for approval.

46. DS(PL)1 said that the planning process of the Loop had been following the established procedures. The P&E Study was carried out in 2009, followed by a two-stage PE seeking public views on the Preliminary Outline Development Plan and the RODP in 2010 and 2012 respectively, during which the relevant Panel of LegCo had been briefed. Looking forward, the next step would involve a series of statutory procedures under the Town Planning Ordinance in which the draft OZP would be considered by the TPB before being published for public consultation.

47. Mr LAM Cheuk-ting enquired why the Loop had to be jointly developed by Hong Kong and Shenzhen, whereas the five pieces of "cross-boundary" land lots demarcated within the administrative boundary of Shenzhen pursuant to Order No. 221 of the State Council were not required to be jointly developed.

48. DS(PL)1 said that the five pieces of "cross-boundary" land lots demarcated within the administrative boundary of Shenzhen mainly consisted of green belts, ecological parks and artificial wetland and were not planned for any land uses of high economic value. Under the friendly negotiation principle, the Shenzhen side would consult the HKSAR Government should there be any change in the land use of the said land lots.

Immigration arrangements

49. Mr Charles Peter MOK welcomed the Loop development, which aimed to provide a base for co-operation in scientific research. Prior to the completion of the Loop development, Mr MOK opined that the Administration should continue to support the I&T industry by grooming talents and providing tax concessions, etc. The Administration should safeguard the employment opportunities of local talents in the Park, and should not let the Park be used as a backdoor for employment or immigration to the HKSAR by Mainland residents. Ms Claudia MO shared a similar view.

50. PS(IT) said that under the current immigration policy, a company intending to employ a Mainland resident to work in Hong Kong should apply under the Admission Scheme for Mainland Talents and Professionals on an individual basis. The Mainland talents and professionals should possess special skills and knowledge or experience of value to and not readily available locally. The remuneration package offered to Mainland talents should commensurate with the prevailing market level for professionals in the relevant field in the HKSAR to ensure that the employment opportunities of local talents would not be compromised.

51. In response to Mr CHAN Chun-ying's enquiry, S for IT said that the Administration had no intention of restricting the proportion of local, Mainland and overseas personnel to be employed in the Park. It was observed that the current ratio of local, Mainland and overseas personnel in the HKSP was around 7:2:1. The ratio might be similar in the Park in future.

52. Mr LUK Chung-hung considered that local talents should be accorded higher priority in the employment opportunities of the Park. Mr CHAN Chi-chuen shared a similar view and suggested that a maximum ratio of employees from the Mainland in the Park be set at 50% so as to protect the interests of local talents.

53. CIT said that the exit and entry arrangements of the Mainland personnel should be dealt with in accordance with the Basic Law and relevant legislation of Hong Kong. As Mainland or overseas talents must, in accordance with statutory requirements, obtain a work permit for employment in Hong Kong, local talents should be able to enjoy priority in employment opportunities available at the Park. S for IT added that it was equally important for local talents to have the opportunity to exchange knowledge and experience with top-notch international I&T talents at the Park to facilitate I&T development.

54. Dr YIU Chung-yim noted that under the MOU, the Hong Kong side had agreed to take effective measures to facilitate the exit and entry of mutually approved personnel of the Shenzhen side, and asked about the details of such measures.

55. CIT said that measures would be designed to facilitate those who would work or study in the Park but live in Shenzhen to commute daily between Hong Kong and Shenzhen. Concrete details would be discussed by the relevant departments of both sides through the Joint Task Force.

Other issues

56. Mr Jimmy NG Wing-ka noticed that although the Loop had been included in the administrative boundary of HKSAR since 1997, some popular web mapping applications such as Google Maps had yet to reflect the change of the boundary and still denoted the Loop as within the administrative boundary of Shenzhen. In addition, Mr NG suggested that the promotion of "Hong Kong Brand" should be highlighted in the promotional campaign of the Park to leverage on Hong Kong's competitive edge in the development of I&T.

57. S for IT said that Mr Jimmy NG Wing-ka's concern regarding web mapping applications would be referred to the Development Bureau for consideration and follow-up. He added that the Innovation and Technology Bureau would take note of Mr NG's suggestion and promote the Park by highlighting the "Hong Kong Brand" in

collaboration with other relevant policy bureaux.

58. Mr LEUNG Kwok-hung referred to the national strategy of "cutting excessive industrial capacity, destocking, de-leveraging, lowering corporate costs and improving weak links" promulgated by the Central People's Government, and enquired how the Loop development could complement the promotion of such national strategy. S for IT said that there would be no conflict between the Loop development and the promotion of the said national strategy.

III. Any other business

59. There being no other business, the meeting ended at 6:31 pm.

Council Business Division 1
Legislative Council Secretariat
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