

LCQ11: Wine storage facilities

Following is a question by the Hon Wong Ting-kwong and a written reply by the Secretary for Commerce and Economic Development, Mrs Rita Lau, in the Legislative Council today (April 1):

Question:

Regarding the development of warehouses for red wine, will the Government inform this Council whether:

- (a) it knows the types of buildings being used as warehouses for red wine, as well as the demand and supply of such warehouses;
- (b) it knows the number of factory building units converted into warehouses for red wine in each of the past three years, as well as the current percentage of such warehouses in the total number of warehouses for red wine in Hong Kong; and
- (c) it will examine ways to assist the development of warehouses for red wine, including whether it will consider waiving the land premium chargeable for conversion of factory building units into warehouses for red wine; if it will, of the details; if not, the reasons for that?

Reply:

President,

- (a) According to the industry, most existing wine storage facilities are accommodated in factory buildings. Some such facilities could also be found in premises converted from former military bunkers.

Feedback from the industry suggests that the demand for wine storage facilities has gone up since the duty exemption last year. In response, individual industry players are expanding their storage capacity and/or commissioning new facilities, through either converting general warehouses/cold stores or refurbishing factory building units for wine storage purposes. The industry anticipates adequate overall supply of wine storage facilities this year for meeting demand.

- (b) Depending on the lease conditions of the factory buildings in question, converting units in these buildings for wine storage purposes may or may not require government approval. Hence, we do not have annual figures for such conversions or, for that matter, the percentage share that these

conversions account for, relative to the number of wine warehouses in the territory.

(c) According to the Development Bureau, storage of wine is permitted in those factory buildings governed by leases which provide for "godown use" or "industrial and/or godown use". There are however factory buildings which are governed by leases which provide for "industrial use" only. The relevant lessees will have to apply for lease modification (or waiver) before using units in such factory buildings for wine storage purpose. The Lands Department (LandsD) may consider granting such application for lease modification (or waiver) based on the relevant considerations. When considering current applications in the light of the present market situation, LandsD considers that there could not be discernible enhancement in value for allowing factory units governed by industrial-use leases to be modified for storage of wine only. Hence, the question of charging a premium (or waiver fee) for granting such a lease modification (or waiver) may not arise (but the lessees would still have to pay an administrative fee). LandsD will keep the market situation under review.

The demand for and supply of wine warehouses is basically market driven. On its part, the Government acts to facilitate.

For instance, Invest Hong Kong will continue to tap its international network and assist companies attracted by opportunities in the Asian market to set up or expand their wine storage businesses in Hong Kong. Support services include the provision of information on the business environment, matching prospective investors with potential local and overseas partners, and rendering help on practical matters related to setting up of businesses.

Besides, acting on suggestions from the industry, the Government is identifying suitable heritage buildings for commercial purposes, including wine-related businesses (e.g. storage, exhibition, wine appreciation and training). To test the market, the Development Bureau will invite tenders for Haw Par Mansion later this year, with a view to granting the tenancy in a fair and open manner.

Ends/Wednesday, April 1, 2009