

ITEM FOR FINANCE COMMITTEE

HEAD 184 – TRANSFERS TO FUNDS

Subhead 987 Payment to the Capital Investment Fund

CAPITAL INVESTMENT FUND

HEAD 962 – INDUSTRY

New Subhead “Equity in the Hong Kong Science and Technology Parks Corporation for the Batch 1 Development of the Hong Kong-Shenzhen Innovation and Technology Park and the Initial Operating Cost of the Hong Kong-Shenzhen Innovation and Technology Park Limited”

Members are invited to approve a supplementary provision of \$18,135 million under Head 184 Transfers to Funds Subhead 987 Payment to the Capital Investment Fund to enable the creation of a commitment to inject \$18,135 million (in money-of-the-day prices) as equity from the Capital Investment Fund to the Hong Kong Science and Technology Parks Corporation for its wholly-owned subsidiary company, the Hong Kong-Shenzhen Innovation and Technology Park Limited, to commence Batch 1 development of the Hong Kong-Shenzhen Innovation and Technology Park, which includes –

- (a) \$17,258 million for the Batch 1 development; and
- (b) \$877 million for the initial operating cost of the Hong Kong-Shenzhen Innovation and Technology Park Limited.

/PROBLEM

PROBLEM

The Hong Kong-Shenzhen Innovation and Technology Park Limited (HSITPL)¹, a subsidiary company wholly-owned by the Hong Kong Science and Technology Parks Corporation (HKSTPC)², requires financial support from the Government for Batch 1 development of the Hong Kong-Shenzhen Innovation and Technology Park (the Park) in the Lok Ma Chau Loop (the Loop)³ and the initial operating cost of HSITPL. The Park will become Hong Kong's largest-ever innovation and technology (I&T) platform, converging enterprises, research and development (R&D) institutions and higher education institutions from local, Mainland and overseas, and providing a platform for the local I&T sector to tap into the market of the Greater Bay Area.

PROPOSAL

2. We propose to create a commitment to enable the injection of \$18,135 million (in money-of-the-day (MOD) prices) as equity from the Capital Investment Fund to HKSTPC to support its wholly-owned subsidiary company, HSITPL, to commence Batch 1 development of the Park (\$17,258 million) and the initial operating cost of HSITPL from 2021-22 to 2026-27 (\$877 million).

JUSTIFICATION

3. It is the Government's priority to develop I&T so as to inject new impetus into the economy, improve people's quality of life, and create quality jobs for young people. We have been promoting the development of I&T through eight major areas⁴, one of which is the provision of technological research infrastructure. At present, the Hong Kong Science Park (HKSP) and Cyberport are two major scientific research infrastructures in Hong Kong and are the two main

/platforms

¹ HSITPL was incorporated on 6 October 2017.

² HKSTPC was established under the HKSTPC Ordinance (Cap. 565).

³ In accordance with Order No. 221 of the State Council of the People's Republic of China promulgated on 1 July 1997, after the training of the Shenzhen River, the boundary will follow the new centre line of the river. The Loop, which was originally within the administrative boundary of Shenzhen, has since been included within the administrative boundary of the Hong Kong Special Administrative Region (HKSAR). The Loop occupies 87 hectares of land.

⁴ Namely, (1) increasing resources for R&D; (2) pooling technology talent; (3) providing investment funding; (4) providing technological research infrastructure; (5) reviewing existing legislations and regulations; (6) opening up government data; (7) leading changes to procurement arrangements; and (8) strengthening popular science education.

platforms for Hong Kong technology companies. HKSP occupies an area of 22 hectares with a total gross floor area (GFA) of about 400 000 square metres (sq. m) and currently houses over 800 start-ups and technology companies. Cyberport, which covers an area of 24 hectares with a total GFA of about 119 000 sq. m, houses about 700 start-ups and technology companies.

4. Upon its full development, the Park will provide a maximum GFA of 1.2 million sq. m, which will be approximately three times the scale of the current HKSP, and become Hong Kong's largest-ever I&T platform. The vision of the Park is to become the world's knowledge hub and I&T centre, converging enterprises, R&D institutions and higher education institutions from local, Mainland and overseas, which can connect upstream and midstream research to downstream market, further enhancing the collaboration among the industry, academic and research sectors. High value-added processes including R&D, prototyping, product design and testing can be performed within the Park. With the geographical advantage of the Park, enterprises therein can leverage on Shenzhen and the Greater Bay Area's strong production facilities for mass production and tap into the huge Mainland market, so as to expand their development scale and enhance their economic benefits.

5. Since the signing of the "Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen" (the MOU) by the HKSAR Government and the Shenzhen Municipal People's Government in January 2017, the HKSAR Government has been promoting in full steam the development of the Park. The Chief Executive announced in the 2020 Policy Address that the Governments of HKSAR and Shenzhen would jointly develop the Shenzhen/Hong Kong Innovation and Technology Co-operation Zone (the Co-operation Zone), which would comprise the Shenzhen Innovation and Technology Zone (SZ I&T Zone) and the Park, with a view to establishing "one zone, two parks" to leverage on the complementary advantages of Hong Kong and Shenzhen.

6. The Loop is a remote and undeveloped area currently without road, sewerage and power supply facilities. According to the MOU, HKSTPC's wholly-owned subsidiary company will be responsible for building the superstructure of the Park and its operation, maintenance and management, while the HKSAR Government will be responsible for the construction of the infrastructure within the Loop (including site formation and infrastructural facilities) and the provision of supporting infrastructural facilities outside the Loop which are necessary to the development of the Loop and its surrounding areas. On 8 January 2021, the Finance Committee (FC) of the Legislative Council (LegCo)

/approved

approved funding for a part of the Public Works Programme (PWP) Item No. **7760CL**, i.e. PWP Item No. **7856CL** “Development of Lok Ma Chau Loop – Main Works Package 1–site formation and infrastructure works” (with an estimated cost of \$13,217.3 million in MOD prices) and PWP Item No. **3178BF** “Fire Station and Ambulance Depot with Departmental Accommodations in Lok Ma Chau Loop” (with an estimated cost of \$1,130 million in MOD prices).

IMPLEMENTATION PLAN

7. To plan for the development of the Park, HSITPL conducted a Master Planning Study and a Business Model and Business Planning Study. Taking into account relevant findings of the consultancy studies, HSITPL plans that the Park will focus on the development of six technology areas, including healthcare technologies, big data and artificial intelligence, robotics, new material, microelectronics, and financial technology. It will develop the Park in two phases, each in three batches, and a total of 67 buildings will be built. The first phase involves the development of the western part of the Loop, with an estimated GFA of about 540 000 sq. m and a total of 31 buildings; the second phase concerns the development of the eastern part of the Loop, with an estimated GFA of about 660 000 sq. m and a total of 36 buildings. The Park will mainly be used as a key base for scientific research, as well as higher education and cultural and creative industries. More than half of the GFA will be dedicated to R&D purpose, and a small portion will be used as the InnoCell, visitor lodges, commercial and supporting facilities. The plans for the planning and conceptual design of the Park are at Enclosure 1 and Enclosure 2 respectively.

Encls. 1 & 2

8. Batch 1 development consists of eight buildings (as tabulated below). The design plans are at Enclosure 3.

Encl. 3

/Development

Development Stage	Main use of buildings	Number of buildings	Estimated floor area to be provided* (sq. m)
First three buildings	Wet laboratories (wet-labs) ⁵	2	31 800
	InnoCell ⁶ and ancillary facilities	1	5 900
Remaining five	Offices or dry laboratories (dry-labs) ⁷	3	25 950
	Wet-labs	2	31 400
	Higher education	Depending on the detailed design, the relevant facilities will be distributed in the remaining five buildings.	16 700
	Commercial and ancillary facilities		4 800
Total :		8	116 550

* Allocation of floor areas may be adjusted in the detailed design stage.

COMPLEXITY OF WORKS

9. The development of the Park is constrained by its surrounding environment and location in an undeveloped area without road connection, as well as its environmental-friendly and intelligent features. Its construction will be more complicated than HKSP, which is located in a developed area. Therefore, its construction cost will be higher.

Environmental restrictions

10. In light of the restrictions brought by the surrounding environment, the relevant environmental protection requirements, and the mitigation measures recommended in the environmental impact assessment (EIA) report, the planning and construction of the Park must adopt special measures, such as restriction on the operating hours when powered mechanical equipment is used and the need to use large diameter bored piling, etc.

/11.

⁵ Wet-labs are primarily used for the R&D in the biological and chemical fields and commonly applied in the trial runs or project tests of healthcare technologies, new material and microelectronics. These laboratories are usually equipped with laboratory gas supply and their peripheral roads with building facilities are required to meet certain specifications, such as ventilation, air-conditioning, water supply, drainage, fire protection, illumination and vibration-free facilities.

⁶ The floor area of the InnoCell is 4 700 sq. m, providing about 100 residential units as estimated.

⁷ Dry-labs are for general use with no specific facility requirements, similar to general offices.

11. Also, given the height and ventilation requirements in the relevant EIA report, the building height in the Park will generally not exceed +46 metres (m) Principal Datum (PD) (about eight-storey tall)⁸, while that of the InnoCell will not exceed +26 mPD (about five-storey tall). Due to the abovementioned height restrictions and the need to release more GFA for scientific research purposes, the Park has to utilise the basement floor extensively. The basement in Batch 1 will house a two-storey carpark, mechanical and electrical facilities, district cooling system (DCS), automated refuse collection system, common utility enclosure (CUE), multi-purpose hall, lecture/exhibition space, retail/restaurants, vehicular access, and loading / unloading areas, etc. It is estimated that the two-storey carpark will provide about 275 parking spaces. The depth of the basement in Batch 1 will vary from 7.5 m to 11.5 m.

12. As regards the building superstructure and construction, Batch 1 includes four wet-lab enabled buildings, which have much higher requirements in respect of the ceiling height and loading than normal buildings and dry-labs/offices. Special facilities are also required, such as exhaust ducts, provision of laboratory gas/deionized water/vacuum, high electricity loading requirement, waste water treatment, ventilation system, fire-fighting equipment, etc.

Facilities and time restrictions

13. The Loop is located in an undeveloped area without road connection. Widening works of the road outside the Loop (i.e. Ha Wan Tsuen East Road) will be carried out by the Government, and are expected to be substantially completed by end-2024. Therefore, when the public works projects in the Loop and the Batch 1 construction works are carried out concurrently, the widening works of Ha Wan Tsuen East Road⁹ have not yet been completed. HSITPL will need to make special arrangements for transporting large-sized facilities and modules to the Loop. In addition, the sewage treatment works included in the public works project¹⁰ is expected to be completed in the second half of 2026. Hence, temporary sewage treatment facilities will be required in the Batch 1 development. If construction works of Batch 1 commences only after the completion of the road works, and the Batch 1 buildings are commissioned only after the completion of the sewage treatment plant, the completion date will have to be postponed for two to three years.

/Public

⁸ Except the landmark building at the western entrance, which will not exceed +54 mPD (about ten-storey tall).

^{9,10} Under a part of the PWP Item No. 7760CL, that is PWP Item No. 7856CL “Development of Lok Ma Chau Loop – Main Works Package 1–site formation and infrastructure works”

Public facilities

14. Batch 1 development also includes the CUE, DCS, and information technology and telecommunication as well as network security system that will eventually be extended to serve the entire Park. Moreover, since the Park is a new development, Batch 1 must also provide for the common space and facilities within the area, including podiums between buildings, traveller, escalators/lifts, lighting systems, leisure open space and greening facilities etc.

Intelligent and environmentally-friendly design

15. HSITPL will adopt the “Modular Integrated Construction” method for the InnoCell, and will build various intelligent and environmental-friendly facilities such as DCS for environmental protection and energy conservation as well as CUE (including utilities such as water mains, power and communication cables) so as to reduce the number of excavations. To encourage the use of electric vehicles and reduce greenhouse gas emissions from traditional vehicles, HSITPL will provide charging facilities for electric vehicles at the parking spaces, construct cycle tracks and parking facilities, and enable bike-sharing. The Park will also introduce intelligent facilities, including unmanned stores, automated parking systems, autonomous shuttles, smart water and electricity meters, etc. to showcase intelligent features.

16. Moreover, factors such as natural ventilation and lighting have been taken into account in planning the size, orientation and layout of the buildings, and the public space of the Park will integrate with the natural environment. The main design strategy of the Park is to blend in with the natural environment in defining its layout, and create a major and well-connected activity and leisure open space in the middle with pedestrian walkways to create a pedestrian zone. As a whole, HSITPL hopes to provide a comfortable working environment for people working in the Park, and leisure spaces for members of the public. Therefore, most of the vehicular access and loading/unloading areas will be located in the basement.

17. Subject to FC’s approval of the proposed capital injection, HSITPL will proceed with the detailed design immediately and commence the construction works in 2022 with the eight buildings in Batch 1 estimated to be completed in phases from 2024 to 2027. The first parcel of developable land in the Loop will be delivered to HSITPL by short term tenancy by the end of 2021. In the long run, the Government plans to grant the relevant land to HSITPL by way of “private treaty grant”.

/PROPOSED

PROPOSED FINANCIAL ARRANGEMENT

18. Batch 1 development of the Park will require \$17,258 million in MOD prices. HSITPL will only receive rental income starting from 2025-26. Even then, until 2026-27, rental income will fall short of meeting the Park's operating expenditure by \$877 million. To enable early commencement of the Park's development, we consider it appropriate to make a total capital injection of \$18,135 million as equity from the Capital Investment Fund to HKSTPC to enable its wholly-owned subsidiary company, HSITPL, to commence Batch 1 development of the Park and sustain its operating cost from 2021-22 to 2026-27.

19. In working out the financial arrangements, we have taken into account the overall financial position of HKSTPC and HSITPL. Since HKSTPC will continue to implement infrastructure projects and new initiatives in the coming few years, it will not have the financial capability to support HSITPL in the Park's development. After receiving the capital injection from the Government, HKSTPC will inject the full amount to HSITPL. The cash flow projections of HKSTPC and HSITPL are at Enclosure 4.

Encl. 4

20. The estimated cost of facilities and provisions of Batch 1 development of the Park (in MOD prices) are listed below –

/Item

Item	Estimated cost (\$ million) (in MOD prices)
(a) Basic public facilities within the Park	
(i) CUE (fresh/firefighting water pipes, automatic refuse collection pipes, power cable/telecommunication duct, cooling water supply and return mains, etc.)	287
(ii) DCS	451
(iii) Information technology and telecommunication	241
(iv) Intelligent facilities (street furniture, traffic management system, automatic refuse collection system, automated parking system, etc.)	214
(v) Modular Integrated Construction furniture and equipment	43
(a) total	1,236
(b) Construction of the first eight buildings	
(i) Site investigation and foundation	984
(ii) Basement (including carpark, multi-purpose hall, lecture/exhibition space, and mechanical and electrical facilities, vehicular access etc.)	2,158
(iii) Building	4,220
(iv) Building services (including special facilities for wet-labs, e.g. exhaust duct, provision of laboratory gas / deionized water / vacuum, etc.)	2,652
(v) External works (including traveller, escalator/lift, covered walkway/footbridge, dangerous goods store, etc.)	609
(vi) Green building provisions	405
(b) total	11,028
(c) Temporary arrangement for construction	
(i) Transportation of large-sized facilities and modules	713
(ii) Temporary sewage treatment facilities	441
(c) total	1,154
(d) Environmental mitigation measures	(d) total 339
Total construction cost ((a) to (d))	13,757
Consultants' fees/ site supervision/ contingencies/ miscellaneous, etc.	3,501
Total	17,258

21. The estimated amount of working capital required for the operation of HSITPL in the coming six years is listed below –

Financial year	Working capital (\$ million)
2021-22	190
2022-23	132
2023-24	157
2024-25	154
2025-26	133
2026-27	111
Total	877

EXPECTED BENEFITS

22. The Park will not only draw more I&T talent to Hong Kong, but will also attract local, Mainland and overseas I&T enterprises, universities or scientific research institutions to develop in the territory, and also nurture local I&T talent and start-ups as well as foster the development of a knowledge-based economy in Hong Kong. This can inject new impetus into the development of I&T in the city, bring about new business opportunities and create high value-added jobs, thereby enhancing the diversification of Hong Kong's economy. According to the Economic Impact Analysis Study carried out by the consultant engaged by HSITPL, the economic contribution of Batch 1 development of the Park to Hong Kong can reach about \$5.5 billion per annum (including direct, indirect and induced impacts) and create about 4 800 local jobs. Upon completion of the whole Park, its economic contribution to Hong Kong (including direct, indirect and induced impacts) can reach about \$52 billion per annum and create about 52 000 local jobs.

23. In addition to becoming the largest I&T platform in Hong Kong, the Park, together with the SZ I&T Zone at the north side of Shenzhen River and adjacent to the Loop, will form a cohesive and synergistic Co-operation Zone. The Co-operation Zone will leverage on the complementary advantages of both Hong Kong and Shenzhen. For example, combining Hong Kong's solid R&D strengths and Shenzhen's stronger capability in advanced manufacturing, we can create a value-adding chain that covers the upstream, midstream and downstream processes. The two Governments are exploring the feasibility of leasing and managing some of the existing buildings in SZ I&T Zone by HKSTPC, in order to allow suitable and interested institutions and enterprises tapping into the Mainland market as soon as possible, prior to the completion of the first batch of buildings in the Park.

/CONTROL

CONTROL MECHANISM

24. HSITPL will develop proper procedures and guidelines with reference to the existing governance structure in HKSTPC¹¹. The Board of Directors of HSITPL (chaired by the Permanent Secretary for Innovation and Technology) will establish appropriate control mechanism to monitor the construction cost of Batch 1 development and operating cost of HSITPL, and model on Government's procedures and practices in making tendering arrangements for consultancy and works contracts to ensure that public funds are used in a fair and appropriate manner.

25. To ensure public accountability, HSITPL will regularly report to the Innovation and Technology Bureau (ITB) on the implementation progress of various facilities and measures. ITB will follow its usual practice and brief the LegCo Panel on Commerce and Industry (CI Panel) on the development progress and latest situation of the Park.

FINANCIAL IMPLICATIONS

26. Subject to approval of the proposed capital injection, the cash flow forecast will be as follows –

Financial year	Construction fee (\$ million)	Initial operating cost (\$ million)	Total (\$ million)
2021-22	1,107	479	1,586
2022-23	3,549	-	3,549
2023-24	2,116	-	2,116
2024-25	3,805	398	4,203
2025-26	3,007	-	3,007
2026-27	3,007	-	3,007
2027-28	667	-	667
Total	17,258	877	18,135

/27.

¹¹ HKSTPC has a well-established governance structure. Its Board of Directors (with Government representative in the Board) is responsible for steering and monitoring the development and management of facilities and ensuring the operation of HKSTPC complies with its procedures and standards.

27. The project has no recurrent financial implication for the Government. Given that the final project cost may be different from the estimated cost of \$18,135 million due to various factors (such as economic conditions, fluctuation of labour cost and cost of construction materials during the construction period), HKSTPC and HSITPL will exercise due care in controlling the overall project cost. To contain the Government's financial exposure, the amount of equity injection by the Government will be capped at \$17,258 million for Batch 1 development of the Park and \$877 million for the initial operating cost of HSITPL. Additional funding requirements, if any, will be met by HKSTPC and HSITPL on their own by identifying project cost savings or seeking alternative funding sources.

PUBLIC CONSULTATION

28. We consulted the San Tin Rural Committee and the Sheung Shui District Rural Committee on the Loop development plan on 27 April 2020 and 29 May 2020 respectively. Both rural committees expressed their support. We also consulted the North District Council (NDC) and the Yuen Long District Council (YLDC) on 20 October 2020 and 27 October 2020 respectively. Expressing support for the Loop development, some members of NDC envisaged that it would create new jobs in the district, especially in the R&D and related fields. Others suggested that the Government should address the need for supporting facilities properly. YLDC, on the other hand, did not support the Loop development. Some members expressed concerns about the attractiveness and benefits of the Park and the impact to the traffic and environment of nearby areas.

29. We consulted the LegCo CI Panel on 17 November 2020 and the Committee on Innovation, Technology and Re-industrialisation (CITR) on 4 December 2020. Members of both CI Panel and CITR supported in principle the funding proposal.

Innovation and Technology Bureau
Innovation and Technology Commission
January 2021

創科園規劃概念圖

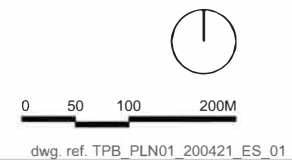
Concept Plan for Planning of the Park

圖例

Legend

-  項目範圍 Site Boundary
-  第一批次發展 Batch 1 Development
-  建築大樓 Building Tower
-  最大高度在水平基準上 54 米*
- Maximum Height 54mPD*
-  最大高度在水平基準上 46 米*
- Maximum Height 46mPD*
-  最大高度在水平基準上 42 米*
- Maximum Height 42mPD*
-  最大高度在水平基準上 38 米*
- Maximum Height 38mPD*
-  最大高度在水平基準上 34 米*
- Maximum Height 34mPD*
-  最大高度在水平基準上 26 米*
- Maximum Height 26mPD*
-  最大高度在水平基準上 15 米*
- Maximum Height 15mPD*
-  最大高度在水平基準上 14 米*
- Maximum Height 14mPD*
-  平台 (沿彩帶公園最大高度為在水平基準上 15 米)
Podium (15mPD Maximum Along Ribbon)
-  連接橋 (空中走廊) (沿彩帶公園最大高度為在水平基準上 15 米)
Link Bridge (Skywalk) (15mPD Maximum Along Ribbon)
-  行人天橋 (擬定)
Footbridge (Tentative)
-  休憩空間與步行道
Open Space & Pathway
-  政府提供的休憩空間
District Open Space Provided by Government
-  蘆葦保育區
Retention of Reed Bed
-  政府提供的生態區 (EA)
Ecological Area (EA) Provided by Government
-  生態區 (EA) 25 米緩衝地帶
25m Buffer Zone from Ecological Area (EA)
-  地庫車輛出入口
Entrance and Exit to Basement
-  政府提供的污水處理廠
Sewerage Treatment Works Provided by Government
-  政府提供的可能的邊界過境設施
Possible Associated Boundary Crossing Facilities Provided by Government
-  政府提供的消防局兼救護站
Fire Station-cum-Ambulance Depot Provided by Government
-  非建築用地
Non-Building Area
-  交通交匯處
Transport Interchange
-  車輛出入口
Vehicular Access Points
-  緊急車輛通道 (寬度) (設計位置與寬度為指示性質)
Emergency Vehicle Access (Width) (Layout and Width are indicative)
-  研究與發展 高等教育及文化與創意產業區
Research & Development, Higher Education and Cultural & Creative Industries Zone
-  創新斗室
Innocell
-  中環電力有限公司提供的變電站
Electricity Sub-station Provided by CLP

*Remark: Highest level of Building Main Roof (Joint Practice Notes No.5)
*備註: 建築物主屋頂之最高水平 (聯合作業備考第五號)





Batch 1 Development of the Park
創科園第一批次發展

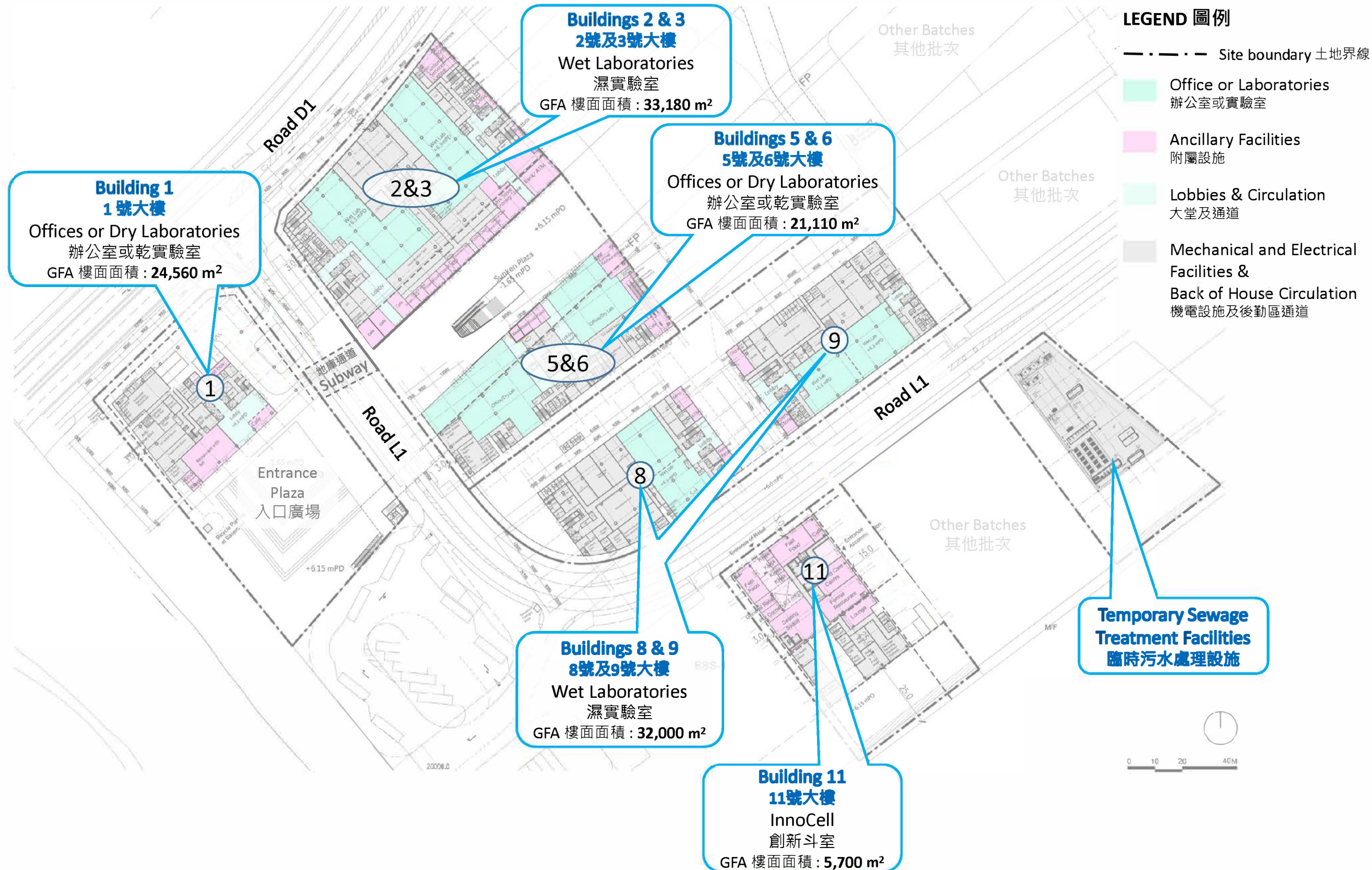
註:設計概念圖為示意效果圖，顯示對有關發展項目之想像，有待詳細設計。

Note: This concept plan for design is for illustration purpose only and is subject to detailed design

(僅供參考)

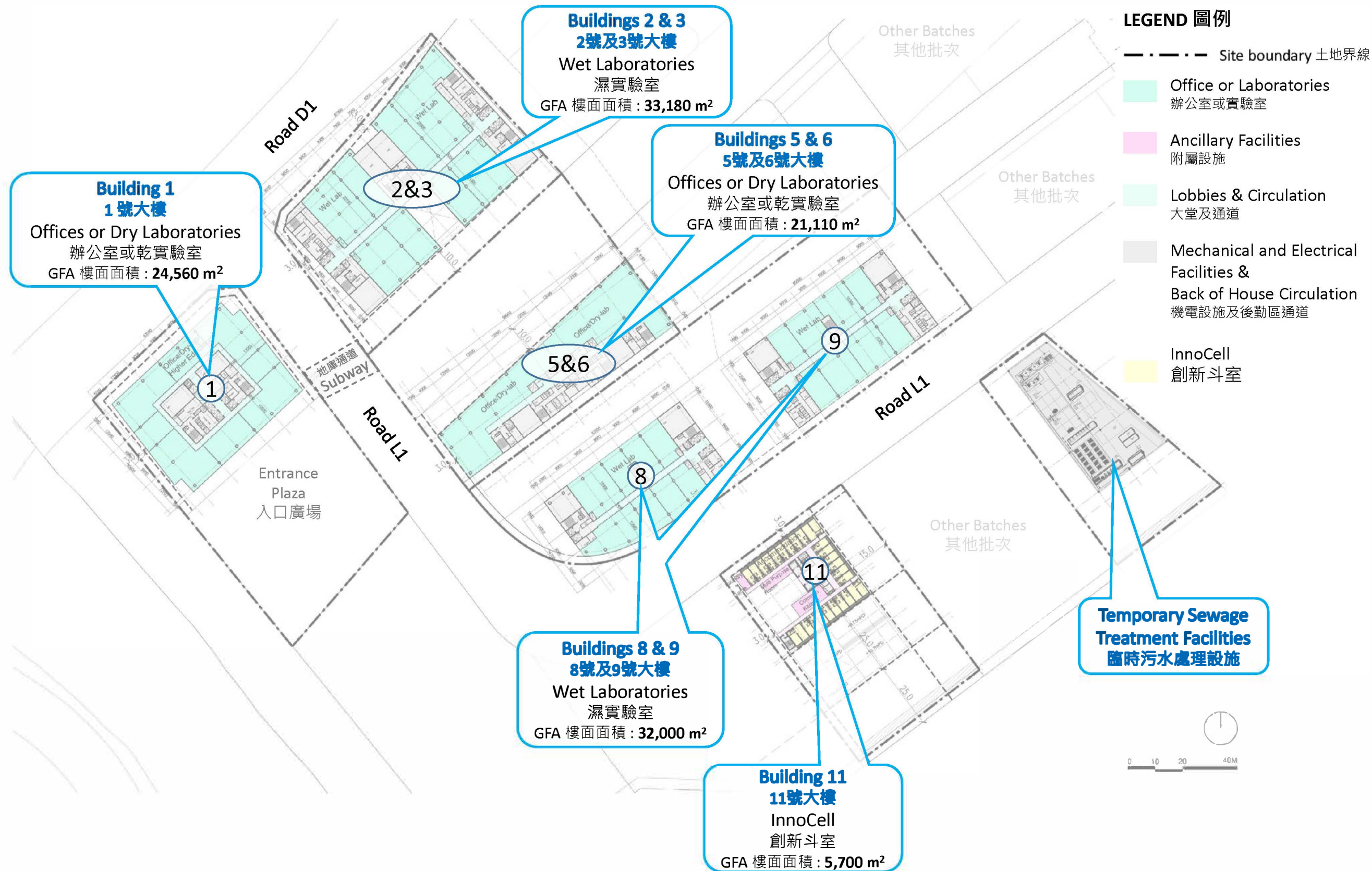
(For reference only)

Ground Floor Plan 地面平面圖



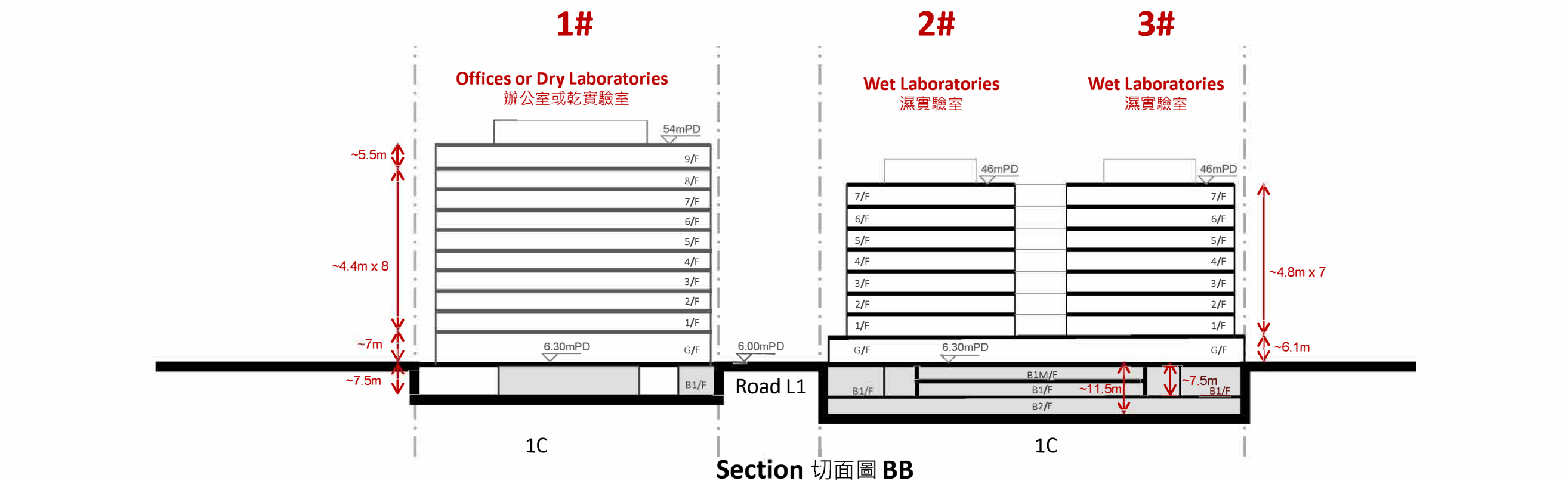
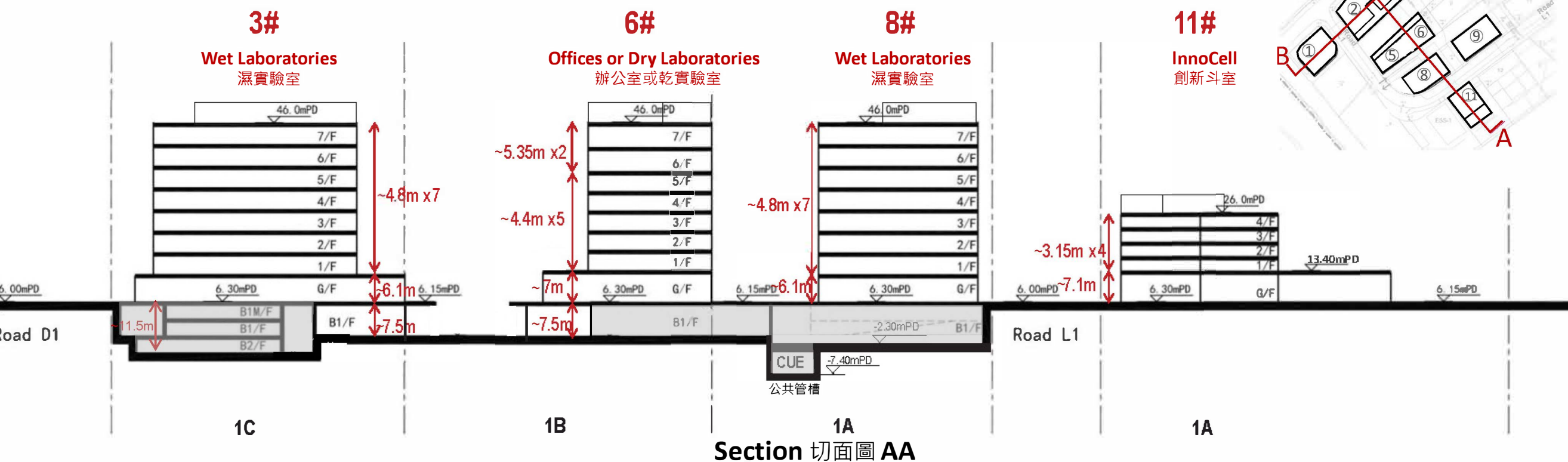
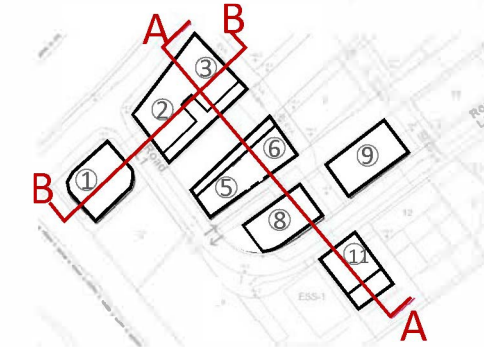
All layouts, levels, dimensions, floor heights, number of storeys, other details and information provided in this plan may be subject to detailed design refinement.
此圖則所顯示的布局設計、水平、尺寸、樓層高度、樓層數目及其他細節或會因應日後詳細設計有所微調。

Typical Floor Plan 標準樓層平面圖



All layouts, levels, dimensions, floor heights, number of storeys, other details and information provided in this plan may be subject to detailed design refinement.
 此圖則所顯示的布局設計、水平、尺寸、樓層高度、樓層數目及其他細節或會因應日後詳細設計有所微調。

Typical Sections 標準樓層切面圖



Basement Carpark / Mechanical and Electrical Facilities 地庫停車場/ 機電設施



All layouts, levels, dimensions, floor heights, number of storeys, other details and information provided in these sections may be subject to detailed design refinement.
此圖則所顯示的布局設計、水平、尺寸、樓層高度、樓層數目及其他細節或會因應日後詳細設計有所微調。

Preliminary Master Landscape Plan 初步園景設計總圖



All layouts, levels, dimensions, floor heights, number of storeys, other details and information provided in this plan may be subject to detailed design refinement.
 此圖則所顯示的布局設計、水平、尺寸、樓層高度、樓層數目及其他細節或會因應日後詳細設計有所微調。

Cash Flow Projection of the Hong Kong Science and Technology Parks Corporation (in \$ million)

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>	<u>2021-22</u> <u>to</u> <u>2030-31</u>
Opening cash balance	8,268	2,233	2,243	1,521	1,332	934	2,490	2,018	1,478	765	8,268
Net Cashflow	(6,035)	10	(722)	(189)	(398)	1,556	(472)	(540)	(713)	(612)	(8,115)
Available Cash	2,233	2,243	1,521	1,332	934	2,490	2,018	1,478	765	153	153
Government equity injection into the Hong Kong Science and Technology Parks Corporation (Note 1)	1,586	3,549	2,116	4,203	3,007	3,007	667	-	-	-	18,135
Equity injection by the Hong Kong Science and Technology Parks Corporation into the Hong Kong-Shenzhen Innovation and Technology Park Limited (Note 1)	(1,586)	(3,549)	(2,116)	(4,203)	(3,007)	(3,007)	(667)				(18,135)
Ending cash balance	2,233	2,243	1,521	1,332	934	2,490	2,018	1,478	765	153	153

* Subject to rounding difference.

Note 1 The equity injection is for Batch 1 development of the Hong Kong-Shenzhen Innovation and Technology Park (the Park). The total development cost of the project is estimated to be \$18,135 million, which is proposed to be funded wholly by equity injection from the Government (expected to be made in phases from 2021-22 to 2027-28). The Hong Kong Science and Technology Parks Corporation will inject the equity in full into the Hong Kong-Shenzhen Innovation and Technology Park Limited, which is vested with the responsibility to build the superstructure of the Park, as well as to operate, maintain and manage the same.

Cash Flow Projection of the Hong Kong-Shenzhen Innovation and Technology Park Limited (in \$ million)

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>	<u>2021-22</u> <u>to</u> <u>2030-31</u>
Opening cash balance (Note 1)	-	1,234	4,008	4,406	4,770	4,511	712	187	286	559	-
Net Cashflow	(190)	(132)	(157)	(154)	(133)	(111)	46	241	273	282	(36)
Available Cash	(190)	1,102	3,851	4,252	4,637	4,400	757	428	559	841	(36)
Cost of Batch 1 development of the Hong Kong-Shenzhen Innovation and Technology Park	(162)	(643)	(1,561)	(3,685)	(3,134)	(6,695)	(1,237)	(141)	-	-	(17,258)
Equity injection from the Hong Kong Science Technology Parks Corporation into the Hong Kong-Shenzhen Innovation and Technology Park Limited (Note 2)	1,586	3,549	2,116	4,203	3,007	3,007	667	-	-	-	18,135
Ending cash balance	1,234	4,008	4,406	4,770	4,511	712	187	286	559	841	841

* Subject to rounding difference.

Note 1 The opening cash balance has taken into account the Government's equity injection of \$18,135 million for Batch 1 development of the Hong Kong-Shenzhen Innovation and Technology Park (the Park).

Note 2 The total cost of Batch 1 development of the Park is estimated to be \$18,135 million, including development cost of \$17,258 million and \$877 million for payment of the initial operating cost of the Hong Kong-Shenzhen Innovation and Technology Park Limited (HSITPL), which is proposed to be funded wholly by equity injection from the Government to be made from 2021-22 to 2027-28 into the Hong Kong Science and Technology Parks Corporation (HKSTPC). HKSTPC will inject the full amount into HSITPL.