

## LCQ2: Developing Kowloon East

Following is a question by the Hon Tang Ka-piu and a reply by the Secretary for Development, Ms Bernadette Linn, in the Legislative Council today (July 5):

Question:

In his important speech delivered on July 1 last year, the State President mentioned that Hong Kong should continue to create strong impetus for growth. There are views that Kowloon East (KE), being the second core business district (CBD2) in Hong Kong, needs a clear role and positioning under the planning vision and industry spatial pattern of "South-North dual engine (finance-innovation and technology)". In this connection, will the Government inform this Council:

(1) whether it will revive the shelved Environmentally Friendly Linkage System for KE to connect the whole CBD2 (including Kai Tak, Kwun Tong and Kowloon Bay), so as to fortify CBD2's commercial strengths; if so, of the details; if not, the reasons for that;

(2) given that the National 14th Five-Year Plan has established Hong Kong's "eight centres" positioning, of the positioning of CBD2, and whether the Government will provide policy support for such positioning through a development model of collaboration among the government, industry, academic and research sectors; if so, of the details; if not, the reasons for that; and

(3) given that there are community organisations advocating the concept of "Connecting KE with the Association of Southeast Asian Nations (ASEAN)", under which KE's economic features characterised by its diverse cultures and vibrancy will be leveraged to build a headquarters economy focusing on the member states of ASEAN and the signatories of the Regional Comprehensive Economic Partnership, whether the Government will consider the suggestion and set up a relevant support centre to facilitate Hong Kong enterprises' more active integration into the overall development of the country; if so, of the details and the essential elements to be considered; if not, the reasons for that?

Reply:

President,

After consultation with the relevant policy bureaux and departments, the replies to the various parts of the question raised by the Member are as follows:€€

(1) The Government's previous study has revealed that, on the basis of the increasingly comprehensive road and railway infrastructure facilities as well

as the convenient public transport services in Kowloon East (KE), through the implementation of a "multi-modal" Environmentally Friendly Linkage System (EFLS) for KE, we could meet the travel needs of the local community and working population, and help transform KE into Hong Kong's second core business district (CBD2). The Government is actively taking forward various "multi-modal" initiatives, including enhancing public transport services in KE and deploying electric vehicles to run new bus/green minibus routes in the area; developing a travellers network; providing a GreenWay network for shared use by pedestrians and cyclists; constructing an elevated landscaped deck; and exploring the possibility of establishing a "water taxi" service point in the area.

Concurrently, on top of "multi-modal" EFLS, the Transport and Logistics Bureau (TLB) will consider the latest technology developments in green mass transit systems in the Mainland and around the world and explore room for enhancement, so as to improve the efficiency, cost-effectiveness and sustainability of the transport network in KE.

(2) The National 14th Five Year Plan has supported the development of the "eight centres" in Hong Kong. These include international financial and business services in which Hong Kong already has an advantage. The main function of CBD2 is therefore to support the development needs of these sectors. Currently, KE offers a number of quality Grade A offices and has already attracted many multi-national and financial enterprises to the area. According to a statistical survey on business establishments in KE undertaken in 2018, it was found that the number of establishments in the area engaged in "banking and financial services and insurance" and "real estate and professional and business services" industries increased by more than three times as compared to the results from a similar survey in 2011.

Besides international financial and business services, owing to its historical background in industrial development and the ambience created by the gradual increase in cultural and art workers in the past years, KE has the potential to promote innovation and technology (I&T) and art, culture and creative (ACC) industries. On I&T, KE was an important industrial area in the past. Subsequent to the relocation of production processes northwards, industrial buildings in the area gradually undergo revitalisation, and with the emergence of newly constructed office buildings, which offer lower rent than that of the Grade A offices in well-developed business districts like Central, Tsim Sha Tsui, etc., plenty of affordable high-quality working space, as well as opportunities for start-up enterprises (including those related to I&T) could be provided. Besides, the numerous production firms and design enterprises already set up in KE could render business support to the start-ups within the same area, and thereby creating an agglomeration effect. In addition, flexibility in town planning has been provided at several commercial sites in the area, allowing working spaces for I&T and other related uses to be set up in KE. Besides, as there are still some active industrial activities in the area, the related enterprises could collaborate with the start-ups to undertake I&T projects, thus facilitating industrial upgrading and transformation.

On ACC, industrial buildings in KE have fostered many street artists. Since 2016, 'art studio' has been revised as an always permitted use in several land use zones in KE. Besides, without constituting risks to safety, 'art studio' is allowed to operate within individual units of existing industrial buildings under the lease. Moreover, under the second round of the revitalisation scheme for industrial buildings rolled out in 2018, a condition was added to industrial buildings undergoing wholesale conversion of the scheme, requiring that no less than 10 per cent of the converted floor space must be designated for specific uses prescribed by the Government, which include space for supporting development of art, culture and I&T.

In order to develop KE into a diversified CBD2 comprising commercial, I&T, cultural, sport, tourism, leisure and entertainment, and to facilitate related development, the Government will continue to revitalise industrial buildings, improve pedestrian connectivity, enhance the overall environment, and remove barriers in land use planning.

(3) Given the diversity and development potential of KE, different enterprises have been encouraged to set up and expand their businesses in the area. However, as part of our overall strategy, the Government will not restrict or guide businesses from specific countries or regions to a particular area. Invest Hong Kong (InvestHK) assisted a total of 186 overseas and Mainland enterprises to set up or expand businesses in Hong Kong in the first five months of this year, an increase of 32 per cent when compared with the same period last year. Among the 186 enterprises, 14 of them are from the Association of Southeast Asian Nations countries. InvestHK has been assisting overseas and Mainland enterprises to set up or expand their businesses in Hong Kong, and proactively encouraging them to tap into Asian markets, fully leveraging Hong Kong's distinctive advantages under the "one country, two systems" of enjoying strong support of the motherland and being closely connected to the world.