

**立法會**  
**Legislative Council**

LC Paper No. CB(1)539/19-20  
(These minutes have been seen  
by the Administration)

Ref : CB1/HS/1/19

**Subcommittee on Issues Relating to Policy on Industrial Buildings**

**Minutes of the second meeting held on  
Tuesday, 21 January 2020, at 8:30 am  
in Conference Room 2 of the Legislative Council Complex**

**Members present** : Hon Jeremy TAM Man-ho (Chairman)  
Hon WONG Ting-kwong, GBS, JP  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon YIU Si-wing, BBS  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon SHIU Ka-chun  
Hon Tanya CHAN  
Hon KWONG Chun-yu  
Hon Tony TSE Wai-chuen, BBS

**Members absent** : Hon Paul TSE Wai-chun, JP  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon Jimmy NG Wing-ka, BBS, JP  
Hon HO Kai-ming  
Hon LAU Kwok-fan, MH

**Public Officers attending** : Agenda item IV  
Ms Doris HO, JP  
Deputy Secretary for Development (Planning &  
Lands)1  
Development Bureau

Mr Jackie LIU  
Principal Assistant Secretary (Planning & Lands)7  
Development Bureau

Mr Mike NG  
Assistant Secretary (Planning)4  
Development Bureau

Ms Rosanna TSE  
Chief Estate Surveyor/Development Control  
Lands Department

Ms Jane LEUNG  
Senior Estate Surveyor/Industrial Buildings  
Lands Department

Mr Kevin NG  
Chief Town Planner/Town Planning Board  
(Special Duties 1)  
Planning Department

Mr Anthony HUNG  
Chief Building Surveyor/New Territories West  
Buildings Department

**Clerk in attendance** : Mr Daniel SIN  
Chief Council Secretary (1)6

**Staff in attendance** : Ms Mandy LI  
Senior Council Secretary (1)6

Mr Patrick CHOI  
Council Secretary (1)6

Miss Yolanda CHEUK  
Legislative Assistant (1)6

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**I. Application for late membership**

(LC Paper No. CB(1)276/19-20(01) -- Letter from Hon Frankie YICK Chi-ming on application for membership (Chinese version only))

Members agreed to accept the application from Mr Frankie YICK Chi-ming for late membership of the Subcommittee pursuant to Rule 23(c) of the House Rules.

**II. Confirmation of minutes**

(LC Paper No. CB(1)311/19-20 -- Minutes of meeting held on 17 December 2019)

2. The minutes of the meeting held on 17 December 2019 were confirmed.

**III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)345/19-20(01) -- List of items for discussion proposed by the Administration)

3. Members agreed to schedule the next meeting on 22 February 2020 and accepted the list of proposed items for discussion.

**IV. Implementation of measures under the new round of revitalization of industrial buildings**

(LC Paper No. CB(1)337/19-20(01) -- Paper provided by the Administration)

LC Paper No. CB(1)337/19-20(02) -- Background brief prepared by the Legislative Council Secretariat)

Declaration of interest

4. Mr SHIU Ka-chun declared himself to be a director of an arts group operating in an industrial building.

Discussion

5. The Subcommittee deliberated (index of proceedings in the **Appendix**).

*(Post-meeting note: A soft copy of the powerpoint presentation materials (Chinese version only) was issued to members vide LC Paper No. CB(1)349/19-20(01) by email on 21 January 2020.)*

**V. Any other business**

6. There being no other business, the meeting ended at 10:15 am.

Council Business Division 1  
Legislative Council Secretariat  
15 April 2020

**Subcommittee on Issues Relating to Policy on Industrial Buildings**

**Proceedings of the second meeting held on  
Tuesday, 21 January 2020, at 8:30 am  
in Conference Room 2 of the Legislative Council Complex**

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
<b>Agenda item I — Application for late membership</b>			
000655 – 000748	Chairman	Mr Frankie YICK Chi-ming's application for late membership	
<b>Agenda item II — Confirmation of minutes</b>			
000749 – 000816	Chairman	Minutes of meeting held on 17 December 2019	
<b>Agenda item III — Date of next meeting and items for discussion</b>			
000817 – 001040	Chairman	Date of next meeting and items for discussion	
001041 – 001300	Chairman Mr Tony TSE Wai-chuen	Mr Tony TSE Wai-chuen noted that enforcement actions against unauthorized building works ("UBWs") in industrial buildings ("IBs") had been few and far between. Coupled with a lenient penalty level, Mr TSE commented that the prevailing law enforcement could not effectively deter landlords from carrying out UBWs in IBs for a profit. He urged the Administration to brief the Subcommittee on ways to strengthen the deterrence of the law, in particular by imposing heavier penalties.	
001301 – 001358	Chairman	The Chairman said that the issue raised by Mr Tony TSE Wai-chuen would be covered in the coming meeting scheduled for 22 February 2020.  <i>(Post-meeting note: The meeting originally scheduled for 22 February 2020 had been rescheduled.)</i>	
<b>Agenda item IV — Implementation of measures under the new round of revitalization of industrial buildings</b>			
001359 – 003026	Chairman Administration	Briefing by the Administration [LC Paper No. CB(1)349/19-20(01) by email on 21 January 2020]	
003027 – 003547	Chairman Mr KWONG Chun-yu Administration	Mr KWONG Chun-yu noted that IB tenants would be subject to the Lands Department ("LandsD")'s enforcement actions if crowds were attracted to	

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		<p>IBs. Mr KWONG worried that this would restrict the activities arts groups could carry out in an IB.</p> <p>The Administration said that there would be fire safety concerns if crowds were attracted to IBs not yet converted into non-industrial uses, as these IBs generally followed lower fire safety standards than other buildings. The Administration took the view that arts groups could benefit from the revitalization of old IBs as they could operate in wholesale-converted IBs. In the new round of revitalization scheme for IBs ("the Revitalization Scheme"), 10% of the converted floor area upon wholesale conversion would be required for providing safe, lawful and affordable operating space for specified sectors such as the arts and cultural sectors.</p> <p>Mr KWONG Chun-yu expressed concern that some IB flats packaged as 24-hour studios might be mistaken by some members of the public as proper residential properties, particularly when the Administration were promoting the development of transitional housing in IBs. Mr KWONG asked whether the Administration was aware of these studios, and whether it had set out a timetable specifying the number of transitional housing units to be developed in IBs in the short term.</p> <p>The Administration said it was paying attention to those "studio units" in IBs. The Buildings Department ("BD") would examine building plans carefully so as not to approve residential uses in IBs. Enforcement actions would be taken should there be domestic use in IBs in breach of the land lease.</p> <p>As regards the development of transitional housing in IBs, the Administration informed members that it was difficult to set out a timetable at the current stage. While the Task Force on Transitional Housing ("Task Force") under the Transport and Housing Bureau ("THB") had been in liaison with owners interested in converting IBs into transitional housing, no agreement on conversion of an existing IB for provision of transitional housing had been reached so far.</p>	

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003548 – 004209	Chairman Mr YIU Si-wing Administration	<p>Mr YIU Si-wing commented that the market response to redevelopment and wholesale conversion, the two of the six measures under the Revitalization Scheme, was underwhelming. Mr YIU asked why the period of application for these measures was three years only and whether it could be extended to attract more IB owners.</p> <p>The Administration said that the overall response to the said measures in the Revitalization Scheme had been quite positive. The total number of applications for redevelopment and wholesale conversion of IBs was comparable to that in the previous round. Currently at the mid-point of the three-year application period, the Administration said it would consider whether or not to extend the application period later, before the end of the three years.</p> <p>Mr YIU Si-wing noted that some IBs were located in residential or commercial areas. He asked whether the Administration would proactively invite owners of these IBs to take part in the Revitalization Scheme. The Administration stressed that the eligibility of the measures were not confined to IBs in industrial zones. All IBs in specified zones under the relevant Outline Zoning Plans ("OZPs"), regardless of their geographic locations, might apply under the Revitalization Scheme.</p> <p>Mr YIU Si-wing asked whether the Administration had looked into the reasons for not having any successful case of wholesale conversion of IBs into transitional housing so far, and whether it would relax the restrictions associated with the measure.</p> <p>The Administration said that while liaison between the Task Force and interested IB owners was still on-going, some measures had already been formulated by the Administration to facilitate community-led transitional housing proposals for wholesale conversion of IBs. It was hoped that these facilitating measures, together with the Funding Scheme to Support Transitional Housing Projects by NGOs ("the Funding Scheme"), would lead to the successful conversion of IBs into transitional housing in future.</p>	

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004210 – 004825	Chairman Mr SHIU Ka-chun Administration	<p>Mr SHIU Ka-chun noted that for the sake of public safety, the relaxation of the waiver application policy, which permitted five uses in individual units within existing IBs, was not applicable to premises involving direct provision of services or goods, such as arts exhibition space or arts education centres which attracted outside visitors. He asked how the Administration would resolve the fire safety concern so that these premises could be covered by the policy.</p> <p>The Administration said that there was not much room to relax the relevant restrictions. As old IBs not yet converted to other uses generally followed lower fire safety standards, there would be fire safety concerns if crowds were attracted to these IBs.</p> <p>Mr SHIU Ka-chun said that small arts groups operating in IBs were facing a rising rent level. Mr SHIU asked whether the Administration would introduce tenancy control on rent level in IBs to help these arts groups.</p> <p>The Administration replied that, in parallel to the revitalization of IBs, the "Funding Scheme to Support the Use of Vacant Government Sites by Non-government Organizations" had been launched last year. More than 10 applications were being processed, including a case in which an arts group applied for using vacant school premises. The Administration was ready to provide assistance for applicants if needed. As regards whether rent control should be introduced, the Administration explained that a study on rent control to subdivided units ("SDUs") would be conducted, but its scope of study would not cover IBs.</p> <p>Mr SHIU Ka-chun noted that under the Funding Scheme, the total financial subsidy for each transitional housing unit in non-residential building should not exceed \$0.55 million. He asked how the return of developing a transitional housing unit in IBs was compared to its cost and the said funding ceiling. Mr SHIU also asked whether IB owners might be able to earn more by developing their flats into mini-storages or SDUs.</p>	



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		<p>The Administration said that the funding ceiling was formulated with reference to the cost estimates of renovating transitional housing units. It admitted that the return rate of converting an IB flat into transitional housing would not be high, as the NGOs running those projects were expected to let the transitional housing units to grassroots households at affordable rates. It was believed that IB owners who supported this policy would value the social benefit of the initiative more than the expected economic return.</p>	
004826 – 005607	<p>Chairman Mr Frankie YICK Chi-ming Administration</p>	<p>Mr Frankie YICK Chi-ming said that while he supported in principle the Revitalization Scheme, it had a side effect of pushing up the rent level of IBs. The business environment of the trading and logistics sectors had worsened as a result and it became difficult for the trade to look for affordable premises elsewhere to run their businesses. Noting that one of the measures of the Revitalization Scheme was to recognize a broader interpretation of "godown" use under lease provisions to cover cargo handling and forwarding, Mr Frankie YICK enquired whether the interpretation also covered third-party logistics. He further asked whether modern logistics was within the meaning of "services" described in the applications for redevelopment of IBs approved by the Town Planning Board under the Revitalization Scheme. The Administration undertook to provide a written response after the meeting.</p> <p>Mr Frankie YICK Chi-ming opined that the Revitalization Scheme could only succeed if sufficient financial incentives were given to IB owners. Mr Frankie YICK suggested that a generous increase in plot ratio or an attractive land premium should be offered to incentivize the redevelopment or wholesale conversion of IBs.</p> <p>The Administration said it was cautiously optimistic about the implementation of the Revitalization Scheme, as market response showed that the relaxation of the maximum permissible non-domestic plot ratio by up to 20% had been an effective incentive for IB owners to consider redevelopment. Noting that all of the 14 IB redevelopment applications under the last round of</p>	

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		<p>the Revitalization Scheme executed their modified leases with full land premiums paid, the Administration was positive about having a comparable number of successful applications in the current round as well. It added that four of the 37 received applications had entered the liaison stage with the LandsD on lease modification and land premium matters, and the Administration would review the policy prior to the end of the three-year application period.</p>	
005608 – 010145	Chairman Administration	<p>The Chairman noted that the Administration had relaxed the waiver application policy to permit five uses in individual units within existing IBs for arts and cultural sectors, creative industries, and innovation and technology sectors. However, the relaxation did not cover any premises involving direct provision of services or goods. The Chairman enquired whether courier services, which were abundant in IBs, were excluded from the relaxation and whether there were any enforcement actions against these services.</p> <p>The Administration said that it would need to examine carefully the meaning of the term "industrial purposes" used in Government leases before suggesting an interpretation. The Administration undertook to respond in writing after the meeting.</p> <p>The Chairman enquired the meaning of " 'Office' (used by 'specified creative industries' only)", one of the five uses permitted under the said waiver application policy. The Administration replied that "specified creative industries" included specific creative industries supported by the Government, such as design and media production firms, publishing companies and film companies.</p> <p>The Chairman queried that stand-alone permitted uses should not have been repeatedly included under "specified creative industries". He requested the Administration to make the meaning of these "specified creative industries" publicly available.</p>	
010146 – 011106	Chairman Mr CHAN Chi-chuen Administration	<p>Mr CHAN Chi-chuen noted that the Administration had relaxed the waiver application policy to permit five specific uses in individual units within existing</p>	

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		<p>IBs since 1 February 2019, without the need for owners to make waiver applications and pay waiver fees. Mr CHAN asked whether these five uses were permitted before 1 February 2019, and what the Administration would do to measure its effectiveness and to clear up doubts from the owners about the definition of these five uses, if any.</p> <p>The Administration replied that the definition of the five uses were illustrated in detail on the LandsD's and Development Bureau's websites and District Lands Offices were ready to handle related enquiries. The Administration had also briefed the trade proactively about their relevance to the relaxation. As regards the meaning of " 'Office' (used by 'specified creative industries' only)", the Administration said that it included specific creative industries supported by the Government, such as design and media production firms, publishing companies and film companies. CEDB had informed relevant trade organizations proactively and would handle relevant enquiries.</p> <p>As the five uses were not in line with the lease restrictions for "industrial and/or godown purposes", owners were required to make waiver applications and pay waiver fees for those uses before 1 February 2019. Since LandsD did not require the owners to apply for a waiver to put the premises into those five uses since February 2019, the Administration was unable to count the number of beneficiaries as a result. Nonetheless, the Planning Department's On-site Survey for the 2019 Area Assessments of Industrial Land in the Territory, which started in late 2019, was expected to show the latest distribution of industrial and non-industrial uses in IBs. This should reflect the effectiveness of the policy later.</p> <p>Mr CHAN Chi-chuen queried the operational definition of "direct provision of services or goods" under the relaxed waiver application policy, and asked whether collecting online-purchased items from shops located in IBs, or running factory outlets at IBs, were inconsistent with lease conditions. Mr CHAN also asked whether LandsD acted on complaints only regarding non-compliant</p>	

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		<p>uses in IBs. The Administration confirmed that LandsD would act on public complaints and cases of breach of lease restrictions referred by other bureaux/departments.</p>	
<p>011107 – 011552</p>	<p>Chairman Mr YIU Si-wing Administration</p>	<p>Mr YIU Si-wing noted that some owners chose not to improve the building condition and aged facilities of their IB blocks in order to keep the rent level down, posing safety threats to users. While in support of the Administration's policy of relaxing the restrictions on existing IBs and revitalizing them for new uses, Mr YIU asked whether the Administration would stop allowing IBs in an excessively dilapidated condition to continue their business.</p> <p>The Administration replied that BD and the Fire Services Department carried out regular inspections to ensure proper maintenance of IBs. Moreover, the Security Bureau introduced a bill in late 2018 seeking to empower Director of Fire Services and Director of Buildings to require owners or occupiers to upgrade the fire safety installations of IBs constructed before March 1987 to meet the prevailing standard. The Administration would continue to optimize the use of IBs through an array of policies, and hoped that the bill could be passed soon to address the problems created by aged IBs under multiple ownerships which were unlikely to be suitable for redevelopment or wholesale conversion in the immediate future.</p> <p>Mr YIU Si-wing noted that the vacancy rate of IBs was 6.3% at end of 2018. He asked whether it referred to the vacancy of entire blocks of IBs, and for how long the vacancy had persisted. Mr YIU suggested that owners should be required to renovate IBs which were long vacant to avoid potential structural safety and hygiene problems.</p> <p>The Administration said that the vacancy rate compiled by the Rating and Valuation Department ("RVD") should have covered the entire vacant block of IBs as well as individual vacant flats in IBs. RVD's further advice would be sought regarding the compilation of vacancy rate.</p>	

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011553 – 012230	Chairman Mr SHIU Ka-chun Administration	<p>Mr SHIU Ka-chun commented that different policy bureaux might have different interpretations of "specified creative industries". Mr SHIU asked why the one from CEDB was used in formulating the measures under the Revitalization Scheme.</p> <p>The Administration said that the adopted interpretation of "specified creative industries" had already covered those creative industries currently supported by the Government. Alternative suggestions and comments from members and the public on the scope of the policy were welcome and would be taken into consideration when the policy was reviewed. The Administration added that relaxing the waiver application policy to permit five uses in IBs without the need for owners to make waiver applications and pay waiver fees was an innovative initiative which aimed at a maximum degree of policy relaxation without prejudice to public safety.</p> <p>Mr SHIU Ka-chun said that SDUs were common in IBs, and some 5 600 households were enduring the difficult living conditions over the past three years. Mr SHIU requested the Administration to consider extending the proposed tenancy control on SDUs to cover those in IBs.</p> <p>The Administration undertook to convey Mr SHIU's suggestion to THB for consideration but stressed that operating SDUs in IBs was a clear breach of land lease and should not be encouraged.</p> <p>Mr SHIU Ka-chun noted that transitional housing projects coordinated by the Task Force in designated IBs were regarded as a temporary use, which was always permitted under OZP if such projects were for a period of five years or shorter. He asked whether the project period could be extended to enable more transitional housing projects to be implemented.</p> <p>The Administration said that the five-year period was renewable. No planning application would be required for the first and subsequent uses of eligible IBs for transitional housing projects coordinated by the Task Force, if such projects were for a period of five years or shorter each time.</p>	

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012231 – 012637	Chairman Mr Frankie YICK Chi-ming Administration	<p>Mr Frankie YICK Chi-ming noted that mini-storages in IBs were permitted only if the relevant land leases specified or permitted "industrial and/or godown" use or "godown" use instead of "industrial" use. Mr Frankie YICK enquired whether the Administration could allow more IBs to operate mini-storages for the convenience of the public. He also requested the Fire Service Department to review the fire safety regulation on mini-storages, which he thought was too stringent compared to those adopted overseas.</p> <p>The Administration said that a coming session of this Subcommittee was designated for discussion about fire safety in IBs. The safety issue of mini-storages could be deliberated in detail then.</p> <p>Mr Frankie YICK Chi-ming asked whether the Administration would develop industrial parks similar to those in the Mainland to promote creative industries in Hong Kong. He suggested that a cluster of several IB blocks showcasing the local art scene and allowing trade of artworks could be developed as a new tourist attraction.</p> <p>The Administration said it might review internally whether supporting local creative industries in IBs on a large scale was feasible and whether there could be suitable land lots available, with reference to the experience of Science Park in Hong Kong and relevant successful overseas cases.</p>	
012638 – 014859	Chairman Administration	<p>The Chairman commented that many tenants, such as local small arts groups or handcrafters, were attracted to IBs because of the low rents. Despite the many benefits that could bring to IBs, revitalization would inevitably push up the rent level and drive out some of the not-so-profitable businesses currently operating in IBs. If these businesses were unable to settle down elsewhere with comparably low rent, they would vanish.</p> <p>The Chairman proposed to protect these vulnerable businesses by introducing rent control under the Revitalization Scheme, because the supportive measures for the arts and cultural sectors, creative industries, innovation and technology industries, social service facilities, and sports and recreational</p>	

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		<p>uses incorporated in the latest wholesale conversion policy of IBs could be easily abused.</p> <p>The Administration elaborated on the policy in question, and said that waiver fees for the wholesale conversion of eligible IBs would be exempted on the condition that 10% of the converted floor space must be designated for specific uses prescribed by the Government. In making an application, an owner might propose preliminary parameters about the portion for prescribed uses designated by the Government, as well as the specified uses of that portion.</p> <p>The Administration said that most of the received applications seemed to be in line with the policy, as their proposed locations and layout for the 10% of the converted floor space were reasonable, and had been open to different prescribed uses. Instead of directly controlling the rent level as suggested by the Chairman, the Administration was inclined to require applicants to realize the prescribed uses in the converted IBs within a short time or else the floor space must be leased to the Government for a nominal rent. The Administration considered that this method could effectively ensure a more affordable rent level for the intended beneficiaries, without creating any enforcement difficulty.</p> <p>The Chairman commented that the suggested way of policy implementation did not change how easy it was to abuse the said measure, as the owners could easily purport to use the designated floor space for the prescribed uses. He recommended exercising rent control instead and suggested imposing a penalty to offenders as an enforcement means of rent control.</p> <p>The Administration reassured members that in practice, the prescribed uses would be defined in a narrow sense and that unrelated uses would be subject to certain restrictions, so that possible loopholes of the measure would be plugged. All applications would be scrutinized on a case-by-case basis taking into account district needs. Dubious applications might not be granted a special waiver, and special waivers granted might be revoked in case the owners deliberately breached any lease</p>	

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		<p>condition.</p> <p>The Chairman reiterated that rent control was a better policy option, and a deliberate policy should not have loopholes which could be exploited easily. He further mentioned that since the location of the designated floor space was to be proposed by the IB owners, bottom floors (which were usually the most valuable ones for an IB) would unlikely be reserved for the prescribed uses. As a result, those uses which required a Places of Public Entertainment Licence (such as live music performances) would not be able to benefit from the Revitalization Scheme, because the application for such Licence could hardly succeed for any premises in IBs except those on the ground floor. The Chairman urged the Administration to take this into account when formulating its policy.</p>	
<b>Agenda item V — Any other business</b>			
014860 – 014921	Chairman	End of meeting	