

 創新科技署
Innovation and Technology Commission

香港特別行政區政府

The Government of the Hong Kong Special Administrative Region

By Post & Fax: (2978 7569)

12 January 2018

Mr. Desmond LAM,
Clerk to Panel on Commerce and Industry,
Legislative Council Complex,
1 Legislative Council Road,
Central, Hong Kong

Dear Mr. LAM,

**Panel on Commerce and Industry
Meeting on 21 November 2017**

Development of the InnoCell adjacent to Hong Kong Science Park

I refer to the list of follow-up action regarding the development of the InnoCell arising from the meeting on 21 November. We are pleased to provide the Administration's response as enclosed herewith for your reference.

Yours sincerely,



(WONG Wang-wah)

for Commissioner for Innovation and Technology

c.c. CEDB (Attn: Ms Cherry Yeung)
ITB (Attn: Mr Ricky Chong)
SEO(A)

**Development of the InnoCell adjacent to Hong Kong Science Park
Follow-up action - Administration's Response**

Follow-up action required	Administration's response
<p>The Administration was requested to –</p> <p>(a) provide details on the compliance of the InnoCell's accommodation arrangements with the Hotel and Guesthouse Accommodation Ordinance (Cap. 349), in particular the requirement which provides that any premises providing sleeping accommodation at a fee with a tenancy term of less than 28 consecutive days shall obtain a licence before commencing operation; and</p>	<p>(a) The InnoCell is a “Residential Institution” (RI) on a site zoned “Government, Institution or Community” use on the Pak Shek Kok East Outline Zoning Plan.</p> <p>Under the “Revised Definitions of Terms/Broad Use Terms Used in Statutory Plans”, RIs refer to residential facilities in a wholly owned development managed or operated by an institution, society, college, religious /voluntary/ charitable body or other organisations and which provide residential accommodation for persons who meet the eligibility criteria as prescribed by the body or organisation.</p> <p>The InnoCell is wholly owned and managed by the Hong Kong Science and Technology Parks Corporation (HKSTPC) and is not a hotel or guesthouse. The minimum tenancy period is one month. The InnoCell would not be subject to regulation by the Hotel and Guesthouse Accommodation Ordinance (Cap. 349).</p>
<p>(b) provide a tabular breakdown of the components of the average annual operating costs and each type of other costs as</p>	<p>(b) The breakdown of the components of the estimated annual operating costs under the InnoCell project is as follows:-</p>

set out in footnote 5 of the Administration's paper (LC Paper No. CB(1)212/17-18(03)), with elaboration on: (i) whether there will be any overlapping between property management costs and staff costs; and (ii) the impact of depreciation on the cash flow situation of the InnoCell.

	Estimated Annual Costs: 2021 to 2034
Operating costs:	(\$ million)
Staff costs	1.4
General Administration and Miscellaneous Costs	8.6
Marketing and Promotional Expenses	0.3
Property Management Costs	11.7
Other costs:	
Interest Expenses	6.8
Depreciation	27.3
Total	56.1

- i. Property management costs cover the expenses for providing the basic services to tenants, such as cleaning, upkeep of common areas, cyclical repair and maintenance of facilities, etc. Staff costs cover the salary paid to management staff responsible for the management and operation of the InnoCell. There is no overlap for the two categories.
- ii. The fixed asset value of the InnoCell will be depreciated over its useful life period which is assumed to be approximately 50 years. Following relevant rules of accounting, the average annual depreciation is a non-operating expense and is treated as a non-cash accounting item in calculating the cash-flow from operating activities. The expenses on depreciation do not have any impact on the cash flow situation of the project.