

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 has already been 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 has already been 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/4. 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.

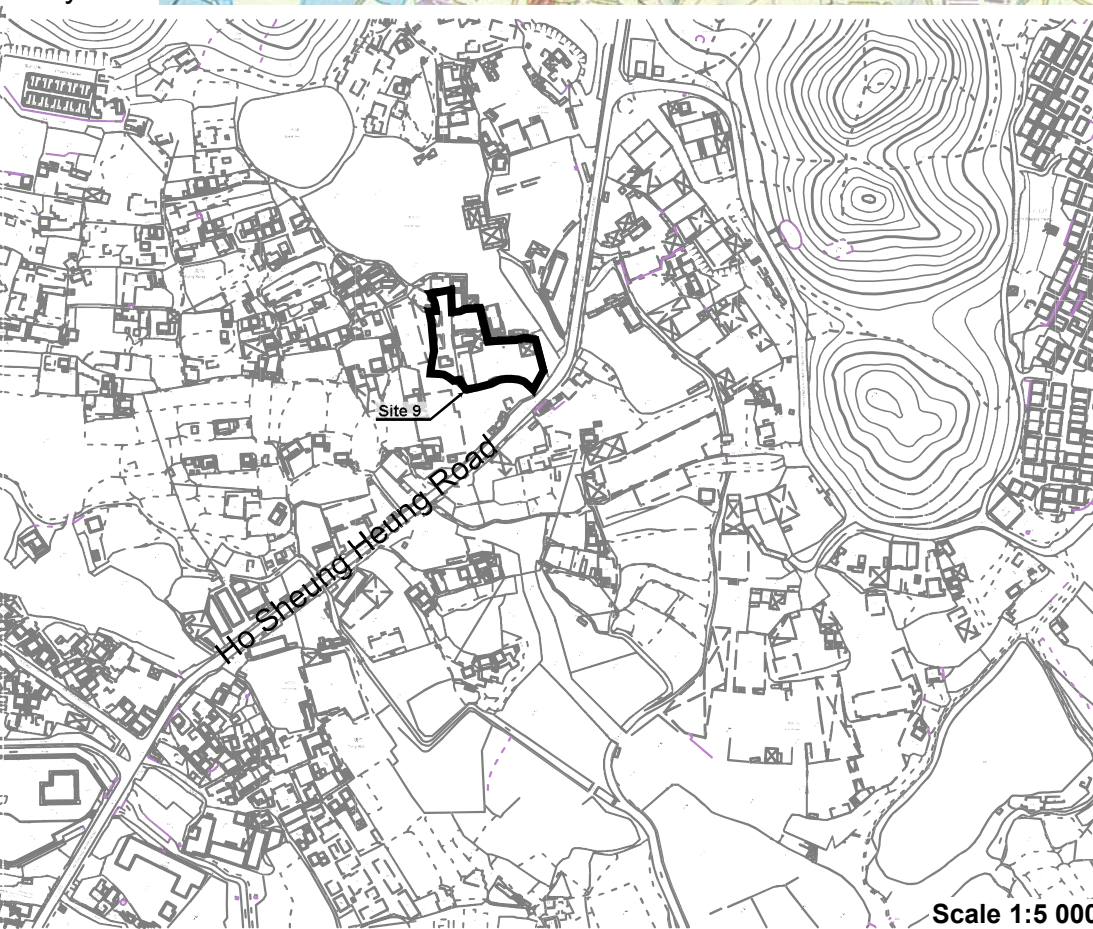
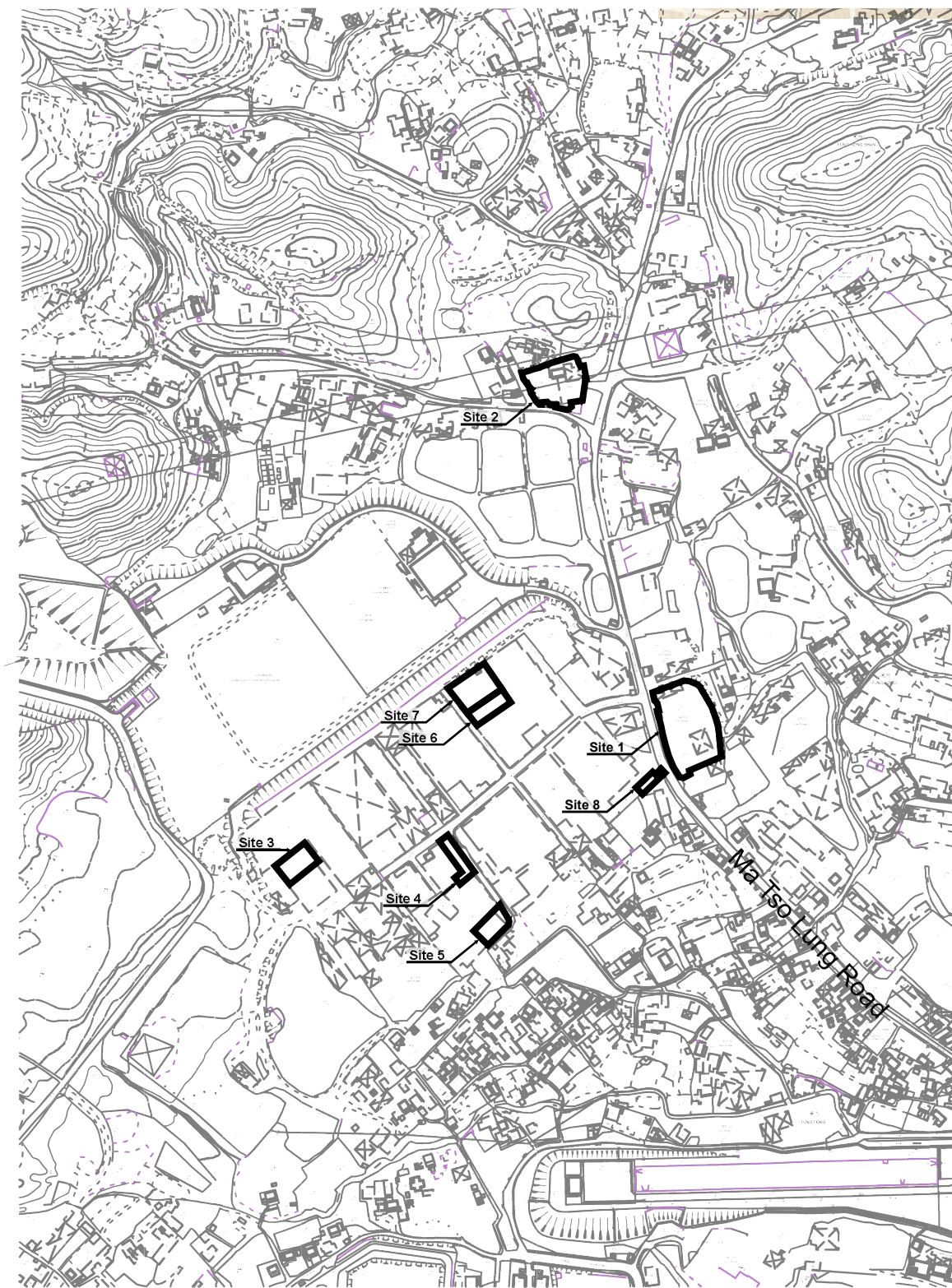
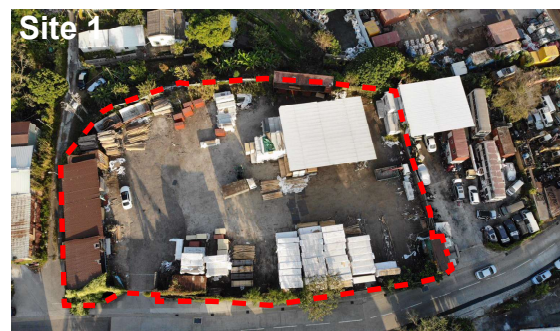
2.3 As previous mentioned, the minor resawn services under the affected operators have been migrated to Mainland China and done before transporting the timber and other related materials to the new relocation site for storage and delivery to customers. Therefore, they will no longer provide workshop/ 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), MGW (2)
Total							Container Vehicle (4) HGV(6), MGW(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)

COMPREHENSIVE SITE SEARCH EXERCISE

1 Special Criteria for the Relocation Site to Meet Their Operational Needs

1.1 The operators under this application have been operating successfully in the timber and relative industry. With the land resumption commenced in late 2019 due to the Kwu Tung North/ Fanling North New Development Area development, it is necessary for them to relocate their business and continue to contribute to the economic developments in Hong Kong. However, many private lands in the Northern New Territories and North West New Territories had already/ would have to be resumed by the Government. There are difficulties for Hong Kong & Kowloon Timber Merchants Association Ltd. (the Applicant/ HKTMA) to identify a suitable site in the vicinity of the existing operation sites. Besides, the following criteria are required to be met for the relocation site in order to comply with their special operational requirements as detailed in **Section 2:-**

1. The **location** of the site is preferably selected in the North District (same district to the existing operation site) to facilitate their operation;
2. The **size** of the site should be similar to the existing operation site in Kwu Tung North;
3. The site must have proper **access** (or no right of way problem) to allow container vehicles, heavy goods vehicles and medium goods vehicles entering the site;
4. The site should not be elongated in **shape** and should have sufficient space for manoeuvring of vehicles;
5. **Price** offer of the site cannot be too high;
6. The site cannot be too close to residential developments - avoid **local objection**;
7. Sites with sensitive **zoning** (i.e. such as Green Belt (GB), Coastal Protection Area, Site of Special Scientific Interest and Country Park) shall not be considered;
8. No substantial pond filling and clearance of vegetation required – **no insurmountable problem**.

2 Difficulty for Site Selection

2.1 However, it is very difficult for HKTMA to identify suitable sites in the North District for their relocation. HKTMA found that those lands within the Categories 1 and 2 areas in the region under TPB Guidelines TPB PG-No. 13F (i.e. Application for Open Storage and Port Back-up Uses under s.16 of the Town Planning Ordinance) were largely occupied by other open storage uses. They had looked for alternative sites at “Open Storage” (“OS”) and “Industrial (Group D)” (“I(D)”) zones but the land price are unaffordable by the affected operators.

2.2 Back in 2020, when the previous 6 affected operators (Batch 1) of the timber industry approached the association, HKTMA had investigated 11 possible sites (excluding the subject Sha Ling site) located in the North District. These possible sites are listed in **Table 1**.

Table 1: Site Search Exercise for Relocation of Affected Operators (Batch 1)

Site	Possible Site Location Submitted	Size (m ²)	Zone & OZP No.	Reasons for Unsuitable for Relocation
1	Lot 569 RP in D.D. 85, Lau Shui Heung Road, Fanling	4,638	GB (S/NE-LYT/19)	Site too small; and GB zone cannot be considered although the site is committed.
2	Lots 1489, 1490, 1492 & 1494 in D.D. 76, Hung Leng Tsuen, Ping Che	3,482	AGR (S/NE-LYT/19)	Site too small; high purchase cost; and site elongated in shape.
3	Lot 115-128, 131-136, 141-144 in D.D. 38, Loi Tung, Fanling	8,574	I(D) & AGR (S/NE-MUP/11)	Land sold before HKTMA committed.
4	Lots 1268 RP & 1275 RP in D.D. 79, Wo Keng Shan, Ta Kwu Ling	4,217	GB (S/NE-WKS/10)	Site too small; GB site; and one of the three landlords does not agree to sell the land.
5	Lots 2465 & 2466 in D.D. 39, Shek Chung Au, Sha Tau Kok	6,253	AGR (S/NE-LK/11)	Site located very close to village houses - local objections
6	Lot 184 in D.D. 87, Hung Lung Hang, Ta Kwu Ling	3,768	AGR (S/NE-HLH/11)	Site too small; and land sold before HKTMA committed.
7	Lots 460, 534, 535 & 536 in D.D. 87, Hung Lung Hang, Ta Kwu Ling	7,014	AGR (S/NE-HLH/11)	False landlord and return deposit paid.
8	Lots 467-471, 484-485 in D.D. 90, Ah Yiu, Ta Kwu Ling	5,265	AGR (S/NE-MKT/4)	Site elongated in shape; and heavy pond filling required.
9	Lots 2643 & 2645 RP in D.D. 39, Luk Keng, Sha Tau Kok	5,833	REC (S/NE-LK/11)	Site very close to CPA and SSSI zones; and unsuitable for rural mills
10	Lots 1159, 1161, 1162, 1167, 1172-3, Tong Hang, Ta Kwu Ling	9,780	AGR (S/NE-TKL/14)	Site access via a one way road which is too narrow for container and HGV.
11	Lot 11 in D.D. 84, Ping Che, Ta Kwu Ling	5,898	AGR (S/NE-TKL/14)	Problem in right of ways.

2.3 However, some of the above sites were too small to accommodate the affected operators. While some of these sites were considered suitable for relocation, they were sold shortly after some time of consideration. The other site options either have poor accessibility or environmental problems and they are not suitable for the rural workshops. Thus, it is extremely difficult for HKTMA to identify suitable sites given the limited supply of private land in the area with right zoning or operational requirements for their rural workshops.

3 The Best Available Site for Relocation of Affected Operators (Batch 1)

3.1 Eventually, HKTMA has identified the subject Sha Ling site located along Lin Ma Hang Road (the Site) as the best available option for the proposed relocation for the following reasons:-

1. The Site has a large site size of more than 10,000m², which will be able to meet the operational need for affected operators, in terms of the number of spaces for loading/ unloading and area for storage and other

ancillary facilities.

2. The Site abutting Lin Ma Hang Road provides good accessibility to allow goods vehicles entering the Site. Right of way disputes will be avoided since the access to the Site will not encroach onto the private lots from the other landowners.
3. Price offer of the Site is within their budget. They have entered a sales agreement with the landowners.
4. The Site is situated within a reasonable distance from the residential settlement. There is no sensitive zoning in the vicinity of the Site. Pond filling or substantial clearance of vegetation is not required.

3.2 A section 16 planning application (Application No. A/NE-MKT/17) for proposed temporary rural workshop (timber yard and sawmill) covering the entire eastern site and part of the western site (i.e. representing the sites in the eastbound and westbound of Lin Ma Hang Road respectively) was submitted to the Town Planning Board (the Board) on 1.2.2021. It was approved with conditions by the Board on 30.4.2021.

4 The Best Available Site for Relocation of Affected Operators (Batch 2)

4.1 Subsequently, some sawmill, timber yard and other related rural workshops in Ma Tso Lung would have to be resumed by the Government in the first quarter of 2024. Serawak and Ronca have approached HKTMA on their urgent need for relocation. Similar to the operational criteria from the previous 6 operators (i.e. location, size, access, shape, price, local objection, zoning, and insurmountable problem), the location of the site is preferably to be situated in the North District and the size of the site should be similar to the existing operation site, i.e. 6,269.5m². HKTMA has investigated 5 possible sites (excluding the subject site) located in the North District. These possible sites are listed in **Table 2**.

Table 2: Site Search Exercise for Relocation of Affected Operators (Batch 2)

Site	Possible Site Location Submitted	Size (m ²)	Zone & OZP No.	Reasons for Unsuitable for Relocation
1	Lot 569 RP in D.D. 85, Lau Shui Heung Road, Fanling	6,500	REC (S/NE-TKLN/2)	Access way is too narrow for container vehicles and other heavy goods vehicles.
2	Lots 1489, 1490, 1492 & 1494 in D.D. 76, Hung Leng Tsuen, Ping Che	4,150	AGR (S/NE-HLH/11)	Landowner withdrew site from market before commitment; and right of way cannot be guaranteed
3	Lot 11 in D.D. 84, Ping Che, Ta Kwu Ling	6,800	AGR (S/NE-MKT/4)	Landowners' missing and representatives do not have authority to sign lease documents.
4	Lots 1493 S.B RP, 1499, 1500, 1501 in D.D. 78, Ta Kwu Ling North	2,504	REC (S/NE-TKLN/2)	Land sold before HKTMA committed.
5	Lot 231 RP, 232, 278 S.A, 278 S.B in D.D. 38, Ta Kwu Ling	6,511	AGR (S/NE-MUP/11)	Land sold before HKTMA committed.

- 4.2 However, the above sites were not suitable for relocation due to various reasons such as poor accessibility, right of way problem and land status issues. Eventually, HKTMA proposes a practical and reasonable solution by extending the size of the western site in order to cater the two additional operators. This site extension proposal is a win-win situation which allows the two additional operators to have a place for their continual operation, and allows the cost of constructing relevant required facilities to be shared by more stakeholders.
- 4.3 Although the extension site also falls within the “Agriculture” zone on the Approved Man Kam To Outline Zoning Plan No. S/NE-MKT/7, it is considered less susceptible to the local environment as the proposed storage and workshop uses will be located within the covered structures. The relocation site is conveniently served by local networks (i.e. Lin Ma Hang Road towards Man Kam To Road) and close to the boundary crossing points. Being located close to a main road and with considerable size to accommodate the operational needs of the operators, the application site is the best locational choice.
- 4.4 A section 16 planning application (Application No. A/NE-MKT/35) for Proposed Temporary Warehouse (Storage of Timber and other Associated Materials) covering the entire eastern site and the western site was submitted to the Town Planning Board (the Board) on 18.3.2024. It was approved with conditions by the Board on 2.8.2024.