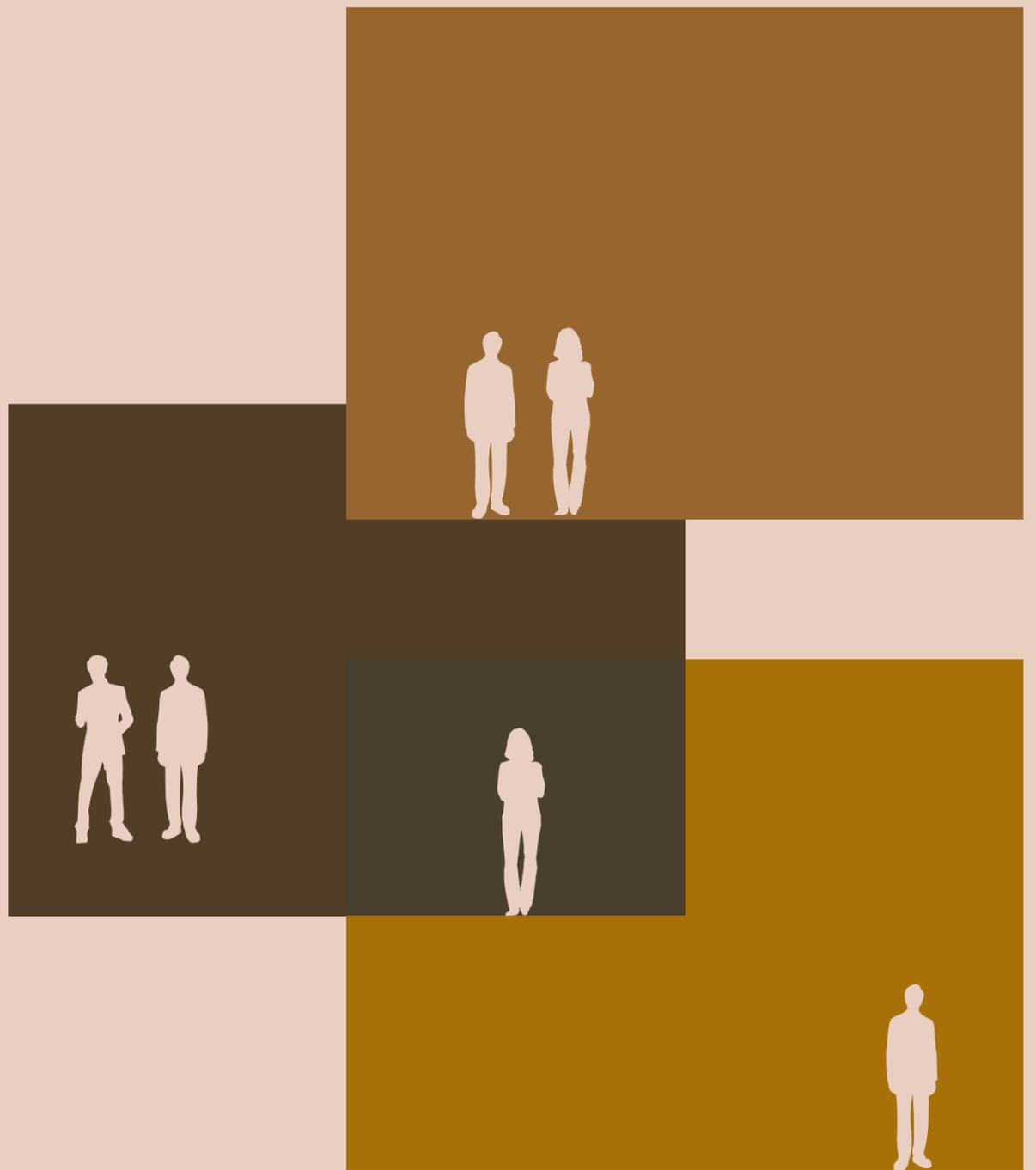




DeSPACE (International) Limited



SUBMISSION OF APPLICATION FOR PERMISSION
UNDER SECTION 16 OF THE TOWN PLANNING ORDINANCE (CAP. 131)
**FOR PROPOSED FLAT WITH SHOP AND SERVICES/EATING
PLACE IN “COMMERCIAL” ZONE ON DRAFT WAN CHAI
OUTLINE ZONING PLAN NO. S/H5/32 AT 42-44 YIU WA
STREET AND 28-29 CANAL ROAD EAST, HONG KONG**
SUPPLEMENTARY PLANNING STATEMENT

WORLD FIRM LIMITED
STAR KEY DEVELOPMENT LIMITED
WISE EASE LIMITED
CENTRAL SKY INVESTMENT LIMITED
CENTRAL MIND INVESTMENT LIMITED
Applicants

DESPACE (INTERNATIONAL) LIMITED
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Environmental Consultant
CKM ASIA LIMITED
Traffic Consultant
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Design Consultant

MARCH 2026

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Executive Summary

(The English version shall prevail)

The Applicant, the registered land owner of 42-44 Yiu Wa Street and 28-29 Canal Road East, Hong Kong (Inland Lot Nos. 5444 and 5445) (the Site), now seeks permission from the Town Planning Board (TPB) for proposed flat with shop and services/eating place (the Proposed Development).

Given the decreasing demand for commercial activities and in pursuit of the continuously rising housing needs, the Applicant intends to enhance the utilization of the Application Site by developing it into a residential tower with shop and services/eating place. Whilst the Site is zoned “Commercial” (“C”) on the Draft Wan Chai Outline Zoning Plan (OZP) No. S/H5/32 (OZP), “Flat” falls into Column 2 use which require planning permission from the Town Planning Board (TPB) with or without conditions, while “Shop and Services” and “Eating Place” falls into Column 1 use which is always permitted.

The Proposed Development comprises a single tower block of 26 storeys, with a plot ratio of approximately 9.47 and a building height of 102.9mPD, providing about 66 residential units. Shop and services/eating place uses are proposed at the ground floor to serve both future residents and the surrounding neighbourhood.

As a form of design merits, the Proposed Development will provide a building setback of approximately 2.8m along the northern boundary, allowing for the widening of the existing pedestrian walkway from 1.5m to 4.3m to enhance pedestrian circulation and connectivity within the area. In addition, vertical greenery will be incorporated from 1/F to 2/F on the building façades facing Yiu Wa Street and Canal Road East. These design features will enhance the local greenery, improve visual amenity, and introduce greater visual interest to the streetscape, thereby contributing to a more comfortable and vibrant pedestrian environment.

The proposal is justified mainly on the following reasons:

- The Site is suitable for flat development and in compatibility with the surrounding land uses
- More efficient use of scarce land resources
- In line with government’s policy initiatives for increasing housing supply
- Proposed development with ground floor shop and services to maintain the existing mixed-use character of Yiu Wa Street
- Proposed appropriate development scale
- Provision of design merits in the scheme which will improve the existing urban environment
- No insurmountable impact on the surroundings

In view of the justifications put forth in the Supplementary Planning Statement, TPB is kindly invited to give favourable considerations to this application.

行政摘要

(以英文版本為準)

申請人為香港耀華街 42–44 號及堅拿道東 28–29 號（內地段第 5444 及 5445 號）（申請地點）的註冊土地擁有人，現尋求城市規劃委員會（城規會）的擬議住宅及商店及服務行業／食肆。

鑑於近年商業活動需求下降，同時住宅需求持續上升，申請人擬透過將申請地點發展為一幢擬議住宅及商店及服務行業／食肆。根據灣仔分區計劃大綱草圖編號 S/H5/32（大綱圖），該用地被劃為「商業」地帶，而「住宅」用途屬於第二欄用途，須先向城規會申請。申請人現尋求城規會批准，而「商店及服務」及「食肆」則屬第一欄用途，為經常准許的用途。

擬議發展包括一幢 26 層高的住宅大樓，地積比率約為 9.47，建築物高度為主水平基準以上 102.9 米，提供約 66 個住宅單位。地下層將設置商店及服務／食肆用途，以服務未來住戶及周邊社區。

作為設計增益的一部分，擬議發展將於北面界線提供約 2.8 米的建築物後移，現有行人通道由 1.5 米擴闊至 4.3 米，從而改善區內的行人通行環境及連接性。此外，建築物面向耀華街及運河東街的外牆由地下至三樓將設置垂直綠化。有關設計措施將提升區內綠化水平、改善視覺景觀及增添街景活力，從而營造更舒適及具吸引力的行人環境。

總體而言，擬議發展俱備以下理據：

- 申請地點適合用作住宅發展，並與周邊土地用途兼容
- 更有效運用稀缺的土地資源
- 擬議發展規模相稱
- 擬議發展於地下提供商店及服務用途，可維持耀華街現有的混合用途特色
- 符合政府增加房屋供應的政策方向
- 發展計劃已提供設計優點
- 發展方案具備多項設計優點，有助改善現有城市環境
- 不會對四周環境造成不可克服的影響

基於規劃綱領中提出的理據，懇請城規會批准此規劃申請。

1. Introduction

DeSPACE (International) Limited acts on behalf of the applicants, namely, **World Firm Limited, Star Key Development Limited, Wise Ease Limited, Central Sky Investment Limited** and **Central Mind Investment Limited** (hereinafter referred to as “the Applicant”), the sole registered owner of Inland Lot Nos. 5444 and 5445 at 42-44 Yiu Wa Street and 28-29 Canal Road East, Hong Kong (the Site), to submit this section 16 town planning application for proposed flat with shop and services/eating place (the Proposed Development).

The Site is currently zoned “Commercial” (“C”) for an area of about 274.2 m² on the Draft Wan Chai Outline Zoning Plan (OZP) No. S/H5/32. According to the Notes of the OZP, “Flat” falls into Column 2 use which require planning permission from the Town Planning Board (TPB) with or without conditions, while “Shop and Services” and “Eating Place” falls into Column 1 use which is always permitted. The Application site was rezoned from “Commercial/Residential” (“C/R”) to “C” with stipulation of BH restriction of 135mPD under the draft Wan Chai OZP No. S/H5/26 gazetted on 24.9.2010.

In the 2025 Policy Address, under the chapter “Facilitate Stable Living in a Caring and Inclusive Society,” the Government claimed that safeguarding the basic housing needs of people of Hong Kong is the top priority of the governance. The Government will have sufficient land to meet the demand in the next 10 years, and will roll out such land to the market in an orderly and pragmatic manner. Besides Government land sale, other sources of private housing land supply include railway property development and Urban Renewal Authority projects, as well as private development projects.

In the Long-Term Housing Strategy Annual Progress Report 2025, it aims to meet the long-term housing needs of the community and to provide adequate housing to each and every household. Upon vacancy adjustment in the private sector, the 10-year total housing supply target from 2026-27 to 2035-36 is 420,000 units. As for private housing, the supply target for private housing in the coming decade is 126,000 units. The public/private split for the supply of new housing units would maintain at 70:30. This clear policy direction underscores the growing demand for housing needs and highlights the pressing need for the private sector to play an active role in complementing government efforts.

In the 2026-2027 Budget, in the chapter of “Land and Housing”, there will be a completion of about 17,000 private residential units annually in the coming 5 years. Expected first-hand, private residential unit supply to be about 104,000 units over the next 3-4 years. Financial Secretary stated that in the 2026/27 financial year land sale programme, the Government will introduce nine residential sites. Together with railway property developments, projects by the Urban Renewal Authority, as well as private development and redevelopment projects, a total of about 22,000 flats could be provided. No general commercial sites to be put on sale in the coming year. This represents a 60.58% increase compared with the 13,700 flats estimated in the 2025/26 Budget.

2. Site Context

2.1 Local Site Context

The Site, with a total area of about 274.2 m², is a Class B Site and located at Nos. 42-44 Yiu Wa Street and 28-29 Canal Road East (**Figure 1** – Location Plan, **Figure 2** – Lot Index Plan) where is at the periphery of Causeway Bay and characterised by a mix of Residential and Commercial buildings. Retail shops and food outlets are commonly located on the lower floors of buildings along Yiu Wa Street and the surrounding areas, whereas the upper floors are typically occupied by residential, office, or mixed uses.

It is a corner site at the junction of Yiu Wa Street and Canal Road East. It was previously occupied by two 6-storey (including ground floor) commercial and residential building complex, known as the Tak Cheong Building. The existing building has been demolished, and the Site is currently vacant, cleared, and bounded by temporary hoarding.

2.2 Surrounding Area of the Site

The surrounding area of the Application Site has the following characteristics (**See Figure 1 and Figure 3**):

- i. Majority of the area to the Southeast and northeast of the Site are occupied by residential developments and commercial developments (including hotels or serviced apartments);
- ii. To the immediate east of the Site are an array of low to medium-rise composite residential buildings with retail shops and eating place on the lowest floors of the buildings;
- iii. To the further east of the Site are commercial developments like the Leighton Centre and the Lee Theatre;
- iv. To the south of the Site across Leighton Road are the residential developments and recreational uses;
- v. To the immediate west of the site are the Canal Road bus only road and Canal Road Flyover. The majority of the area across the Flyover is predominantly residential in nature;
- vi. To the North of the Site is a large commercial hub with commercial developments like the Times Square;

Due to its proximity to the vibrant commercial core and employment centre in Causeway Bay District and the fact that the area had long been zoned as C/R, the Site is located in a well-established mixed use neighbourhood with both commercial developments and residential developments co-existing.

2.3 Accessibility

The Site directly abuts Canal Road East to its west which is a major district distributor according to the Annual Traffic Census 2024. It is not desirable to provide direct vehicular access (i.e. run-in/run-out) at the Site from Canal Road East since it is close to the junction of Canal Road East /Yiu Wa Street.

The Application Site enjoys excellent accessibility and is well served by a range of public transportation options. Numerous franchised buses, green minibus and tram routes operate along Leighton Street and Canal Road East, providing convenient local access. Canal Road bus only road is located 100m away from the Site. Furthermore, the Causeway Bay MTR Station, situated approximately 200m to the northeast of the Site, further reinforcing the Site's strategic accessibility.

2.4 Land Status

The Site is comprised of two Inland Lot Nos. 5444 and 5445 held under Block Government Lease. The term of the Government Lease governing Inland Lot No. 5444 and 5445 are 999 years commencing from 20 June 1881. The said lease is virtually unrestricted except the standard non-offensive trade clause.

3. Planning Context

3.1 Statutory Planning Context

The Site is currently zoned "Commercial" ("C") on the Draft Wan Chai Outline Zoning Plan No. S/H5/32 (**Figure 3**). This zone is intended primarily for commercial developments, which may include uses such as office, shop, services, place of entertainment, eating place and hotel, functioning as territorial business/financial centre(s) and regional or district commercial/shopping centre(s). These areas are usually major employment nodes. In accordance to the Notes of the OZP with regard to "C" zone, "Flat" use falls into Column 2 uses that may be permitted with or without conditions on application to the Board. Yet, it is a Column 2 use which requires planning permission from the Board. "Shop and Services" and "Eating Place" fall into Column 1 use which is always permitted in the OZP.

The Site is situated within a zone subject to a maximum BHR of 135mPD, as stipulated under the OZP. It is stated that no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of the maximum building heights, in terms of metres above Principal Datum, as stipulated on the Plan, or the height of the existing building, whichever is the greater.

The Site was initially zoned "Commercial/Residential" ("C/R") on the approved Wan Chai OZP No. S/H5/25 under which commercial (including 'office' use), residential and mixed commercial/residential uses are always permitted. Following the "Stage II Study on Review of Metroplan" (Metroplan Review), a review of the "C/R" sites in Wan Chai was undertaken

and the Application Site was rezoned from “C/R” to “C” for commercial development under the draft Wan Chai OZP No. S/H5/26 gazetted on 24.9.2010.

3.2 Non-Statutory Planning Context

3.2.1 Government Policies on Increasing Housing Land Supply

To address the shortage of housing and developable land in Hong Kong, the Government has in recent years implemented a series of policy initiatives aimed at increasing the supply of land for residential development. Major measures include the following:

Long Term Housing Strategy

The Long-Term Housing Strategy (“LTHS”) was first promulgated by the Transport and Housing Bureau on 16 December 2014 to address structural issues in Hong Kong’s housing supply and demand imbalance. The LTHS is updated annually to enable timely adjustments in response to prevailing housing conditions.

According to the *Long-Term Housing Strategy Annual Progress Report 2025*, the Government aims to meet the long-term housing needs of the community and ensure that adequate housing is provided for all households. After taking into account vacancy adjustments in the private sector, the total housing supply target for the 10-year period from 2026-27 to 2035-36 is set at 420,000 units.

Of this total, 126,000 units are targeted to be supplied by the private housing sector, maintaining the public-private split for new housing supply at 70:30. To achieve this target, the Government will continue to take forward land supply initiatives recommended by the Task Force on Land Supply (“TFLS”). It is anticipated that land formed through land sale programmes and railway property developments will provide capacity for approximately 80,000 units, with the remaining supply to be delivered through development projects undertaken by the Urban Renewal Authority (“URA”) and other private land development projects.

2025 Policy Address

In the 2025 Policy Address, it is announced that safeguarding the basic housing needs of people of Hong Kong is the top priority. Under the chapter “Facilitate Stable Living in a Caring and Inclusive Society,” the Government claimed that safeguarding the basic housing needs of people of Hong Kong is the top priority of the governance. The Government will have sufficient land to meet the demand in the next 10 years, and will roll out such land to the market in an orderly and pragmatic manner. Besides Government land sale, other sources of private housing land supply include railway property development and Urban Renewal Authority projects, as well as private development projects.

2026-2027 Budget

In the 2026-2027 Budget, in the chapter of “Land and Housing”, there will be a completion of about 17,000 private residential units annually in the coming 5 years. Expected first-hand, private residential unit supply to be about 104,000 units over the next 3-4 years. In the 2026/27 financial year land sale programme, the Government will introduce nine residential

sites. Together with railway property developments, projects by the Urban Renewal Authority, as well as private development and redevelopment projects, a total of about 22,000 flats could be provided. This represents a 60.58% increase compared with the estimated 13,700 flats in the 2025/26 Budget, underscoring the Government's policy commitment to expanding housing supply as a key measure to address the housing shortage in Hong Kong.

As stated in the 2026–27 Budget, no general commercial sites will be put up for sale in the coming year. Regarding land sale revenue, the Financial Secretary, Paul Chan, noted that while the residential property market has only recently stabilised, the commercial property market remains relatively weak. As a result, the Government's land premium income for the 2025/26 financial year is expected to remain at a low level. The revised estimate is HK\$17.5 billion, representing a decrease of HK\$3.5 billion compared with the original budget estimate. This reflects the Government's cautious outlook on the near-term prospects of the commercial property market in Hong Kong.

3.2.2 Overview of Office and Commercial Stock and Vacancy Rate in Wan Chai / Causeway Bay

With reference to the Hong Kong Property Review published by the Rating and Valuation Department, which provides an overview of the stock and vacancy rates of office and commercial floor space in Wan Chai and Causeway Bay from 2021 to 2025, both the total stock and vacancy rates for office and commercial uses have remained at relatively high levels over this period.

Table 3.1 – Stock of Office and Commercial in Wan Chai / Causeway Bay					
	2025	2024	2023	2022	2021
Wan Chai / Causeway Bay	Stock of Commercial				
	1,205,600	1,201,700	1,199,100	1,192,700	1,188,600
	Stock of Office				
	1,857,300	1,829,600	1,825,000	1,814,400	1,805,100

Table 3.2 – Vacancy Rate of Office and Commercial in Wan Chai / Causeway Bay					
	2025	2024	2023	2022	2021
Wan Chai / Causeway Bay	Vacancy Rate of Commercial				
	15.3%	12.9%	12.8%	12.8%	10.3%
	Vacancy Rate of Office				
	12.9%	11.3%	14.6%	12.6%	13.9%

Taking into account the aforementioned information on vacancy rates and the existing stock of commercial floor space, it is evident that there is an ample supply of office and commercial floor space within the Wan Chai and Causeway Bay area.

3.3 Similar Planning Applications

Table 3.3 – Approved Planning Applications Involving Flat Use in “C” Zone			
Case No.	Address	Proposed Use	Planning Consideration
A/K2/220 (18/2/22)	15-15A, 17, 19 and 23	Proposed Composite Development with	<ul style="list-style-type: none"> the proposed composite development for residential and retail/restaurant uses is

<p>Site Area: About 778m²</p>	<p>Saigon Street, Yau Ma Tei</p>	<p>Flat and Shop and Services/ Eating Place Uses</p>	<p>considered not incompatible with the surrounding developments in land use perspective, which is mainly mixed commercial and residential in nature.</p> <ul style="list-style-type: none"> • CTP/UD&L, PlanD considers that the proposed development is unlikely to induce any significant adverse effects on the visual character of the surrounding townscape. • Other relevant government departments consulted including DSD, FSD, HyD, and WSD have no adverse comments on or no objection to the application.
<p>A/H3/445 (18/3/22)</p> <p>Site Area: About 1,354.5m²</p>	<p>28 Des Voeux Road West, Sheung Wan, Hong Kong</p>	<p>Proposed Flat with Permitted Shop and Services/ Eating Place</p>	<ul style="list-style-type: none"> • The proposed composite development for residential and retail/restaurant uses is considered not incompatible with the surrounding development from land use perspective, which is mainly mixed commercial and residential in nature. • CTP/UD&L, PlanD considers that the proposed development is unlikely to induce significant adverse effects on the visual character of the surroundings. • DEP and DSD have no comments on the application from the sewerage aspect. Other relevant departments consulted, including WSD, CEDD and Fire Services Department, have no adverse comments on the application.
<p>A/K2/222 (24/3/22)</p> <p>Site Area: About 297m²</p>	<p>Nos. 22-28 Cheong Lok Street, Yau Ma Tei</p>	<p>Proposed Composite Development with Flat, Shop and Services/ Eating Place</p>	<ul style="list-style-type: none"> • the proposed residential development with retail/restaurant on G/F is considered not incompatible with the surroundings, which is mainly mixed commercial and residential in nature (Plans A-3 to A-5). There were also three similar applications in the vicinity. • CTP/UD&L, PlanD considers that the proposed development is unlikely to induce any significant adverse effects on the visual character of the surrounding townscape.

			<ul style="list-style-type: none"> Other relevant government departments consulted including DSD, FSD, HyD, and WSD have no adverse comments on or no objection to the application.
A/K2/223 (12/1/24) Site Area: About 1,305m ²	43-49A Hankow Road, Tsim Sha Tsui, Kowloon	Proposed Flat with Permitted Office, Shop and Services and Eating Place Uses	<ul style="list-style-type: none"> from land use perspective, the proposed residential development with retail/restaurant on G/F is considered not incompatible with the surroundings, which is mainly mixed C/R in nature. CTP/UD&L, PlanD considers that these measures may promote street vibrancy, permeability, visual interest and pedestrian comfort and enable an efficient site configuration. Other relevant government departments consulted including DSD, HyD, and WSD have no adverse comments on or no objection to the application.
A/H3/449 (05/12/24) Site Area: About 614.8m ²	152-164 Wellington Street, Sheung Wan, Hong Kong	Proposed Flat with Permitted Shop and Services and Eating Place Uses	<ul style="list-style-type: none"> The proposed composite development for residential and shops/eating place uses is considered not incompatible with the surrounding development from land use perspective, which is mainly mixed commercial and residential in nature. CTP/UD&L, PlanD and CA/ASC, ArchSD have no comments on the application from the visual perspective. DEP has no objection to the application from the environmental perspective. Other relevant departments consulted, including BD, WSD, DSD, FSD, H(GEO) of CEDD have no adverse comments on the application.

From the above cases, whilst the proposed shop/restaurant are always permitted in “C” zone, the proposed ‘Flat’ use may not be fully in line with the planning intention of “C” zone. However, from land use perspective, the proposed residential development with retail/restaurant on G/F is considered not incompatible with the surroundings, which is mainly mixed commercial and residential in nature. Design merits like building setback and landscape treatments like vertical greenery is unlikely to induce any significant adverse effects on the visual character of the surrounding townscape and would promote visual interest, pedestrian comfort and street vibrancy.

4. Proposed Development

4.1 Development Scheme

The Applicant proposes to develop the Site into a residential development with shop and services/eating place uses. The Proposed Development comprises one tower block with 26 residential storeys and a building height of approximately 102.9mPD.

Shop and services/eating place uses, together with the residential lift lobby, will be provided at G/F. E&M facilities will be located on 1/F to 2/F, while a Clubhouse facility with covered podium will be provided on 3/F. A total of 66 residential units will be provided from 5/F to 29/F, accommodating an estimated population of approximately 132 persons. It is anticipated that the Proposed Development will be completed by 2030.

The key development parameters and the proposed floor uses of the Proposed Scheme are summarized in **Tables 4.1** below respectively. The schematic drawings are provided in **Appendix 1**.

Table 4.1 Key Development Parameter	
Site Area (About)	274.2 m ²
^[1] Total Gross Floor Area (GFA) (about)	2,595 m ²
Domestic	2,280 m ²
Non-domestic	315 m ²
Total Plot Ratio (PR) (about)	9.47
Domestic	8.32
Non-domestic	1.15
Building Height (BH) (at main roof level)	102.9mPD
No. of Storeys	26
^[2] Site Coverage (SC)	
Domestic	Not more than 62%
Non-domestic	Not more than 92%
No. of Blocks	1
Number of Units	66
Anticipated Population	132
Private Open Space	Not less than 132 m ²
Greenery Provision	Not less than 20%
^[3] Main Floor Uses	
G/F	Shop and services/eating place, lift lobby, E&M facilities
1/F – 2/F	E&M facilities
3/F	Clubhouse, covered podium
5/F – 29/F	Residential flats

Remarks:

[1] Assuming GFA concessions and/or exemptions granted for residents' clubhouse, E&M plant rooms, balcony, utility platform, common staircase, etc. which are subject to the Building Authority's approval at the building plan submission stage.

[2] Applications to the Building Authority (BA) will be made to modify the SC provisions by means of the "Set Back Approach". It involves a 1.7m setback of the building from Yiu Wa Street, resulting a setback area of not less than 8% of the site area in compliance with the PNAP APP-132. The permissible SC varies with the height of different levels of the building and the largest floor plate will be permitted with a maximum SC of up to 92% and will be subject to approval of the BA.

[3] 4/F, 13/F, 14/F and 24/F are omitted.

4.2 Design Merits

In formulating the Proposed Scheme, the design has taken into account the various site constraints as well as design considerations in order to ensure the Proposed Scheme is designed to create a high-quality development in harmony with the surrounding environment. The following design merits are incorporated in the scheme for improving the existing urban environment:

Building Setbacks

The existing footpath on Yiu Wa Street is approx. 1.5m wide. A total 2.8m full-height setback from the site boundary along Yiu Wa Street is provided. It allows the existing footpath on Yiu Wa Street to be widened from about 1.5m to about 4.3m. The proposed building setback will create a more pleasant and less congested walking environment on Yiu Wa Street, thus enhancing the pedestrian safety.

Vertical Greenery

Vertical greenery is proposed on part of the building façade from 1/F to 2/F both facing Yiu Wa Street and Canal Road East to enhance local greenery and visual amenity and promote visual interest and conducive to a comfortable and vibrant pedestrian realm. It would soften the building block with harmonious planting design to improve the compatibility of the proposed development to its surrounding environment.

Illustration 1: Visual Comparison of Existing Condition and Proposed Development with Design Merits





4.3 Access Arrangement and Transportation Provisions

There will be no car parking and loading/unloading bays within the Proposed Development. Separated entrances for the retail and residential uses are provided to prevent nuisance to the residents. Moreover, access to both road-based and rail-based public transport services is convenient. Numerous franchised buses, green minibus and tram routes operate along Leighton Street and Canal Road East, providing convenient local access. Canal Road bus only road is located 100m away from the Site. Furthermore, the Causeway Bay MTR Station, situated approximately 200m to the northeast of the Site.

5. Planning and Technical Justifications

5.1 The Site is suitable for residential development and in compatibility with the surrounding land uses

The Site benefits from a highly accessible location and is well connected by multiple modes of public transport. The Canal Road bus-only Road and several bus stops are located in close proximity, while MTR Causeway Bay Station is within approximately a five-minute walking distance. In addition, a number of bus routes operate along the surrounding road network. The existing at-grade pedestrian network further enhances connectivity to nearby districts such as Causeway Bay and Wan Chai, providing convenient access for future residents.

The Application Site is situated within the core commercial district of Causeway Bay. The surrounding area is characterised by a concentration of office and retail developments, particularly around the Times Square precinct, which serves as a major employment and commercial hub. Residential developments are also present in the vicinity, often intermixed with commercial uses building in the same “C” zone.

Based on the plan and site inspections (refer to **Figure 1 and Figure 3**), the area exhibits a distinct mixed-use development pattern where commercial activities, including offices, hotels, and retail premises, co-exist with residential uses both horizontally across different buildings and vertically within the same developments. This mixed-use character complements the commercial business centre located to the north of Yiu Wa Street, while also forming a transitional interface with the predominantly residential neighbourhood further uphill towards Happy Valley.

Furthermore, various planning applications for residential use within areas zoned “C” have previously been approved by the TPB. These approvals demonstrate that ‘Flat’ use is considered suitable and compatible within commercial zones, as summarised in **Table 3.3**.

With the zoning history of the area as shown in section 3.1, the flexibility given by the former “C/R” zone created the current mixed and organic pattern of the area. The Proposed Development has also retained the character of the locality of having shop and service uses on the lower floors and to maintain a vibrant street frontage. After all, office and residential uses are in nature complementary to each other.

5.2 Optimising the Use of Scarce Land Resources

Following the approval of the building plans in 2023 for a commercial development originally intended as a Ginza-style commercial building, the Applicant has undertaken a review of the most appropriate use of the Site in light of the evolving economic environment and changing land use demand in the post-pandemic period. In recent years, Hong Kong’s office market has experienced relatively weak demand due to factors such as the high-interest rate environment and increased geopolitical uncertainties. These conditions have led many businesses to adopt a more cautious outlook and to streamline operational costs, including reassessing their office rental commitments and space requirements. As stated in the 2026-2027 Budget, no general commercial sites to be put on sale in the coming year which shows

the attitude of the government towards the future of commercial property market in Hong Kong.

In addition, the growing prevalence of remote and hybrid working arrangements since the pandemic has further reduced the demand for traditional office space. A review of the existing stock and vacancy rates of commercial and office floor space indicates that demand for office uses has declined significantly. At the same time, there is a substantial supply of commercial and office floor space across various districts in Hong Kong, including East Kowloon, where the market is expected to take several years to absorb the available stock.

In light of these circumstances, the Applicant has carefully considered how the Site can be utilised more efficiently to better respond to prevailing market needs. The proposed composite development comprising residential and commercial components is considered compatible with the surrounding neighbourhood in terms of both land use and development intensity. Such an approach represents a pragmatic use of scarce land resources while allowing greater flexibility to respond to changing market conditions. The Proposed Development would therefore provide residential accommodation alongside commercial uses and would be compatible with the predominantly residential character of the surrounding area.

5.3 In Line with Government's Policy Initiatives for Increasing Housing Supply

Increasing housing supply has long been one of the Government's key policy priorities. Addressing the persistent imbalance between housing supply and demand forms an integral part of the Government's long-term housing strategy. To tackle the housing shortage and meet the strong demand for housing in Hong Kong, the Government has adopted a multi-pronged approach to increase land supply in the short, medium and long term. According to the latest LTHS Annual Progress Report released in September 2025, the estimated housing demand for the ten-year period amounts to 410,500 units, with the public-to-private housing supply ratio maintained at 70:30. Within this framework, the target supply for private housing over the coming decade is 126,000 units.

As stated in the 2026–27 Budget under the chapter "Land and Housing", the Government anticipates the completion of approximately 17,000 private residential units annually over the next five years. In addition, the supply of first-hand private residential units is expected to reach about 104,000 units in the next three to four years. Under the 2026/27 Land Sale Programme, the Government plans to introduce nine residential sites. Together with railway property developments, projects undertaken by the Urban Renewal Authority, as well as private development and redevelopment projects, these initiatives are expected to provide approximately 22,000 flats.

Against this policy background, the Proposed Development, which will provide approximately 66 flats, would contribute to the timely delivery of additional housing supply. Compared with large-scale developments that require longer implementation periods, the proposal would allow residential units to be delivered within a relatively shorter timeframe. The development is therefore fully in line with the Government's policy direction of increasing housing supply and optimising the utilisation of land resources. Given the scarcity of developable land in Hong Kong, the proposal represents a more efficient and optimal use of valuable land resources.

5.4 Design Merits of the Proposed Development in Enhancing the Existing Urban Environment

As the perspective drawings shown in Section 4.2, the proposed design introduces a series of measures that will significantly enhance the pedestrian environment and visual quality of the surrounding streetscape. Along Yiu Wa Street, the building is set back by 2.8m from the site boundary, allowing the existing footpath to be widened from approximately 1.5m to about 4.3m. This substantial increase in pavement width will alleviate current congestion, provide more comfortable space for circulation, and improve overall pedestrian safety, particularly during peak hours. The wider footpath also creates opportunities for better wayfinding, clearer separation between pedestrians and vehicular traffic, and a more generous, human-scaled streetside experience.

In addition, the vertical greenery on the building façade from the 1/F to 2/F, facing both Yiu Wa Street and Canal Road East, will greatly enrich the visual interest of the development. These green elements will soften the appearance of the building massing, providing a more welcoming and less imposing frontage to the street. They will also contribute to local greenery, improving visual amenity for pedestrians and neighbouring residents, and helping to break up the hard urban landscape.

The proposed building setback and vertical greening promotes a more comfortable, attractive, and vibrant pedestrian realm, reinforcing the integration of the proposed development with its surroundings and supporting a more liveable streetscape character.

5.5 Proposed Development with Ground Floor Shop and Services to Maintaining the Mixed-Use Character of Yiu Wa Street

Yiu Wa Street is characterised by a variety of retail outlets and eating places located on the lower floors of existing buildings. These ground-level commercial uses provide daily goods and services that support both the working population in the commercial area north of Yiu Wa Street and the local residential community situated south of Canal Road East.

Under the Proposed Development, shop and services/eating place uses will be provided at the ground floor with entrances from both Yiu Wa Street and Canal Road East. This arrangement will help maintain the prevailing mixed-use character of Yiu Wa Street, where commercial activities are concentrated on the lower floors while residential accommodation is accommodated on the upper levels.

5.6 Proposed Appropriate Development Scale

The Proposed Development has taken due consideration of the development intensity of the surrounding development that would be appropriate for the land use context. The proposed building height of 102.9mPD complies with the building height restriction stipulated under the OZP. With a site coverage lower than that permitted for non-domestic developments, the proposed building bulk, together with the design merits of the scheme, would result in a development that appears less bulky than the surrounding buildings.

5.7 No Insurmountable Impact on the Surroundings

5.7.1 No Adverse Visual Impacts

The proposed building height of 102.9mPD complies with the building height restriction stipulated under the Approved OZP. It shows that the Proposed Development is compatible with the surrounding building height profile and setting. The Proposed Development with the design measures will induce minimal visual impact, but instead will help promote visual interest, permeability and the pedestrian environment.

5.7.2 No Adverse Traffic Impacts

The Site is well served by public transport services such as bus, tram and MTR. Given the existing provision of public transport and the limited site area, no car parking spaces are proposed within the development. A Traffic Impact Assessment will be conducted at a later stage to review the capacities of existing road junctions and assess the peak-hour traffic generated by the proposed development. As the Proposed Development involves a relatively small residential population and retail activities, no adverse traffic impact on the surrounding road network is anticipated.

5.7.3 No Adverse Environmental Impacts

Noise Impact

The Site is located in close proximity to the Canal Road Flyover, which is the main noise source affecting nearby noise-sensitive receivers. A Noise Impact Assessment will be conducted at a later stage to evaluate both road traffic and fixed plant noise. With the implementation of appropriate noise mitigation measures, such as acoustic window (baffle type), enhanced acoustic balcony (baffle type) and fixed glazing etc, the predicted road traffic noise levels at all residential flats would comply with the noise criterion. No significant road traffic or fixed noise impacts are anticipated.

Air Impact

An Air Quality Impact Assessment will be supplemented at a later stage to evaluate the air quality. During the construction phase, the Proposed Development will involve only small-scale demolition, foundation, and superstructure works, which are expected to generate minimal air quality impacts and good site practices. These impacts can be effectively controlled through standard construction-site mitigation measures. Therefore, no adverse air quality impacts from the Proposed Development are anticipated.

5.7.4 No Adverse Drainage and Sewerage Impacts

Drainage Impact

Surface runoff from rainfall will be directed to existing public storm drains. As the application site is currently hard-paved, the proposed development will not alter the drainage paths or runoff patterns. Since the existing drainage system will be retained without modification, no additional stormwater discharge is expected. Therefore, adverse impact on the existing drainage system is not anticipated.

Sewerage Impact

The nearest sewerage network is located along the lane at the back alley of the application site (i.e. to the south of the application site). The capacities of the existing and proposed sewers will be verified with reference to upstream and downstream flow data, as well as projected sewage generation from the Proposed Development. The increase in foul water discharge after development is expected to be minimal. Therefore, no adverse sewerage impact is anticipated.

CONCLUSION

This planning application seeks Town Planning Board's permission for flats with shop and services/eating place at 42-44 Yiu Wa Street and 28-29 Canal Road East.

The Application Site is conveniently located at the corner of Canal Road East and Yiu Wa Street. Given the decreasing demand for commercial activities and in pursuit of the continuously rising housing needs, the Applicant intends to enhance the utilization of the Application Site by developing it into a residential tower with shop and services/eating place. Moreover, the proposed design merits including the building setback and vertical greenery will benefit the locality.

In summary, the Proposed Development is considered fully justified from the following perspectives:

- The Site is suitable for residential development and in compatibility with the surrounding land uses
- Optimising the use of scarce land resources
- In line with government's policy initiatives for increasing housing supply
- Proposed development with ground floor shop and services to maintain the existing mixed-use character of Yiu Wa Street
- Proposed appropriate development scale
- Design merits of the proposed development in enhancing the existing urban environment
- No insurmountable impacts on the surroundings

In view of the above, members of the Town Planning Board are respectfully requested to favourably consider this application.