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Panel on Commerce and Industry

Meeting on 15 December 2015

Background brief on the development of the Hong Kong Science Park

Purpose

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

Background

Hong Kong Science and Technology Parks Corporation

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 Industrial Estates at Tai Po, Yuen Long and Tseung

Kwan O, and the InnoCentre¹ at Kowloon Tong.

Hong Kong Science Park

4. HKSP is Hong Kong's flagship technology infrastructure which provides facilities, services and a dynamic environment that enable companies to nurture ideas, innovate and develop. According to the Administration², Phases 1 and 2 of HKSP provide 20 state-of-the-art laboratory-fitted buildings offering 220 000 square meters of R&D office space. Construction of the \$4.9 billion HKSP Phase 3 is progressing on schedule and within budget. Its first three buildings were officially opened in September 2014, while the remaining two buildings will be completed in 2016. When fully completed, the gross floor area of HKSP will increase by around 50% to 330 000 square meters, accommodating over 600 partner companies and providing 15 000 job opportunities. As at April 2015, there are more than 330 tenants and 170 incubatees in HKSP, achieving an occupancy rate over 90% for Phases 1 and 2, and around 50% for Phase 3.

5. Admission criteria for HKSP tenants are published on HKSTPC's website³. These include, among others, the applicant's major operations in HKSP must be innovation and technology ("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.

Review on the utilization and long-term development direction of HKSP and Industrial Estates

6. The HKSTPC has been in operation for around 14 years. To explore further development opportunities, and to keep pace with the global development trends and fast-changing needs of the local I&T sector, the Administration has, in conjunction with HKSTPC, completed a Review on the utilization and long-term development direction of HKSP and the Industrial Estates. It is recommended that, among other things, HKSTPC should consider suitably raising the development density of HKSP to optimize its land

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

² See paragraph 3 of the Administration's paper on "Latest Developments of the Hong Kong Science and Technology Parks Corporation" ([LC Paper No. CB\(1\)743/14-15\(05\)](#)).

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

use in light of the severe shortage of land resources in Hong Kong so as to increase the supply of R&D facilities.

Previous discussions

Panel on Commerce and Industry

7. 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, the Panel generally supported the development of Phase 3 as the clustering of R&D companies and their 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 from the science, engineering and technology fields, and boosting private investment in R&D.

8. At the Panel meetings on 18 November 2014, 20 January and 21 April 2015, some members expressed concern that the existing land area in HKSP was not sufficient to sustain its long-term development and were disappointed that a site at Pak Shek Kok (East), which was originally designated for HKSP Phase 4 development, was re-zoned for medium-density private residential development. Although some sites in Kwu Tung North New Development Area ("NDA") and Lok Ma Chau Loop area had been reserved 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. As 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 had the peace of mind to invest in Hong Kong.

9. The Administration advised that the development density in HKSP would be suitably increased to optimize its land use, and flexibility in the proposed land uses of the reserved sites would be provided to facilitate the development of high-tech industries and R&D related facilities.

Council meetings

10. At the Council meetings of 7 November 2012 and 11 June 2014, Hon Charles MOK and Hon Ronny TONG raised questions on the occupancy rate and admission criteria of HKSP, and the re-zoning of a site at Pak Shek Kok from "Other Specified Uses" annotated "Science Park" to residential use.
11. Details of the relevant Council questions are given in the hyperlink in the **Appendix**.

Latest position

12. The Administration will brief the Panel on 15 December 2015 on its plan to develop new R&D buildings by optimizing the land use of HKSP and to seek the Panel's support for the proposed financing arrangements for the project. The Administration plans to submit the financial proposal to the Finance Committee in January 2016.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
9 December 2015

Development of the Hong Kong Science Park

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" (LC Paper No. CB(1)1357/09-10(03))</p> <p>Background brief on the development of Hong Kong Science Park prepared by the Legislative Council Secretariat (LC Paper No. CB(1)1357/09-10(04))</p> <p>Minutes of meeting (LC Paper No. CB(1)1681/09-10)</p>
7/11/2012	Council	<p>Question No. 16 on "Hong Kong Science Park" raised by Hon Charles MOK (Hansard) (Page 1485-1487)</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 (Hansard) (Page 14739-14742)</p>
18/11/2014	Panel on Commerce and Industry	<p>Administration's paper on "Final Report on Comprehensive Review on the Innovation and Technology Fund" (LC Paper No. CB(1)211/14-15(03))</p> <p>Minutes of meeting (LC Paper No. CB(1)345/14-15)</p>

Date of meeting	Meeting	Paper
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" (LC Paper No. CB(1)438/14-15(03))</p> <p>Minutes of meeting (LC Paper No. CB(1)582/14-15)</p>
21/4/2015	Panel on Commerce and Industry	<p>Administration's paper on "Latest developments of the Hong Kong Science and Technology Parks Corporation" (LC Paper No. CB(1)743/14-15(05))</p> <p>Background brief on the development of the Hong Kong Science and Technology Parks Corporation, the Hong Kong Science Park and the three Industrial Estates prepared by the Legislative Council Secretariat (LC Paper No. CB(1)743/14-15(06))</p> <p>Minutes of meeting (LC Paper No. CB(1)969/14-15)</p>