

Explanatory Statement

Yuen Long Town Lot No. 545

This Explanatory Statement is issued for information only and is not intended to have any legal effect. The purpose of this Explanatory Statement is to facilitate tenderers in preparing tenders for Yuen Long Town Lot No. 545 at Fuk Wang Street and Wang Lee Street, Yuen Long, New Territories (hereinafter referred to as “the Lot”). It shall not form part of the Tender Documents (as defined in the Tender Notice), nor shall it be taken into consideration in the interpretation and construction thereof.

2. This Explanatory Statement does not claim to be comprehensive or to have been independently verified. Neither the Government nor any of its officers or agents (hereinafter referred to as “the Government”) accepts any liability in respect of adequacy, accuracy or completeness of the information contained herein or otherwise whatsoever or howsoever arising whether directly or indirectly out of or in relation to any part of this Explanatory Statement. Without prejudice to the generality of the foregoing, no representation or warranty is given as to the information contained in this Explanatory Statement. Nothing in this Explanatory Statement should be relied on as any representation, statement or warranty as to the intention, policy or action in future of the Government.

Industry-led planning in the Northern Metropolis

3. The Lot is located at the Yuen Long Innopark and connected with major roads leading to different parts of the New Territories. In wider geographical context, the Lot is within the westernmost area of the Northern Metropolis, the High-end Professional Services and Logistics Hub, that is close to the Shenzhen Bay Port and Hong Kong International Airport. The Lot is part of the Government’s efforts to increase the supply for sites to promote development of industries capitalising on the locational advantages and road network of the area.

4. On the other hand, the development of the Northern Metropolis will displace existing land occupiers such as brownfield operators who are running business activities on agricultural lots including logistics, open-air and low-density storage of all sorts (e.g. construction materials and equipment), recycling facilities, rural workshops, vehicle repairing and parking, etc.. As these brownfield operations are supporting industries that have been contributing positively to Hong Kong’s economy and job market, there is a need to encourage displaced operators to relocate to multi-storey buildings so that they can continue to run their businesses in a land efficient and sustainable manner amongst other measures being undertaken by the Government.

Multi-storey buildings for modern industries (“MSBs”)

5. The Lot is the first MSB site to be launched by the Government in the Northern Metropolis to achieve the dual objectives of promoting the development and upgrading of industries and accommodating brownfield operators displaced by government projects in a land efficient manner. The Lot has a total area of 3.244 hectares (ha) save for the Government Accommodation (“GA”) (see paragraph 6 below) to be handed over to the Government, logistics and/or vehicle repair and maintenance will be designated as the major uses of the site.

6. Apart from supporting the development and upgrading of the logistics and/or vehicle maintenance industries, the proposed MSB will also provide floor space to accommodate and consolidate displaced brownfield operations. Specifically, the successful tenderer of the Lot shall be required under the Conditions of Sale (as defined in the Tender Notice) to hand over no less than 30% of the maximum gross floor area to the Government as GA at nil consideration.

The said floor space in the GA will be set aside as the Designated Portion, which will be leased by the Government to displaced brownfield operators for a period of time, initially set at around 5 to 10 years for each operator, at a concessionary rental to be determined, collected and retained by the Government. This is to provide a transitional period for relocated brownfield operations to adapt to a multi-storey setting and preferably upgrade the operations. The brownfield operations to be relocated to the MSB will be selected by the Government based on factors including optimal use of the building designs and compatibility with the other uses of the remaining floor space of the MSB. In gist, while the leasing arrangement is a matter to be dealt with between the Government and displaced brownfield operators, the successful tenderer will be responsible for designing and constructing the GA and the Designated Portion therein for handing over to the Government upon completion.

7. The Expression of Interest exercise conducted by the Government from June to August 2023 has ascertained market interest in the above development model. In the light of the market views collected, we have decided to combine the three sites at Yuen Long Innopark into a single lot of 3.244 ha, the Lot, to provide greater design and management flexibility for the MSB and the GA. Specifically for the latter, the Government notes the market feedback and is receptive to having the GA located on consecutive floors within the MSB, or in a segregated building standing on its own. In November 2023, the Government obtained approval of the Town Planning Board to increase the total gross floor area to 161 500 m² and relax the building height from 8 to 10 storeys to optimise land efficiency for the Lot.

Two-envelope Tender Process

8. For this tender exercise, a two-envelope approach is adopted under which tenderers' proposals will be evaluated on the bases of technical proposals and premium offers separately. In lieu of cash tenders, the Government has decided to adopt the two-envelope approach with higher technical weighting of 70% in order to encourage the market to put forth technical proposals that can optimise the development of the Lot to attain the dual objectives of promoting the development and upgrading of the logistics and/or vehicle repairing and maintenance industries while accommodating displaced brownfield operations in a land efficient manner. In particular, the marking scheme at Annex II to the Tender Notice will reward practicable and innovative proposals that can build an MSB with modern design and use of smart and green technology supporting the future growth of relevant industries. Higher scores will also be given to proposals that can speed up the development and to provide more and better-designed GA and the Designated Portion therein to accommodate displaced brownfield operators. The price weighting is 30%.

9. Each tenderer is required to submit a technical proposal (hereinafter referred to as "Non-Premium Submission") and a premium proposal (hereinafter referred to as "Premium Submission") concurrently but in two separate envelopes following the requirements in the Tender Notice. A marking scheme is used to assess tenders and a weighted scoring system will be applied. The full scores for premium proposal and technical proposal are 30 marks and 70 marks respectively. The tenderer with the highest combined score will normally be awarded the Lot, subject to consideration and decision of the Government's Central Tender Board.

10. When preparing Non-Premium Submission, tenderers may wish to take note of the following:

- (a) Failure to submit any or all of the documents as required in the "Requirements of Non-Premium Submission" set out in Annex I to the Tender Notice may render the Non-Premium Submission non-conforming and not to be considered further; and

- (b) documents that would be of relevance and of which tenderers shall take note of include Chapter 11 on Urban Design Guidelines of the Hong Kong Planning Standards and Guidelines promulgated by the Planning Department and Practice Note for Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineer on the Sustainable Building Design Guidelines (PNAP APP-152) promulgated by the Buildings Department.

11. Tenderers who intend to submit tenders for both the Lot and Hung Shui Kiu Town Lot No. 10 should submit the Non-Premium Submission and Premium Submission for each lot on individual basis and in all respects in accordance with the requirements stated in the respective Tender Notices for the lots. In this connection, tenderers should note that they should indicate in the Premium Submission the number of lots that they are prepared to purchase, if they have submitted tenders for both of the lots. If tenderers submitting tenders for both of the lots intend to purchase only one lot on this occasion, they should indicate in the Premium Submission their preference in respect of the two lots.

~~11.2.~~ In view of the need for tenderers to prepare Non-Premium Submission, a relatively longer tender period ~~of about 15 weeks~~ is allowed.

~~11.3.~~ Tenderers should note that, subject to the terms and conditions of the Conditions of Sales, the successful tenderer will be required to develop the Lot in accordance with its Non-Premium Submission to be annexed to the Service Deed to be made between the successful tenderer and the Government.