CHAPTER THREE: FINDINGS
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3.1 Broad Classification of Land Uses
The broad classification of possible land uses in the Public Engagement Exercise was drawn in consultation with the Planning Department.

3.2 Possible Land Uses
Views by different sectoral groups and interested parties as surfaced from the Focus Group Discussion sessions, Public Forum, briefing to the Greater Pearl River Delta Business Council and Written Representations are presented in the following summaries for readers’ easy reference.
The summaries are presented in the following structure:
- Possible Land Uses
- Supporting Reasons Given
  - Conditional Provisions
- Opposing Reasons Given

3.2.1 Creative Industry

**Proposed Land Use**
- Developing it as a design / production studio for computer games / animation comics / film-making / webpage development / fashion design; and integrating relevant industries.
- Developing it as a hub for creative industry-related education and training.
- Developing it as a digital entertainment production centre.

**Supporting Reasons Given**

**Availability of Talent**
- Animation industry will require a good number of people to do marketing, production, etc. Furthermore, the operation of a studio is labour-intensive. Such talents are readily available in Mainland China. Workers can be brought in and they can work alongside the management personnel / seasoned designers and artists from Hong Kong.

**Industry-specific Training**
- Proponents suggest building an institute to provide relevant training.

**“Made in Hong Kong” Label**
- Proponents suggest that operating in the Loop will allow them to keep the “Made in Hong Kong” label so as to distinguish their products from those produced in Mainland China, which tend to give an impression of low value and lacking in originality.
Environmental Sustainability

- Computer game design/production centre is a possibility as it does not cause pollution and does not take a lot of space.

Conditional Provisions

- Free access for people from Mainland China.
- Appropriate transportation network.

Opposing Reasons Given

[no views recorded]

3.2.2 Finance and Commerce Industry

Proposed Land Use

- Setting up a gold trading and exchange centre.
- Setting up a back-office support centre for financial services.

Supporting Reasons Given

- 50% of the gold jewellery sold in Hong Kong is manufactured in Mainland China, and Shenzhen accounts for 30% of Mainland China’s gold transactions. Hong Kong has a strong trading network which can be exploited.
- It can also facilitate US$ / HK$ / RMB exchange.
- Setting up a back-office support centre at the Loop can support the development of Hong Kong’s finance industry.
- It requires relatively smaller capital investment, but it produces much added value.
- It is of low pollution as well.
- The development of the Loop will bring short-term and long-term benefits to both cities, and in the meantime it can leverage on what Hong Kong and Shenzhen can offer.

Conditional Provisions

- Free access for people from Mainland China.
- Appropriate transportation network.

Opposing Reasons Given

Against Establishing a Financial Centre

- As it is located far away from the Central Business District, the Loop does not possess the prerequisites to be developed as a financial centre. There are no advantages at all developing the Loop into a financial centre and this concept should be eliminated and there is no need to study it further.
3.2.3 Convention and Exhibition Industry

**Proposed Land Use**

- Building an exhibition centre for roving exhibitions, a product showroom, or a national wholesale centre.

**Supporting Reasons Given**

International Exhibition Centre

- It will attract foreign investors and it will provide a platform to show Mainland China’s products to the world. It will amplify the “attracting resources and stepping into the world market” (引進來 - 走出去) principle.

Industrial Hinterland

- The Loop is strategically located as it is close to Futian.

**Conditional Provisions**

- Necessary infrastructure network.
- Need to overcome the problem of heavy traffic flow.
- Need to think of the principle of sustainable development.

**Opposing Reasons Given**

- Accessibility is a concern. A down-town location is preferred. HKCEC is more accessible.
- It is necessary to consider how the Loop positions itself. There will be huge competition, as exhibition facilities are available in Shenzhen, Guangzhou, Macao and Singapore. In Hong Kong, HKCEC is expanding and further exhibition facilities are also available in the AsiaWorld-Expo.
- Exhibition centre is not a good suggestion. The AsiaWorld-Expo is still struggling. For exhibition operators to succeed, the most important factor is accessibility. It will take a long time to provide the necessary facilities. There will not be a sufficient flow of visitors.
- Caution should be exercised with regard to the suggestion for a conference centre as there are plenty of such facilities in Shenzhen and the Pearl River Delta.

3.2.4 Logistics Industry

**Proposed Land Use**

- Developing it as an entrepôt, serving as a drop-off / distribution centre for cargoes / bulk goods.

**Supporting Reasons Given**

Easing off the traffic flow in the Tolo Harbour area

- It will ease off the heavy traffic flow in the Tolo Harbour area which will, otherwise, be...
flooded with container trucks.

**Conditional Provisions**

- Necessary supporting facilities.
- Necessary transportation network.
- Collaboration between Hong Kong and Shenzhen.
- Customs clearance to be performed in one single spot.

**Opposing Reasons Given**

- Hong Kong’s competitiveness is waning, being taken over by Mainland China’s logistics service operators.
- Not pragmatic to use it as a drop-off centre as it will involve more work – unloading and reloading. Besides, a shipping company might want to make some last-minute changes and it will take too much time to bring the containers back from the depot.
- The lands around LMC Loop are for short-term lease only, and it would not be cost-effective to make such an investment.
- It should facilitate the distribution of cargoes / goods to Mainland China, and not the other way round.
- A container terminal should be close to the port and the Loop is land-locked.

3.2.5 **Tertiary Education**

**Proposed Land Use**

- Developing a higher education and R&D centre [at the post-grad level, multi-disciplined, a base for inter-university collaboration (including overseas universities according to their specialism), with a global orientation].
- Setting up a private university [might even be a joint-venture between Shenzhen, Hong Kong and Taiwan].

**Supporting Reasons Given**

**Developing Talents from Mainland China**

- The education hub to be set up in the Loop will provide the necessary resources for students in South China. There is a high demand for university places. It will enhance the Pearl River Delta’s competitiveness, so that it will not lag behind the Yangzi River Delta. Technology development and R&D are inter-related; it can help develop talents and contribute in building up the economy.

**Government Favouring the Development of Private Universities**

- Government has been supportive in the move for more private universities.

**The New 3-3-4 Education System**

- Additional resources will be needed once the new 3-3-4 education system is implemented.
Rippling Effects
• There is a need to explore the aspirations of those residents in the existing community. The development of the Loop would create more job opportunities for residents in NT North.

Inclusion of the Surrounding Area
• There might be a need to include the surrounding area as well, in case more space is needed.

Hong Kong’s Strength in Higher Education
• Hong Kong’s universities have attained a fairly high level internationally. Hong Kong has a strong track record in launching education programmes across the border, and Hong Kong will play a key role, spearheading the development and connecting with the rest of the Guangdong Province.

Promoting Integration with Mainland Chinese Students
• It will offer more opportunities for Hong Kong students to study along with Mainland Chinese students.

A Mainland China / Hong Kong / Taiwan Joint Venture
• Leveraging on the improved Cross-Strait relationship, the Loop will serve as a joint-venture experiment. Taiwan has already set up a good number of manufacturing plants in Southern Guangdong.

Facilities for Gifted Students
• It is appropriate to develop an institute with contributions from both Governments so as to provide unique educational facilities for gifted students.

Development Approach to be Adopted
• Considerations will have to be given as to whether the “big bang” approach should be adopted or a “one step at a time” approach (“feeling the stones when crossing the river” 摸著石頭過河).

Little Impact on the Environment
• Such development will have little impact on the environment, as it is of low density and low pollution. Whichever forms the institutes are going to be developed, they should be integrated into the surrounding environment.

Space Availability
• There might not be enough space for other development once a university is set up, as a university alone can easily take up 60 or more hectares.

Conditional Provisions
• Collaborative efforts between Hong Kong and Shenzhen.
• Free access for people from Mainland China.
• The need for cross-departmental collaboration.
• Provision of transportation network.
• Residential facilities for teaching staff and students.
• The qualifications attained should meet the criteria for admission to recognised professional groups.
• Land ownership would be a prime issue as to which form the university hub is going to emerge.
• Promoting the synergy among all the involved institutes will be a critical factor.
• Preservation of cultural heritage in those areas around the Loop.

Opposing Reasons Given

• Using it to develop an off-site campus for one of the universities is not appropriate.
• The Loop is quite remote from the rest of Hong Kong.
• Efforts should be made to preserve the green belt.
• The inclusion of Taiwan might make things even more complicated, not to mention the fact that there are uncertainties with regard to the Cross-Strait relationship, which might create a precarious condition.

3.2.6 Information Technology Industry

Proposed Land Use

• Developing it as a data processing centre to provide outsourcing services.

Supporting Reasons Given

Benefits

• Setting up a service centre in the Loop will definitely lower the operating costs. Major companies in Hong Kong have already set up / outsourced their data processing / back office support services in Shenzhen. The Loop is closer, thus cutting the transportation time and reducing the risks to data security.
• The Loop will be a great location, taking full advantage of Hong Kong’s legal system for better IP protection; and at the same time, benefiting from Mainland China’s competitive advantages, namely, lower labour costs and operating costs.
• Developing the Loop will signify a major breakthrough, demonstrating what can be achieved if the two Governments work together under the one country-two systems regime. Shenzhen has a ready pool of skilled professionals and highly-qualified engineers. Furthermore, Shenzhen has a ready market.
• If the facilities are set up at the Loop, concerned operators will not be subject to the strict censoring policy prevalent in Mainland China.

Dedicated Zone

• The Loop is going to be a dedicated zone for the development of knowledge-based industry. It will also serve as a platform for further integration with Mainland China.

Wider Participation

• It seems to be necessary to have a wider participation from the community or even
interested parties from other countries, as they might want to develop an R&D centre in Hong Kong.

**Actions to be Expedited**

- Proponents suggest that immediate actions would be desirable in order to capitalise on the benefits.

**Potential for Development**

- There is immense potential for the development of internet services. This is especially true as the development of on-line games is becoming more mature.

**Conditional Provisions**

- The two governments have to be committed to investing the resources to develop the necessary infrastructure, such as transportation network, power supply, internet connection, etc.
- Incentive to attract private investors should be provided.
- The Loop should be administered under Hong Kong’s legal system.
- Free access for people from Mainland China should be provided.
- The issue of land ownership would be a main concern.
- It will be desirable to develop the neighbouring closed areas as well.
- The Loop will be free from Mainland China’s censorship control.
- Hong Kong business operators should be treated as local enterprises and not as foreign-invested-enterprises, so that they could enjoy relevant benefits and would be eligible to apply for Mainland licences (e.g. licences for the development of internet services). A lot of licence-related problems need to be resolved.
- Bi-lateral cooperation is crucial.
- Would prefer Hong Kong tax rate.
- Would like to have clarification regarding business registration issue, status of Mainland workers.
- Central Government’s blessing is needed, so that the barriers which might be encountered could be overcome.
- The Government should take note of what kind of industry Shenzhen wants to develop, and accordingly provide the necessary support. There should be more dialogue between the two Governments, instead of just listening to what industry wants.
- Development of any form would affect the ecological balance of the area, hence, low pollution, low energy consumption, and high added value IT project is preferred.
- The development of supporting facilities should be planned so as to avoid duplications.

**Opposing Reasons Given**

- The mud is contaminated.
- Data processing has low added value, and it would be unlikely to exploit the full advantages that the Loop can offer.
• There are other locations which could be considered, especially those which already have the necessary infrastructure.

• The Loop might not be an ideal location for an information processing centre as the internet network can be set up anywhere.

3.2.7 High and Innovative Technology

**Proposed Land Use**

- Developing a research centre for medical high-tech (bio-technology, vaccine, gene technology), complemented with testing facilities.
- Developing a super digital zone, with internet services.

**Supporting Reasons Given**

**Leveraging on Hong Kong’s and Shenzhen’s Competitive Advantages**

- Proponents suggest that whereas Shenzhen can provide skilled and highly qualified professionals to take part in high-tech projects, and a ready market with relatively lower labour and operating costs; Hong Kong has been known for its practice in IP protection. Hong Kong’s other advantages include its excellent legal system, personal freedom, free currency exchange, ease of raising capital, etc.

**Mode of Development**

- The Loop should be dedicated for the development of high-tech and high value added industry, with low pollution and low energy consumption. It might be necessary to attract experts and interested parties from overseas to explore possible areas for development, which could include advanced bio-technology and environmental studies, thus raising Hong Kong’s international profile.

**The Loop as a Testing Ground**

- It is anticipated that a number of challenges need to be resolved. If they are ironed out, similar approaches can be mirrored in the neighbouring closed areas.

**Conditional Provisions**

- Free access for people from Mainland China.
- The Government should play a more active role in providing support and promoting more collaboration between Hong Kong and Shenzhen.
- The neighbouring closed areas should be included as well.
- Bi-lateral cooperation is crucial.
- Hong Kong’s legal system should prevail, and if possible, Hong Kong’s tax rate should apply as well.
- Approval from the Guangdong Province will be needed in the case of censorship control for internet operations.
- Enterprises to be provided with preferential terms and conditions (such as exemption from Mainland China’s labour contract law).
- Need a more relaxed licensing agreement for internet operations.
Opposing Reasons Given

- In spite of the investments, Hong Kong still does not seem to possess the capability as required for the development of innovative technology. Government’s lack of support is obvious as it has yet set up an agency to oversee Hong Kong’s technological development.

3.2.8 Medical, Healthcare Services and Pharmaceutical Research

Proposed Land Use

- A quality private hospital
- Medical tourism
- Specialist clinics
- Medical high-tech research centre (vaccine, biotech, gene research)
- Medical referral centre (integrating Chinese and Western medicines)
- Pharmaceutical research centre
- Veterinary and animal testing centre
- A hospital specialized in Chinese medicine
- A medical and bio-technology park
- A one-stop shop for the elderly

Supporting Reasons Given

Great Demand from Mainland Chinese and Hong Kong People Working in Mainland China

- Hong Kong people working in Mainland China want to enjoy Hong Kong-style medical services in Mainland China. There is also a great demand for gynaecology and obstetrics services from Mainland women. People in the Mainland are willing to pay for the services, provided that the fee rates are transparent.

Provision of Services to NT North

- The setting up of a private hospital in the Loop can offer affordable medical services to those residing in Kwu Tung North, Fanling North, Ping Che and Ta Kwu Ling.

Strong Location Advantages

- Since the Loop is close to Futian, there will definitely be a steady flow of potential users. It is convenient, being near to the LMC Spur Line railway.

Medical Tourism

- There is a great demand for medical tourism for people from Hong Kong and Mainland China. The Loop offers an ideal place for this kind of medical services, which would be more related to surgical operations (as the costs for these services are relatively higher in Hong Kong) rather than just medical check-ups.
Development of Chinese Medicine

- If a full-scale hospital of Chinese medicine is built in the Loop, it would be a great boost to the development of the practice of Chinese medicine in Hong Kong, possibly developing it into a Chinese medicine port. It also offers a great chance for integrating Western and Chinese medicines.

Hong Kong’s Expertise in Medical Services

- Hong Kong’s private hospitals have the experience in running comprehensive clinics and specialist services. They have the ability to collaborate with other hospital operators for the development of a full-scale hospital. Hong Kong-run hospitals are also more advanced in terms of ethical practices.

Training Services for Mainland and Hong Kong Medical Students

- The setting up a hospital-cum-medical training college can provide internships to students from Mainland China and Hong Kong. There is a great demand for Hong Kong’s medical students looking for practicum opportunities. It can train up more medical practitioners and allied health personnel. Shenzhen University also wants Hong Kong to provide English-speaking teaching staff and the Loop is a convenient location for this purpose.

Great Varieties of Services on Offer

- It can provide certification services for clinical tests and diagnostic services, in particular for Mainland Chinese patients.

A Medical Referral Centre

- The proposed medical referral centre can provide assessment services, and users might just need short-term visas. But should they need more comprehensive examination and follow-up services, they will then be referred to the relevant facilities. It will serve Mainland and overseas Chinese, as the same language is spoken; and it will be based on the health care system which is modelled according to the Western practice.

Space for Private Hospital Expansion and its Benefits

- There are very few lands available for private hospital to expand in Hong Kong and the Loop can offer the much-needed space. Potential hospital operators can help improve healthcare facilities in Hong Kong by building new private hospitals and lowering the costs through competitions.

One-stop Shop for the Elderly

- Proponents suggest setting up comprehensive facilities for the caring of the elderly.

Other Medical Services and Facilities Suggestions

- There is a growing demand for veterinary services, medical and healthcare facilities for the elderly, and a centralized animal laboratory. The Loop might be used for such facilities.

Conditional Provisions

- Collaboration between Hong Kong and Shenzhen.
- Treatment of the contaminated mud.
- Free access (easy access or preferably no visa).
- Necessary supporting facilities and transportation network.
- Low density of development.
- Brand building for Hong Kong, attracting international investments.
- Government funding and support.
- PPP model preferred.
- Hotels / residential services for patients’ relatives and medical practitioners.
- Preferential land prices.
- Purpose-specific buildings.
- The support from the universities, Hospital Authority and well-established hospitals will boost the confidence for prospective users.
- A one-stop service concept, covering visa application, transportation, ambulance and logistics arrangements.
- Road-shows in Mainland China’s catchment areas.
- Land consolidation.
- Bringing in top-notch practitioners from outside, under a temporary registration arrangement.
- Should include the development of the neighbouring areas as well.

**Opposing Reasons Given**

- Private hospital: firstly, it really depends on the economic situation; and if the stock market slumps, there will be a lot of empty beds and spare resources.
- Secondly, the current medical facilities provided in NT North will probably be sufficient.

3.2.9 Conservation Uses

**Proposed Land Use**

- Conservation of the existing wetlands and the green belt between Hong Kong and Shenzhen.
- Development of an eco park for low-density eco tourism.

**Supporting Reasons Given**

**Maintaining the Status Quo**

- Proponents uphold the view that the natural environment should be preserved, as the Loop is Hong Kong’s last backyard garden. Besides, it is an environmentally sensitive area. The surrounding fishponds and wetlands should be protected, lest the livelihood of those local residents depending on the operation of the fishponds will be gravely affected.
Alternative Eco Development

- The entire area should be designated for recreational and low density use, such as eco-tourism. Hopefully it will bring prosperity to the area and improve the livelihood of the local residents. The Loop should not be considered for the development of such pollution-prone industry as logistics, nor as a high-density commercial centre, trade and exhibition centre, university hub, etc.

Ecological Management

- The construction of any buildings should be subject to height and density control, because they would have an impact on the route for birds frequenting the wetlands. The other threat to ecological balance is the likely disruption as a result of increased traffic. Proponents urge for proper protection and management of the environment. Turning the Loop into a fishpond (after removing the contaminated soil) has also been suggested.

Conditional Provisions

- Any development of the Loop should not adversely affect the neighbouring wetlands, especially the Mai Po Nature Reserve and the Ramsar Site.
- Suitable and stringent controls must be exercised to avoid any contaminations during land consolidation / mud treatment.
- There should only be improvements for the existing access roads and no new roads should be built, otherwise it will affect the neighbouring wetlands.
- Zero adverse impact to the integrity and function of the ecological corridor in the western part of the FCA.
- Development intensity should be minimized as far as practicable.
- Loss of wetland habitat should be avoided where possible, and compensated if unavoidable.
- The ecological value of the Loop should be identified prior to considering the development options.
- No fragmentation of the Deep Bay fishponds should be resulted on account of the development of the Loop.

Opposing Reasons Given

- Wetlands and fishponds have no apparent advantage to Hong Kong.
- The development of the Loop should be in line with the development of all other places, and its status quo should not be maintained.
- FCA has been locked up for many years and it should be opened for development.
- There should be no more wetland in view of the threat of bird flu.
- Development is needed as local residents in the vicinity have been inconvenienced by the lack of basic infrastructure, like road.
- With the development of the Loop, it will create job opportunities for residents in NT North.
- It is nice to have a green environment, but stomachs need to be fed.
3.2.10 Others

**Other Proposed Land Uses, such as**
- Organic and hothouse farming
- Special tax zone
- Casino
- Abattoir
- Product inspection and testing centre
- Processing centre for finished products
- Electroplating plants
- Dyeing factories
- Motels and hostels
- Manufacturing base

**Supporting Reasons Given**

**Abattoir**
- Proponents suggest that the Loop will be an ideal place for a centralized slaughtering house.

**Product Inspection and Testing Centre**
- Proponents uphold the view that in addition to the availability of expertise, there is a consistent standard of quality control and overseas buyers have greater confidence in the quality control approach adopted by Hong Kong enterprises.

**Processing Centre / Electroplating Plant / Dyeing Factory**
- They will provide more job opportunities for the NT North residents.

**Conditional Provisions**
- Should consider its relative competitiveness with regard to Shenzhen.
- Special preferential treatment (enterprises should have Mainland China’s licensing rights).
- Should be able to employ workers and experts from Mainland China.
- Hong Kong companies can have more than 50% of business ownership.

**Opposing Reasons Given**
- Conservationists oppose the setting up of any industries or businesses as they will create a negative impact on the environment in this area.
3.3 Significant and Shared Considerations

The Public Engagement Exercise has generated a broad spectrum of views, and sparked off a host of suggestions on possible land uses. It is observed that the proposed land uses reflect the nature of the industry/sector, and specific interests of the group of which the participants are representing. Proponents might hold different views as to how the Loop should be developed. Nonetheless, they anticipate that the Loop’s development will further enhance Hong Kong’s competitiveness. Significant and shared considerations are highlighted as follows:

3.3.1 A Symbiotic Relationship Between Hong Kong and Shenzhen
Proponents agree that the Loop’s development should be of benefit not just to Hong Kong but Shenzhen as well, and it is only through such recognition would the drive for collaborative efforts sustain. They also point out that leveraging on Hong Kong’s and Shenzhen’s competitive advantages is the underpinning tenet based on which the proposed land uses have been put forward, namely a ready pool of labour force (including skilled and qualified personnel for specific industry/profession), and savings in labour and operational costs. Other attributes that Hong Kong offers include its sound legal system, management know-how, and its knowledge and technological competitiveness.

3.3.2 Cooperation Between Hong Kong and Shenzhen Governments
Proponents believe that the support from both Governments and their close collaboration are crucial to the success of the Loop’s development.

3.3.3 Policy Direction
There are fundamental policy issues which need to be examined, including visa-free access for Mainland Chinese; mode of administration necessitating the agreement of the two Governments of Hong Kong and Shenzhen, or even the approval of the Central Government.

3.3.4 Public-Private Partnership
Public-private partnership could provide a viable model for a number of the proposed initiatives, including a medical and bio-technology park.
3.3.5 Ownership and Management Issues
Greater clarity of the Loop’s ownership and management is needed as questions related to its ownership and management have been raised both at the Focus Group Discussion sessions and the Public Forum.

3.3.6 Neighbouring Areas
The development of the neighbouring areas in the FCA and the NDAs should be considered in tandem with the development of Loop, providing them with the necessary infrastructure and facilities, and chances of development.

3.3.7 Environmental Concerns
Equally involved in this Public Engagement Exercise are ardent environmental supporters, who oppose to the Loop’s development in any form, maintaining that it will hamper the ecological value of the Loop and its surrounding wetlands.

It is worth-noting that proponents for the Loop’s development have also opted for low density and a sustainable model for their respective proposed ventures. They also add that building the necessary infrastructure and clearing the contaminated mud will be required.

3.3.8 Uniqueness of the Loop
Proponents have rightly pointed out that the strategic position of the Loop, between the special zones of Hong Kong and Shenzhen, is unique. Land uses that can be identified elsewhere should not be located in the Loop.