

APPLICATION FOR AMENDMENT OF PLAN
UNDER SECTION 12A OF THE TOWN PLANNING ORDINANCE

APPLICATION NO. Y/KC/16

- Applicant** : Omaha Investments Limited represented by KTA Planning Limited
- Site** : Hutchison Logistics Centre (HLC), 18 Container Port Road South,
Kwai Chung
- Site Area** : About 69,421m²
- Lease** : Kwai Chung Lot No. 4 and Extension thereto
- held under New Grant No. 5381 by way of private treaty grant as varied by 5 modification letters (collectively “the Lease”) for the purpose of :
 - (i) a terminal for the loading, unloading and storage of containers and container cargoes carried or intended for carriage by sea
 - (ii) godown or godowns for the warehousing and handling of general goods whether containerised or not and whether intended for carriage by sea or otherwise only to such extent as not to interfere with or inhibit the use of (i) above
- Plan** : Approved Kwai Chung Outline Zoning Plan (OZP) No. S/KC/32
[currently in force]
Draft Kwai Chung OZP No. S/KC/31
[at the time of application]
- Zoning** : “Other Specified Uses” annotated “Container Terminal” (“OU(CT)”)
- restricted to maximum building height (BH) of 110 metres above Principal Datum (mPD)
- [No change in zoning and development restrictions for the Site under the two aforesaid OZPs]*
- Proposed Amendments** : To rezone the Site from “OU(CT)” to “OU(CT)1” and to amend the Notes of the zone applicable to the Site

1. **The Proposal**

- 1.1 The applicant proposes to rezone the Site occupied by HLC from “OU(CT)” to “OU(CT)1” and to amend the respective Notes of the Kwai Chung OZP (the OZP) to facilitate the proposed conversion of 6/F of the distribution centre in HLC (the premises) (outlined in blue on **Drawings Z-1** and **Z-2**) located in Terminal 4 of the Kwai Tsing Container Terminals (KTCT) into a data centre (**Plan Z-1**).
- 1.2 The Site forms an integral part of KTCT, which was first zoned “OU” annotated “Container Port” on the draft Kwai Chung OZP No. LTW/132 on 26.11.1971, for port facility to serve the territory. The annotation of the zone was amended as “Container Terminal” on 17.6.1988. According to the Notes of the prevailing OZP for “OU(CT)” zone, there is no provision for ‘Information Technology and Telecommunications Industries’ (‘IT&TI’) use¹, including data centre, as it is neither a Column 1 nor Column 2 use. In order to pursue their proposed data centre, the applicant proposes to amend the Site from “OU(CT)” to “OU(CT)1” with ‘IT&TI’ incorporated as a Column 2 use so as to make provision for future planning application under section 16 of the Town Planning Ordinance (the Ordinance) (**Appendix IIa**). To address the concern of the Transport and Logistics Bureau (TLB) regarding the integrity of the “OU(CT)” zone expressed during departmental circulation of the application, the applicant also suggests an alternative zoning proposal to designate the Site as sub-area (a), and incorporate ‘IT&TI (for partial conversion of existing building in sub-area (a) only)’ as a Column 2 use for consideration by the Town Planning Board (the Board) (**Appendix IIb**). No changes in development restrictions and other provision are proposed.
- 1.3 The subject building with a the total GFA of about 506,746m² is a container freight station cum distribution centre with Occupation Permit issued on 12.3.1993. It is currently in operation and is accessible via Container Port Road South at its eastern boundary. It comprises three portions including the lower floors portion (i.e. G/F, M1/F and M2/F) mainly used as a container freight station with electrical and mechanical (E&M) plant rooms and parking area; the upper main portion (i.e. 1/F to 6/F) used as distribution centres with parking and waiting area on R/F; and the upper eastern portion (i.e. 1/F to 10/F) used as offices with a canteen on R/F (**Drawings Z-1 to Z-4**). According to the indicative scheme submitted by the applicant, the premises (about 66,594m² including a communal car ramp of 7,552m²) is proposed for conversion into a data centre comprising data halls and E&M plant rooms (**Drawing Z-5**). A new 132kV substation and E&M plants to support the data centre are also proposed on G/F and R/F respectively by converting some existing container storage/parking/E&M spaces (**Drawings Z-6** and **Z-8**). There will be no increase in building bulk upon the proposed

¹ According to the Definition of Terms adopted by the Board, ‘IT&TI’ means any establishments involved in the manufacture, design, development, production, operation, processing or assembly of, or research into, any of the following: (a) electronic and micro-electronic systems, goods and components; (b) information technology (IT) products and services including any computer hardware and software, contents and applications; and (c) telecommunications facilities and telecommunications services, “telecommunications” and “telecommunications services” having the same definitions as defined in the Telecommunications Ordinance (Cap. 106). It includes the use of any premises for the accommodation of IT and telecommunications facilities and equipment, such as gateway, exchange, switching centre, radio base station, paging centre, data centre, data processing/computer centre, telesite or carrier hotel.

conversion through alteration and addition works and the remaining area for container freight station on G/F to M2/F and the distribution centres on 1/F to 5/F of the main portion of the building will also be retained. The applicant also submitted a reconfiguration proposal on the parking and loading and unloading (L/UL) spaces on M1/F and R/F (**Drawings Z-7** and **Z-8**), as well as to meet the relevant requirements as stated in the Hong Kong Planning Standards and Guidelines (HKPSG) which are detailed in **Appendix III**.

1.4 In support of the application, the applicant has submitted the following documents:

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|-----|---|------------------------|
| (a) | Application Form received on 5.1.2023 | (Appendix I) |
| (b) | Supplementary Planning Statement (SPS) received on 5.1.2023 | (Appendix Ia) |
| (c) | Further Information (FI) received on 22.3.2023* | (Appendix Ib) |
| (d) | FI received on 18.5.2023 and 24.5.2023* | (Appendix Ic) |
| (e) | FI received on 1.8.2023 [#] | (Appendix Id) |
| (f) | FI received on 5.9.2023 and 12.9.2023* | (Appendix Ie) |

Remarks:

* *accepted but not exempted from publication and recounting requirement*

[#] *accepted and exempted from publication and recounting requirement*

1.5 On 11.8.2023, the Metro Planning Committee (the Committee) of the Board agreed to defer making a decision on the application for two months as requested by the applicant.

2. Justifications from the Applicant

The justifications put forth by the applicant in support of the application are detailed in the SPS and FI at **Appendices Ia to Ie**, which are summarised below:

- (a) The proposed amendment is in line with the 2020 Policy Address to foster the development of innovation and technology industry as well as the Smart City Blueprint 2.0. The proposed data centre offers an opportunity to meet the high demand for data centre development.
- (b) ‘IT&TI’ use has been adopted as an always permitted use in many zonings including “Industrial” (“I”), “Other Specified Uses” annotated “Business” (“OU(B)”), “Commercial” (“C”), etc. The proposed amendment would allow greater flexibility for the applicant to respond to the ever-changing economic conditions.
- (c) The applicant has no intention to undermine the operation of KTCT or affect the integrity of the prevailing “OU(CT)” zone. The introduction of ‘IT&TI’ as a Column 2 use could respond to the advancement of ‘Industrial Use’ in recent years. The proposals are neither deviation to the planning intention of “OU(CT)” zone, nor adversely impact to the integrity of the “OU(CT)” zone as a whole. Upon conversion, the remaining area of the existing container freight station on G/F to M2/F and the distribution centres on 1/F to 5/F will be retained. The rezoning proposals will therefore not deviate from the planning intention of the prevailing “OU(CT)” zone. Furthermore, given the fluctuating demand for distribution

centre and the vast number of port back-up uses in Hong Kong, the proposal will pose minimal impact to the overall provision of distribution centre.

- (d) The proposed conversion can broaden the use of the industrial floor space at the subject building to reinforce Hong Kong as a regional telecommunications hub. The adoption of “work-from-home” culture coupled with the increasing demand for e-commerce services suggest the need to convert suitable premises to data centre to respond to such changes. In recent years, the model of business-to-consumer requires distribution centres to be smaller and strategically spread across Hong Kong for effective and efficient delivery of consumer goods in a close distance to customer base. The proposed conversion could broaden the possible usage of the subject building in meeting the above challenges resiliently.
- (e) According to the recommendations as stated in the Final Consultant Report of the Review of Land Requirement for Grade A Offices, Business and Industrial Use commissioned by the Planning Department (PlanD), flexibility shall be allowed in the planning of special industries (including data centres) to respond to the market condition.
- (f) The Site is occupied by a multi-storey and multi-functional industrial building with large floor plate and high headroom. Upon the upgrading of the E&M facilities, the subject building will meet the necessary requirements for data centre.
- (g) According to the Traffic Impact Assessment (TIA), there will be a significant reduction in traffic flow upon the proposed conversion, and the proposed data centre will not cause adverse traffic impact to the local road network. The Sewerage Impact Assessment (SIA) and Noise Impact Assessment (NIA) also demonstrated that no adverse sewerage and noise impacts are anticipated.

3. Compliance with the “Owner’s Consent/Notification” Requirements

The applicant is one of the “current land owners”. In respect of the other “current land owner(s), the applicant has complied with the requirements as set out in the Town Planning Board Guidelines on Satisfying the “Owner’s Consent/Notification” Requirements under Sections 12A and 16 of the Ordinance (TPB PG-No. 31A) by notifying the “current land owners”. Detailed information would be deposited at the meeting for Members’ inspection.

4. Previous Application

The Site is not the subject of any previous planning applications.

5. Similar Application

There is no similar application for amendment to “OU(CT)” zone on Kwai Chung OZP or other OZPs.

6. The Site and Its Surrounding Areas

6.1 The location and current conditions of the Site are detailed in paragraph 1.3 above.

6.2 The surrounding areas have the following characteristics (**Plans Z-1 to Z-7**):

- (a) to the east and southeast are uses related to the container terminal use in Terminal 4 of the KTCT including Hongkong International Terminals Limited. To the immediate west and south are cargo handling facilities of Terminal 4 of KTCT, including container stacking areas, cranes and berths;
- (b) to the immediate north is a container freight station known as the ATL Logistics Centre at Terminal 3 of KTCT. To the further north are Terminal 2 of KTCT and the Drainage Services Department Container Port Road Maintenance Depot;
- (c) to the further east are Container Port Road South, Tsing Kwai Highway and Kwai Chung Road; and
- (d) KTCT is remote from railway station, and the walking distance between the Site and Lai King Station is about 1.6 km. There are Green Minibuses providing short-haul feeder services to Kwai Fong Station.

7. Planning Intention

The planning intention of the “OU(CT)” zone is primarily to cater for the development of container terminals and the associated port back-up facilities.

8. Comments from Relevant Government Bureaux/Departments

8.1 The following Government bureaux/departments have been consulted and their views on the application are summarised as follows:

Policy Aspect

9.1.1 Comments of the Secretary for Transport and Logistics (STL):

- (a) objects to the application;
- (b) the Site forms an integral part of the “OU(CT)” zone which is intended primarily to cater for the development of container terminals and the associated port back-up facilities. While the Site is not used as container terminal and as far as the related port back-up activities are concerned, the proposed data centre development in the Site is not relevant to the port/logistics operations within the KTCT; and therefore should not be supported. The proposed data centre development in the Site would deviate from the intended usage of the “OU(CT)” zone. Furthermore, if the rezoning application is acceded to, it will set an undesirable precedent for

similar applications falling within the same “OU(CT)” zone in future which will in turn adversely affect the integrity of the “OU(CT)” zone as a whole and the supply of floor space in the “OU(CT)” zone in support of the operations of the container terminals and related port back-up activities;

- (c) the port handles over 90% of Hong Kong’s freight volume, and KTCT handle some 80% of Hong Kong’s total port container throughput. With well-established infrastructure and supporting facilities in the peripheral area, including a transport network with extensive connectivity, the operation of KTCT at the existing site in Kwai Chung not only is conducive to the interface between various supporting facilities, but also brings synergy to the development of the surrounding back-up land;
- (d) in response to the FI (**Appendix Ie**) provided by the applicant regarding the port and logistics development in Hong Kong and the future business opportunities of the industry, STL’s supplementary comments are as follows; and

Diversified modern logistics services

- (i) the applicant mentioned in the section on “Overall Trend of Cargo Migration across the Border to China” that the declining of container throughput will affect the need of distribution centres. STL is of the view that the decline in container throughput and the need of distribution centres is not necessarily correlated. As a regional logistics hub, the logistics industry in Hong Kong handles cargos from various sources covering air, land and sea, and provides a broad spectrum of logistics services such as freight forwarding, storage and supply chain management. Despite the decline in the port throughput, air cargo volume saw an average annual increase of 2.3%, and the air and land trade value increased by an average annual 5.3% and 5.9% respectively over the ten years from 2011-2021;
- (ii) besides, distribution centres could serve different purposes, including regional distribution centres run by supply chain enterprises for supply chain management and freight forwarding; centralised/specialised distribution centres operated by suppliers for supplying high-value and/or fresh goods; and local distribution centres used by retailers for dealing with order fulfilment. Even though there is a drop in the container throughput, the demand for modern logistics facilities and distribution centres especially those for domestic distribution is still strong. A recent approval by the Buildings Department (BD) on a set of building plans for converting part of the Container Terminal 2 for building a 12-storey modern warehouse with gross floor area of about 460,729m² in Kwai Chung Lot No. 2 in August 2023 clearly

revealed the market demand for distribution centre in the KTCT area;

- (iii) there are many logistics companies which, in addition to handling the delivery of goods, are engaged in value-added services such as laboratory and inspection services, product code labelling, repackaging services, commercial documents origin verification and customs/brokers clearances services. Many leading international brands and companies dealing in high value-added goods choose Hong Kong for inventory management, labelling, packaging and other processing procedures. The demand for these kinds of value-added customized modern logistics services may not have a direct correlation with the container throughput;

Ample business opportunities brought by e-commerce and the Greater Bay Area (GBA) development

- (iv) unlike the observations made by the applicant, the rapid growth of e-commerce has brought and will continue to bring new business opportunities to the logistics sector; thereby creating a stronger demand for modern logistics facilities such as distribution centres/warehouses. While those kiosks, depots and lockers close to customer bases and spread across Hong Kong are essential for last mile delivery to customers, they have to be supported by local distribution centres to handle inventory control and packing. Larger distribution centres are also crucial to the operation of e-commerce platforms for accommodating a greater number and variety of products and easier to centralize order management;
- (v) the exponential growth of cross border e-commerce is particularly beneficial to Hong Kong's role as a regional distribution centre in Asia. Caoniao Smart Gateway in the Hong Kong International Airport (HKIA) is an example of multi-storey modern and smart facilities for modern and cross-boundary e-commerce logistics. Besides, with the fast-growing e-commerce trade and increasing demand for temperature-controlled and high-value goods, the demand for cold-chain logistics services is increasing. The Government sold a logistics site of about 5.5 ha in the vicinity of KCTCs through public tender on 20.7.2022 at a premium of HK\$5.25 billion. The logistics site is planned for a prime, multi-storey cold storage, smart, modern and green logistics facility. The positive market response to the tender exercise for the logistics site reflects the market demand for advanced logistics facilities;
- (vi) the applicant claimed that the increasing integration with the GBA such as the development of the Bestar Logistics Centre

in Dongguan set up by HKIA will affect the business of local distribution centres. STL would like to clarify that under the comprehensive inter-modal transport between Hong Kong and GBA and beyond, the sea-air intermodal operation currently provided by the Bestar Logistics Centre is only one of the means in handling export of air cargo originated from GBA to overseas markets through HKIA. Such operation does not cover imports to the Mainland market via Hong Kong by sea-air transport mode, as well as transshipment from the Mainland via Hong Kong by land-air or land-sea transport mode. In other words, those transshipment via Hong Kong including the logistics operation are still handled by local logistics operators and the goods are still stored in local distribution centres for further handling and processing;

- (vii) in fact, the increase in cross-border logistics have brought business opportunities to the industry. HKIA currently handles about 75% of the air cargo to and from other cities in GBA. For sea freight, in 2022, about 47% of the throughput of the Hong Kong Port (HKP) were cargos between Hong Kong and the Mainland, of which 72% were to and from the Pearl River Delta region. HKIA and HKP have been handling an increasing volume of high-value cargos in recent years. These products include high-end, time- and temperature-sensitive products such as fresh produce, pharmaceuticals, electronics, jewellery, dangerous goods and precision instrument parts and components, etc., which require special handling and monitoring in appropriate facilities. Industry demand for modern/specialized logistic facilities and storage systems for handling higher-value goods continues to rise;

Strong market demand for multi-storey modern logistics facilities

- (viii) in Hong Kong where land is a valuable resource, modern logistic centres are built as multi-storey buildings. These logistics centres are purpose-built to higher specifications, including direct ramp access, large floorplate, high headroom, heavy floor loading, ample parking facilities with loading and unloading area, sufficient power supply and temperature-controlled area, to better meet the requirements of modern logistics operators. Purpose-built multi-storey logistics buildings are different from conventional warehouses or industrial buildings with low ceilings, light floor loading and loading via low capacity lifts only. HLC is one of the purpose-built multi-storey logistics buildings in Hong Kong;
- (ix) according to a market research report on the performance of Hong Kong's industrial property market in Q3 2023 released by one of the leading real estate consultancy firms in Hong Kong, the vacancy rate of modern logistics facilities kept at

a low level of 4.3%. It also indicated that Hutchison Logistics of Hutchison Ports, as one of the major industrial landlords in the logistics sector, had a vacancy rate of 0.5% in Q3 2023;

Government's policy to increase logistics land supply

- (x) the Government promulgated the Action Plan on Modern Logistics Development to consolidate and promote Hong Kong's position as an international logistics hub on 31.10.2023, which outlined five major directions for Hong Kong's logistics industry development – smart development, modernisation, greening and sustainability, internationalization and facilitation with a view to developing Hong Kong into a sustainable international smart logistics hub focusing on high-value goods and the e-commerce market and capitalising opportunities of the region;
- (xi) amongst the 24 major actions, the Government will provide a stable supply of affordable logistics land to meet the short and medium-term demand for logistics land and continue to promote the development of multi-storey logistics facilities incorporating supporting facilities with technology application so as to optimise the use of land. In the short to medium term, four parcels of logistics land around KTCT, covering about 19 hectares in total, have been identified for disposal regularly from 2024 to 2027 to stabilize the land supply. Thus, approval of the subject application for converting the precious logistics space in KTCT for non-logistics related use will be totally in contrary to the Government's policy objective; and

Interface with Logistics Facilities and Container Terminal

- (xii) currently, HLC has cold stores on 6/F, mechanical plant rooms on 5/F and roof floor with reference to the List of Licensed Cold Stores published by the Centre for Food Safety. A highly reliable power supply for maintaining uninterrupted operations of these cold stores as well as the proposed data centre equipment is required. Although the applicant has proposed a new 132kV sub-station on G/F to serve the proposed data centre, the proposed sub-station would occupy the floorspace being used for the existing container freight station on G/F and thus the operation of the container terminal would be affected. Nevertheless, the applicant has not provided any information to address this issue.
- (e) TLB's stance towards the said application remains that it would be in contrary to the Government's policy direction in strengthening the development of Hong Kong port and logistics industries. There is

already a large supply of industrial premises in Kwai Chung area for the development of data centre. There is no strong justification for sacrificing the logistics floorspace at the application site to facilitate a data centre development. The approval of the rezoning application might result in a permanent loss of land available for logistics development.

9.1.2 Comments of the Office of Government Chief Information Officer (OGCIO), Innovation, Technology and Industry Bureau (ITIB):

- (a) no objection to the application, but not in the position to support the proposed rezoning as it may be subject to land use policy under the purview of other Government bureaux; and
- (b) data centres are critical information and communication technologies infrastructure for development of digital economy and smart city in Hong Kong. The Government has been committed to promote Hong Kong as the prime location for data centres in the Asia- Pacific Region. The rezoning proposal to introduce ‘IT&TI’ use would make available more potential data centre floor space. Subject to the approval of the amendment of plan, if materialised, the proposal would contribute to addressing the growing demand for high-tier data centres in Hong Kong and benefit the innovation and technology sector development at large.

Land Administration

9.1.3 Comments of the District Lands Officer/Tsuen Wan and Kwai Tsing, Lands Department (DLO/TW&KT, LandsD):

- (a) the Site is within Kwai Chung Lot No. 4 and Extension thereto (“the Lot”) held under New Grant No. 5381 by way of private treaty grant as varied by 5 modification letters (collectively “the Lease”) for the purpose of (i) a terminal for the loading, unloading and storage of containers and container cargoes carried or intended for carriage by sea; (ii) godown or godowns for the warehousing and handling of general goods whether containerised or not and whether intended for carriage by sea or otherwise only to such extent as not to interfere with or inhibit the use of (i) above. There are also 4 waivers granted to Omaha Investment Limited for the use of telephone exchange at 2nd, 3rd, 7th and 8th floors for a total floor area of about 4,687.4m² within the Site;
- (b) there is no restriction on maximum GFA under lease. In addition, please also note the following restrictions under the Lease:
 - (i) no building shall be erected on the Lot except warehouses, packing sheds, offices and other ancillary buildings and such staff quarters as may in the opinion of the Secretary for New

Territories (“the Secretary”)² be essential to the operation safety and security of the Terminal;

- (ii) design, disposition and height of any building to be erected subject to the approval of the Secretary;
 - (iii) space shall be provided within the Lot to the satisfaction of the Secretary for the parking, loading and unloading of motor vehicles;
 - (iv) no alteration of the nature of the buildings showing on the general layout and development plan as approved by the Secretary (under the New Grant No. 5381) or the Director of Buildings and Lands³ (under the Extension Letter dated 16.1.1989) without prior approval of the authority as aforesaid. According to the approved general and development layout plan under the Lease, the Site is used for the purpose of “Container Freight Station and Distribution Centre”;
 - (v) no alteration of the layout plan for parking, L/UL spaces as approved by the Building Authority and registered by the grantee in District Lands Office except with prior written consent of the Secretary;
- (c) the use of data centre and provision of such ancillary facilities, including parking, L/UL spaces, fuel tank, power station, etc., within the Site or within the premises are not permissible under the Lease and will require amendments to the approved general layout and development plan as well as the layout plan for parking, L/UL spaces as mentioned above. If the application under section 12A of the Ordinance is accepted or partially accepted by the Board with a set of clear development parameters defined/firmed up and further submission to the Board is not required, the land owner(s) may submit request for streamlined processing of waiver application to permit the use of the proposed data centre under the Lease. Depending on the circumstances of each case, LandsD at its sole and absolute discretion may, upon receipt of such valid request and subject to payment of the administrative fee(s) by the land owner(s), commence the streamlined processing of the waiver application on a without prejudice and non-committal basis;
- (d) the land owner(s) are reminded that once the accepted or partially accepted proposal is reflected in the OZP and approved under section 9 of the Ordinance, a formal application for waiver by land owner(s)

² Before December 1981, the then Secretary for the New Territories was the land authority in the New Territories. With the re-organisation of the Government Secretariat in December 1981, the then Secretary for City and New Territories Administration became the land authority. Since its establishment in April 1982, LandsD has been responsible for all land administration matters.

³ The Buildings and Lands Department was abolished on 1.8.1993 and its functions were transferred to two agencies, the Buildings Ordinance Office to BD and the lands functions to LandsD.

to LandsD is still required. Every application submitted to LandsD will be considered on its own merits by LandsD at its absolute discretion acting in its capacity as a landlord and subject to any comments from the TLB, there is no guarantee that the waiver application will eventually be approved by LandsD. If the application for waiver is approved by LandsD, it will be subject to such terms and conditions as may be imposed by LandsD at its absolute discretion, including payment of waiver fee and administrative fee; and

- (e) detailed comments are in **Appendix IV**.

Traffic

9.1.4 Comments of the Commissioner for Transport (C for T):

- (a) no in-principle objection from traffic engineering perspective considering that:
 - (i) the TIA illustrated that the traffic generation and attraction will be reduced after the proposed data centre development following the proposed rezoning. The applicant demonstrated that the development proposal would accommodate the high-end provision of parking and L/UL facilities within the Site;
 - (ii) the subject application is a s.12A application to make provision for future s.16 planning application for 'IT&TI' use within the Site. Should the subject s.12A application be agreed by the Board and the OZP be amended accordingly, the applicant will have to submit a s.16 application for the 'IT&TI' use with detailed scheme and all relevant technical assessments, which shall be circulated to TD for comments;
- (b) TD has reserved the rights to provide additional comments on the s.16 application; and
- (c) detailed comments are in **Appendix IV**.

Building Matters

9.1.5 Comments of the Chief Building Surveyor/New Territories West, Buildings Department (CBS/NTW, BD):

no comment under the Buildings Ordinance on the subject application. For wholesale or partial conversion of an industrial building to other use such as data centre, the guidelines and requirements as stipulated in Practice Notes for Authorised Persons, Registered Structural Engineers and Registered Geotechnical Engineers (PNAP) APP-150 should be observed. Detailed comments will be given at building plan submission stage.

Environment

9.1.6 Comments of the Director of Environmental Protection (DEP):

- (a) no objection to the application as:
 - (i) the NIA concluded that with implementation of the recommended noise mitigation measures, no insurmountable fixed plant noise impact is anticipated; and
 - (ii) the SIA concluded that, with the proposed development scheme, no adverse sewerage impact would be anticipated; and
- (b) having said the above, since the design of the indicative scheme might be subject to change, it is considered that an updated NIA and an updated SIA shall be conducted by the applicant for the upcoming section 16 planning application to review and update the recommended mitigation measures, if any, should the subject rezoning application be approved by the Board.

8.2 The following Government departments have no objection to or no comment on the application:

- (a) Chief Architect/Advisory and Statutory Compliance, Architectural Services Department;
- (b) Chief Engineer/Mainland South, Drainage Services Department;
- (c) Chief Engineer/Construction, Water Supplies Department;
- (d) Chief Highway Engineer/New Territories West, Highways Department;
- (e) Commissioner of Police;
- (f) Director of Electrical and Mechanical Services;
- (g) Director of Fire Services;
- (h) District Officer (Kwai Tsing), Home Affairs Department; and
- (i) Project Manager (New Territories West).

10. Public Comment Received During Statutory Publication Periods

During the statutory public inspection period, a total of four public comments were received, including two objecting comments from the same individual and two comments providing views (**Appendices V-1 to V-4**). The objections mainly focused on the grounds that the proposed data centre was not compatible with the container terminal use, a piecemeal approach to the transformation of the container port was not desirable, and the applicant should provide more materials and details for public comment. Another comment is of view that the proposal should be located in Tsuen Wan. The remaining comment is not relevant to the application (**Appendix V-2**).

11. Planning Considerations and Assessments

- 11.1 The applicant proposes to amend the Site from “OU(CT)” to “OU(CT)1” with ‘IT&TI’ use incorporated under Column 2 of its Notes of the OZP, or designate

the Site as sub-area (a) of “OU(CT)” zone as an alternative with ‘IT&TI (for partial conversion of existing building in sub-area (a) only)’ incorporated under Column 2, so as to make provision for future planning application under section 16 of the Ordinance for the proposed conversion of the premises, currently used as distribution centre, of the subject building located in Terminal 4 of KTCT into a data centre. No changes in development restrictions and other provision are proposed.

Policy Aspect and Planning Intention

- 11.2 The Site forms an integral part of the “OU(CT)” zone, which is intended primarily to cater for the development of container terminals and the associated port back-up facilities. The data centre proposal would deviate from the intended usage of the “OU(CT)” zone. STL objects to the application and considers that the proposed data centre development in the Site is not relevant to the port/logistics operations within the KTCT, and therefore should not be supported. STL also considers that, if the application for OZP amendment is acceded to, it will set an undesirable precedent for similar applications falling within the same “OU(CT)” zone in future which will in turn adversely affect the integrity of the “OU(CT)” zone as a whole and the supply of floor space in the “OU(CT)” zone in support of the operations of the container terminals and related port back-up activities in KTCT.
- 11.3 STL is of view that the rapid growth of e-commerce has been creating a stronger demand for modern logistics facilities, and approving the application would be in contrary to the Government’s policy direction in strengthening the development of Hong Kong port and logistics industries. STL also considers that there is already a large supply of industrial premises in Kwai Chung for the development of data centre and there is no strong justification for sacrificing the logistics floor space at the Site to facilitate a data centre development, and approval of the rezoning application might result in a permanent loss of land available for logistics development.

Land Use Compatibility

- 11.4 The Site is located at the core of KTCT surrounded by logistic buildings actively facilitating the operation of container terminals. With well-established infrastructure, transport network with extensive connectivity and supporting facilities in the peripheral area, the operation of KTCT at the existing site in Kwai Chung brings synergy to the development of the surrounding port back-up land. Although the proposed data centre development is considered not incompatible with the existing container freight station cum distribution centre and surrounding logistics related developments, it is not directly related to the port/logistics operations and has no synergy effect with KTCT. In fact, according to the applicant, the proposals to incorporate ‘IT&TI’ as a Column 2 use are mainly to respond to the demand of data centre in the market during the fluctuating demand for distribution centre and the vast number of port back-up uses in Hong Kong. In view of the above and to cater for the development of container terminals and the associated port back-up facilities, the Site should be reserved for uses directly related to the operation of the port so as to bring synergy to the development of the surrounding back-up land.

- 11.5 The loss of floor space arising from the proposed data centre is difficult to be compensated within the strategic location of the “OU(CT)” zone. On the other hand, data centre is more footloose as there is sufficient flexibility for provision of ‘IT&TI’ use in the “I”, “OU(B)” and “C” zones under the OZP. The total area zoned “I”, “OU(B)” and “C” on the OZP are about 41ha, 38ha and 5ha respectively and ‘IT&TI’ use is always permitted in the three zones which provide a substantial potential floor space for data centre development in Kwai Chung. Moreover, the Government has provided incentives under the Revitalization of Industrial Buildings Policy to encourage owners to redevelop pre-1987 Industrial Buildings into industrial/commercial uses, including data centre development. While OGCIO has no objection to the application, they are not in the position to support the proposed rezoning as it may be subject to land use policy under the purview of other Government bureaux.

Technical Aspects

- 11.6 The TIA, SIA and NIA submitted demonstrated that the proposed data centre development at the premises would not cause adverse traffic impact to the local road network or any insurmountable sewerage and noise impacts. In this regard, C for T and DEP has no objection in principle to the application. Other consulted Government departments have no comment/objection to the application.

Public Comments

- 11.7 Regarding the public comments received, the above planning assessments and departmental comments in paragraph 9 are relevant.

12. Planning Department’s Views

- 12.1 Based on the assessment made in paragraph 11 above and having taken into account the public comment mentioned in paragraph 10, PlanD does not support the application for the following reason:

the Site forms an integral part of the “OU(CT)” zone which is intended primarily to cater for the development of container terminals and the associated port back-up facilities. The proposed data centre development is not directly related to the port/logistics operations in the Kwai Tsing Container Terminals. The existing “OU(CT)” zone as stipulated in the Notes of the Kwai Chung OZP for the Site is considered appropriate and there is no strong justification to rezone the Site to make provision for accommodating data centre use. Land use flexibility for the provision of data centre has been allowed in other appropriate zonings.

- 12.2 Alternatively, should the Committee decide to agree/partially agree to the application, the proposed amendments to the Kwai Chung OZP, together with the revised Notes and explanatory statement, will be submitted to the Committee for agreement prior to gazetting under the Ordinance.

13. Decision Sought

- 13.1 The Committee is invited to consider the application and decide whether to agree, partially agree, or not to agree to the application.
- 13.2 Should the Committee decide not to agree to the application, Members are invited to advise what reason(s) for the decision should be given to the applicant.

14. Attachments

Appendix I	Application Form received on 5.1.2023
Appendix Ia	SPS received on 5.1.2023
Appendix Ib	FI received on 22.3.2023
Appendix Ic	FI received on 18.5.2023 and 24.5.2023
Appendix Id	FI received on 1.8.2023
Appendix Ie	FI received on 5.9.2023 and 12.9.2023
Appendix IIa	Proposed Notes of OZP for the “OU(CT)1” zone
Appendix IIb	Proposed Notes of OZP for the Designated Sub-area (a) of “OU(CT)” zone
Appendix III	Details of Transport Facilities Provision
Appendix IV	Detailed Departmental Comments
Appendix V-1 to V-4	Public Comments
Drawings Z-1 to Z-2	Section Plans
Drawings Z-3 to Z-8	Floor Plans
Plan Z-1	Location Plan
Plan Z-2	Site Plan
Plan Z-3	Aerial Photo
Plans Z-4 to Z-7	Site Photos

**PLANNING DEPARTMENT
DECEMBER 2023**