

Government will adjust Conditions of Sale and extend tender period for sites for multi-storey buildings for modern industries in Hung Shui Kiu and Yuen Long

The Government announced today (March 20) that adjustments will be made to the Conditions of Sale for the tender of the site for Multi-storey Buildings for Modern Industries (MSBs) at Area 39A and 39B, Hung Shui Kiu and Ha Tsuen (i.e. Hung Shui Kiu Town Lot No. 10) (the Hung Shui Kiu Lot), and the MSB site at Yuen Long Fuk Wang Street and Wang Lee Street (i.e. Yuen Long Town Lot No. 545) (the Yuen Long Lot). The tender period of these two MSB sites will be extended to July 25, 2025.

The Government launched tenders under the two-envelope approach for the Yuen Long Lot and the Hung Shui Kiu Lot in March and October 2024 respectively. The original tender closing date of both sites was March 21, 2025. These two sites are the first batch of MSB sites rolled out for achieving the dual policy objectives of promoting the development of industries, and providing floor space to some brownfield operations displaced by government development projects to enable them to upgrade their operations. Under the two-envelope approach, tenderers must submit respective envelopes containing the non-premium proposals and premium proposals (accounting for 70 per cent and 30 per cent of the assessment weighting respectively), so that the Government can consider non-premium factors, such as how the MSB(s) concerned may drive development of industries and facilitate consolidation of displaced brownfield operations, in addition to premium offers, and award the site to the most suitable bidder.

A spokesperson for the Development Bureau said, "As forecast by the Secretary for Development at the press conference on Budget initiatives on February 28, the Government will adjust some of the tender conditions without compromising the original policy intent, so as to render the project a more reasonable investment return and enhance the synergy between the policy objectives and the proposed development to be pursued by the tendering enterprises, thereby encouraging enterprises to bid for the sites. The Government will also extend the tender closing date accordingly. The adjustments are made having regard to recent indication from some potential bidders that they support the Government's policy objectives for the MSB sites, but given the substantial investment outlay the project would involve and the latest market conditions, they hoped the Government would consider making some adjustment to the tender conditions."

Taking into account the above market feedback and without deviating from the original policy intent, the Government will adjust some of the Conditions of Sale for the two MSB sites. The amendments to be made mainly relate to the

following three aspects–

(1) Upon completion of the MSB, the enterprise successfully bidding the site will lease part of the floor space of the MSB to the Government at nominal rent for ten years. The Government or its appointed agent will manage and rent out the floor space to brownfield operators affected by government development projects. This arrangement will replace the requirement under the original Conditions of Sale that the enterprise must permanently assign designated floor space to the Government at nil cost. In other words, the revised conditions will allow the ownership of the MSB to be fully consolidated in the hands of the enterprise being awarded the site. As indicated by the Government all along, the policy objective is to provide assistance as an interim arrangement, and not on a permanent basis, to affected brownfield operators for upgrading their operations through leasing the floor space to them at concessionary rent for a specified period (around five to ten years after construction of the MSB is completed). The amendment therefore does not deviate from the original policy intent;

(2) The Government has all along indicated that the enterprise being awarded the site will be requested to hand over a designated portion of floor space of the MSB to the Government (20 per cent for the Hung Shui Kiu Lot, and 30 per cent for the Yuen Long Lot). The original Conditions of Sale adopted a calculation based on 20 per cent or 30 per cent of the respective maximum gross floor area (GFA) permissible on the lots. Having considered that the Conditions of Sale do not mandate the enterprise being awarded the site to pursue the maximum GFA permissible on the Lot within the building covenant period, we will adjust the minimum floor space required to be leased to the Government within the ten-year period to around 46 000 square metres (for the Hung Shui Kiu Lot) and around 29 000 square metres (for the Yuen Long Lot) respectively, so as to ensure the reasonableness of such requirement. In other words, the basis for calculating the floor space to be leased to the Government is changed from the maximum GFA permissible to the minimum GFA permissible on the lot. This adjustment enables the enterprise awarded with the site, in the case of pursuing phased development, to construct floor space no less than the minimum GFA required within the building covenant period. The floor space to be leased to the Government will then be calculated on the basis of the as-built GFA (20 per cent for the Hung Shui Kiu Lot, and 30 per cent for the Yuen Long Lot); and

(3) The floor loading requirement of the floor space to be leased to the Government for the Hung Shui Kiu Lot will be adjusted downwards from 30 kilonewtons per square metre to 25 kilonewtons per square metre (same as the floor loading requirement for the Yuen Long Lot). This would achieve greater consistency with the requirement for industrial buildings in general and reduce the construction cost.

Given the above adjustments, the Government will extend the tender closing date for both sites to July 25, 2025. The extension will give interested bidder(s) sufficient time to prepare for tender submission under the two-envelope approach with reference to the revised tender conditions, identify investment partner(s) and negotiate with financial institutions on financing arrangements.

The spokesperson supplemented, "In leveraging market forces to pursue development, the Government needs to listen to market views with an open mind and respond to the reasonable concerns of enterprises in face of the rapidly changing market conditions, while upholding the original policy intent. The current round of adjustments to the tender conditions is a good example showing the Government's receptiveness to constructive market views."

Assessment and tender arrangements

Same as the arrangement previously announced, assessment will be carried out in accordance with the requirements of the Stores and Procurement Regulations by a Tender Assessment Panel (TAP) comprising government officials to safeguard the integrity of the tender exercise. The TAP will be chaired by the Permanent Secretary for Development (Planning and Lands), with directorate officers from different professions serving as members.

The revised land sale documents for the two sites, including the Explanatory Statement, the Information Statement, the Form of Tender, the Tender Notice, the Conditions of Sale and the sale plans will be made available for downloading from the Lands Department website (www.landsd.gov.hk) in early April. The relevant notice will be gazetted on the same day accordingly.