

Appendix IV: Background of the Affected Operators

BACKGROUND OF THE AFFECTED OPERATORS

1 Background of the Affected Operators (Batch 1) and their Site for this Application

1.1 Under this application, Hong Kong & Kowloon Timber Merchants Association Ltd. (the Applicant/ HKTMA) is representing several different operators in Kwu Tung North who all are key players in their discipline. They specialise in different timber, sawmill and other related services, and they have some common areas which HKTMA treasured and agreed to offer their assistance. The first batch of 6 affected operators is:-

1. Million Loy Development Ltd. (Million Loy) (萬樂來發展有限公司)

Million Loy is the leader in Hong Kong timber packaging and wooden pallets market. With a long history of more than 50 years, they account for more than 70% of the market. They are also the biggest importer of European construction timber in Hong Kong which amount to about 15% of the construction timber market.

2. Fai Kee Timber Co. Ltd. (Fai Kee) (輝記木業有限公司)

Fai Kee is the leader in Hong Kong interior decoration market. They supply their timber products to over 50% of timber product retailers in Hong Kong mainly in Wan Chai, Mong Kok and Fo Tan area.

3. Truefaith Enterprise Ltd. (Truefaith) (前稱 (順發木器廠)

Truefaith is a family owned business specialising in making rattan furniture for export market. They keep part of their old factory in Kwu Tung North as a hub and sourcing centre for their operations.

4. Tak Kee Timber Company (Tak Kee) (德記木行)

Tak Kee is a unique local sawmill supplying durable tropical hardwood for trucking flooring and wooden fence in Hong Kong. They are the last surviving company supplying and offering such type of service and operation.

5. Wong Chu Kee Timber (Wong Chu Kee) (王照記木行)

Wong Chu Kee is the family members of Tak Kee. Their service is one of the key elements in the success of construction timber business in Kwu Tung North, and they will continue to be a crucial support to other operators after they have proceeded with their operation at the new site in Sha Ling.

6. Polyrife Timber Ltd. (Polyrife) (寶利豐木業有限公司)

Polyrife is a legend in the construction timber market. They provide just in time and full product range to support their customers and account for about 15% of the market share in Hong Kong. In recent years, the next generation has taken over the business and they will continue to grow their business after relocation and continues to be a significant player in the Hong Kong timber market.

- 1.2 The above 6 affected operators have a long history of at least 15 years, and some of them are multi-generational business for more than 50 years. More importantly, they all have their next generation to take over their business and work for their family legacy. Before their original sites had reverted to the Government, there were a total of 9 affected sites for the above 6 operators distributed in different areas of Ma Tso Lung, Kwu Tung North (see **Plan 1** and **Table 1**). HKTMA gathered the business and operational background of each affected operators as detailed in **Table 2** to identify suitable site in the North District that can fulfill their operational needs. They also intended to take this opportunity to group all operations in a single site for better cost sharing at the relocation site. On 30.4.2021, a section 16 planning application (Application No. A/NE-MKT/17) was approved by the Town Planning Board and the aforesaid affected operators had subsequently relocated their business to the new site in Sha Ling.
- 1.3 During the implementation stage which crossed paths with the COVID-19 pandemic, the operation within the rural workshops has been changed. The minor resawn services as previously proposed in the approved scheme have been migrated to Mainland China and done before transporting the timber to the application site for storage and delivery to customers. Thus, the affected operators will no longer provide workshop/ resawn services and the new site will only be used for storage of timber and related products.

Table 1: Location and Size of the Affected Operators (Batch 1)

Location of the Affected Sites	Hereafter refer as	Name of the Operator	Site Area (sq. m.)	Affected Phase
DD95 Lot 313 (Part)	Site 1	Million Loy	2,845.1	2
Government Land near Community Sports	Site 2	Million Loy	1,419.3	1
DD96 Lot 2240A ss1	Site 3	Million Loy	534.0	1
DD96 Lot 2240D ss1 C	Site 4	Fai Kee	413.4	1
DD96 Lot 2240D ss1	Site 5	Tak Kee	516.7	1
DD96 Lot 2240K ss2	Site 6	Fai Kee	441.8	1
DD96 Lot 2240K ss1	Site 7	Truefaith	915.0	1
DD95 Lot 338 (Part)	Site 8	Wong Chu Kee	446.4	1
DD95 Lot 197RP	Site 9	Polyrife	2,816.1	3
Total			10,347.8	

Table 2: Operation of the Affected Operator (Batch 1)

Affected Operator	In KTN since	Total Site Area (sq. m.)	Business	Opening Hour	No. of Staff	No. of Visitor	Type of Vehicle (Average no. of trip per day)
Million Loy	1987	4,798.3	Construction and packaging wood	8:00 – 18:00 (MON – SAT)	20	4	Container Vehicle (2.2) HGV (5.2), MGV (5)
Fai Kee	1983	855.2	Decoration & furniture wood	8:00 – 18:00 (MON – SAT)	8	2	HGV (2.2) MGV (5)
Truefaith	1983	915.0	Rattan furniture	8:00 – 18:00 (MON – SAT)	5	2	HGV (1.6) MGV (4)

Tak Kee	1983	516.7	Car Body & garden wood	8:00 – 18:00 (MON – SAT)	3	2	HGV (1) MGV (1.5)
Wong Chu Kee	1983	446.4	Construction timber	8:00 – 18:00 (MON – SAT)	4	2	HGV (1.8)
Polyrife	2003	2,816.1	Construction timber	8:00 – 18:00 (MON – SAT)	12	3	Container Vehicle (1.8) HGV (3), MGV (5)
Total							Container Vehicle (4) HGV(14.8), MGV(20.5)

Remarks: Heavy Goods Vehicle (HGV)
Medium Goods Vehicle (MGV)

2 **Background of the Affected Operators (Batch 2) and their Site for this Application**

2.1 In addition, HKTMA is representing two more operators in Kwu Tung North, who are also key businesses in their field. One operator specialises in providing wooden construction materials, and the other operator specialises in utilising timber and associated materials to set up exhibitions in Hong Kong. The second batch of 2 affected operators is:

7. **Serawak (K.T.) Company Ltd. (Serawak) (砂勞越(建大)有限公司)**

Serawak has been a provider of wooden construction materials in Hong Kong for over 40 years, with over 18 years of warehouse operation in their current site within the North district. All of the wooden materials that their warehouse handles are imported, and they act as one of the largest distributor of wooden materials in Hong Kong. To provide a stable, timely and reliable supply of wooden materials for local construction parties, they ensure their warehouses maintain large reserves of wood to meet local demand.

However, the current site for Serawak would have to be resumed and reverted to the Government by first quarter of 2024. The recent eviction notice from the Government will incur significant detrimental impacts to the company, as well as a significant number of infrastructure projects relying on their availability of wooden materials. Hence, it is extremely important for them to make their relocation and continuation of their business a seamless transition. HKTMA hopes that the Government can be thoughtful in providing the appropriate support and assistance.

8. **Ronca Exhibition Ltd. (Ronca) (朗嘉展覽有限公司)**

Ronca is one of the largest consultancy companies in Hong Kong engaging in large and small-scale exhibitions, shopping mall decorations and setting up of contractual event exhibitions. Whilst business was tough during the COVID-19 pandemic, both Hong Kong and the exhibition business has recovered and there is significant demand for their services. However, the current site for Ronca would have to be resumed and reverted to the Government by first quarter of 2024. Ronca has recently been ordered by Lands Department to vacate the current operating site. If Ronca is unable to secure seamless transitional arrangements, this will incur significant detrimental impacts to their business and operations. Due to the severity

and urgency of the situation, HKTMA hopes to seek support and assistance from the Government in protecting their related industry. As well as providing first class services, their vision lies within future developments as a contribution of the Hong Kong exhibition industry.

2.2 Currently, there are a total of 2 affected sites for the above 2 affected operators. They fall within the planning scheme area of the Draft Kwu Tung North Outline Zoning Plan (OZP) No. S/KTN/3. As indicated in **Plan 2** and **Table 3** respectively, these 2 affected sites are distributed in different areas within Kwu Tung North. Currently, Serawak is located at an area zoned “Residential (Group B)” and Ronca is located at an area zoned “Other Specified Use (Business and Technology Park)” on the Draft Kwu Tung North OZP. Same as the previous practice, HKTMA gathered the business and operational background of each affected operators as detailed in **Table 4** to identify suitable site in the North District that can fulfill their operational needs.

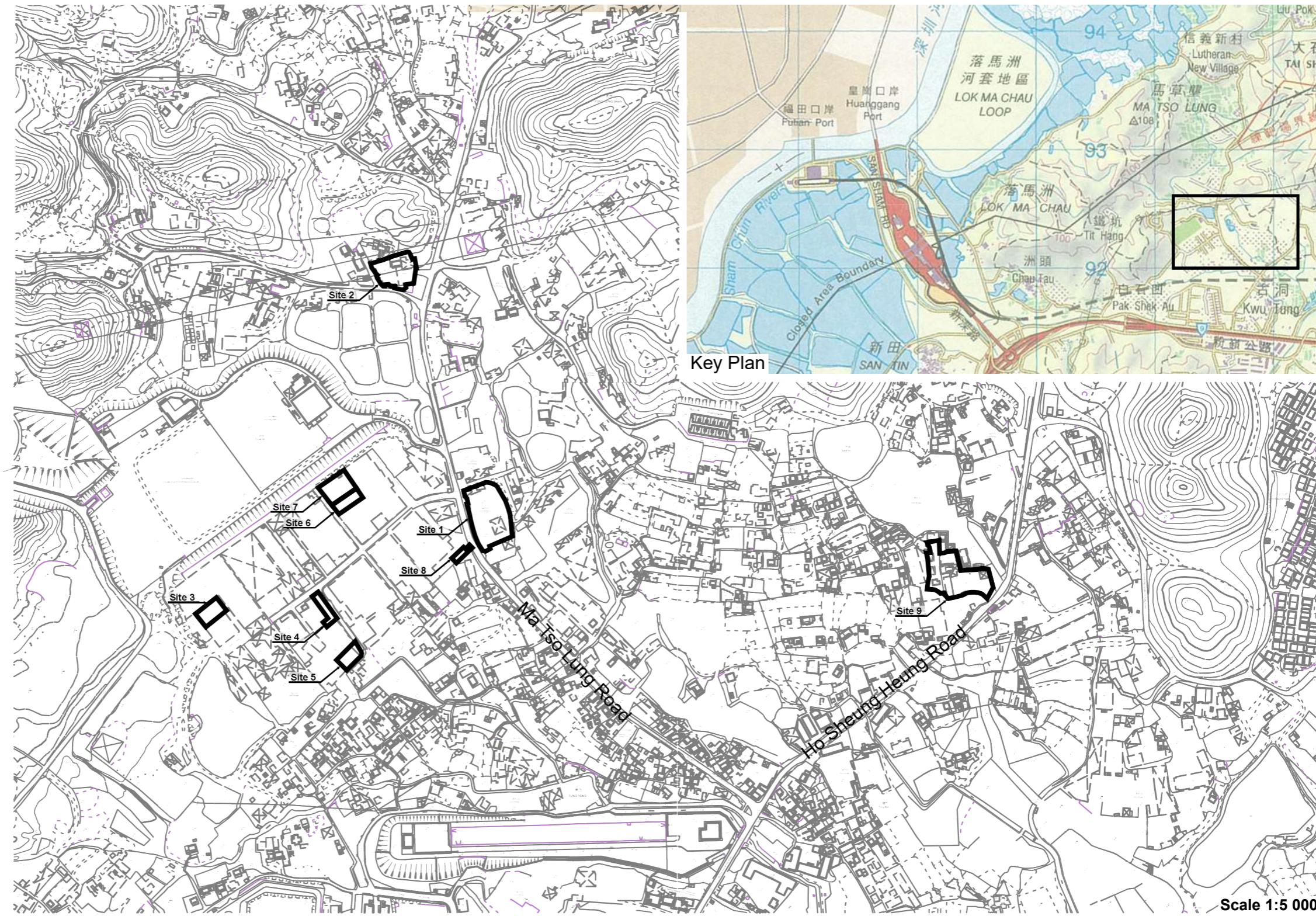
2.3 As previous mentioned, the minor resawn services under the affected operators have been migrated to Mainland China and done before transporting the timber and other related materials to the new relocation site for storage and delivery to customers. Therefore, they will no longer provide workshop/ resawn services and only be used for storage of timber and related products at the application site.

Table 3: Location and Size of the Affected Operators (Batch 2)

Location of the Affected Sites	Hereafter refer as	Name of the Operator	Site Area (sq. m.)	Affected Phase
DD95 Lots. 190 S.A, 212 S.A, 212 RP, 213 and 1914 and adjoining government land	Site 10	Serawak	2,875.5	2
DD92 Lot Nos. 909 S.A, 910 (Part), 912 RP (Part), 913, 914 RP, 915 RP and 915 S.A s.s.1 and adjoining government land	Site 11	Ronca	3,394	3
Total			6,269.5	

Table 4: Operation of the Affected Operator (Batch 2)

Affected Operator	In KTN since	Total Site Area (sq. m.)	Business	Opening Hour	No. of Staff	No. of Visitor	Type of Vehicle (Average no. of trip per day)
Serawak	2005	2,875.5	Storage & provision of construction materials	8:00 – 18:00 (MON – SAT)	10	2	Container Vehicle (2) HGV (2)
Ronca	2007	3,394	Storage & provision of decorations & setting up of contractual event exhibitions	8:00 – 18:00 (MON – SAT)	28	4	Container Vehicle (2) HGV (4), MGV (2)
Total							Container Vehicle (4) HGV(6), MGV(3)



Scale 1:5 000



Plan 1 : Site Plan for the Existing Location of the Affected Operator (Batch 1)



Plan 2: Site Plan for Existing Location of the Affected Operator (Batch 2)