

EcoPark in Tuen Mun Area 38

Expressions of Interest (EOI) Exercise

The EOI Exercise

1. During 18 March - 20 April 2006, the Environmental Protection Department (EPD) conducted an EOI exercise for establishing environmental and recycling businesses in the EcoPark. The purposes of the EOI exercise are to seek market interest on a no-commitment basis and to obtain market feedback on the following:

- recyclers' preferences on types of recyclable materials to be processed and recycling processes to be adopted;
- recyclers' needs including tenancy arrangements, lot sizes, utility requirements, superstructure requirements, etc; and,
- management services to be provided by the Government or its agents.

2. The information collected in the EOI exercise has been used for detailed planning of the EcoPark and preparation of tenancy arrangements for lots. This report summarizes the key findings of the EOI exercise.

Summary of Findings

3. Responses from the market to the EOI invitation have been encouraging. EPD has received totally 56 submissions, including 11 from overseas companies and 3 from Mainland companies. Many of the respondents are small and medium enterprises as reflected from their proposed scale of businesses, landuse requirements, proposed numbers of employees, and level of capital investment.

4. **Types of Businesses** - The respondent companies propose a wide variety of recycling operations of different materials; including plastic, vehicle tyres, waste electrical and electronic equipment (WEEE), paper, metals, textiles, glass and construction materials. Apart from proposals that include only simple sorting and baling operations for mixed wastes, a considerable number of submissions propose value-added recycling processes converting waste plastics, vehicle tyres, WEEE, and construction waste materials into either feedstock or products.

5. **Landuse Requirements** - The submissions indicate a wide range of land requirements, with the majority of them (70%) requiring land in the order of 10,000 sq.m. or below. With the flexible arrangement of modular lot design, requirements for different land sizes can be suitably accommodated.

6. **Investments** - About 50% of the submissions propose capital investments up to \$25M, typically below \$10M. Capital investments are mainly for construction of building structures, purchase of equipment and plant installation. Generally speaking, respondent companies proposing recycling of precious metals, vehicle tyres, WEEE and batteries require heavier capital investments and hence longer investment return periods. Most companies would create 10 to 50 jobs, depending on the proposed scale of operation. On this basis, the EcoPark should create at least 750 jobs upon its full development.

7. **Terms of Tenancy** - All respondent companies demand for long-term lease to allow sufficient time for plant and equipment setup, and reasonable returns on capital investments. A majority of them require a start-up period between 6 to 12 months and request for tenancy periods of 10 to 15 years.

8. **Utility and Power Requirements** - In respect of water supply, drainage and sewerage connection, the EcoPark engineering design can comfortably meet the requirements of the respondent companies. The need for a central wastewater pre-treatment facility, however, remains divided. As regards energy requirements, the electrical power supplied to individual lots should be adequate to meet the needs of most respondent companies. Flexibilities have also been included in the design to cater for those with higher power demands.

9. **Supporting Facilities and Management Services** - Most respondent companies welcome and support the appointment of a management company by Government to manage the common facilities provided, including meeting rooms, the resource centre, the exhibition hall etc., which will facilitate their businesses and reduce their running costs. In particular, about half of the respondent companies indicate their needs to use the marine frontage for their daily operations.

10. **Optional Value-added Services** - Many respondent companies indicate their support and interest for the management company to provide optional value-added services. They consider that administrative support services such as getting the necessary licences and permits for their business operations and by-product exchange programmes are most useful, though other services such as providing advice and assistance on product development and marketing would also be helpful.

Conclusion

11. On the basis of the information received, it can be concluded that in general, the market responses are in line with the Government's objective to encourage the industry to set up long term value-added recycling businesses in the EcoPark. Furthermore, the planning and design of the EcoPark infrastructure and operational arrangements appear to fit in well with the requirements of the respondents.

Environmental Protection Department
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