

NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

Supplementary information on 66KA - Purchase and fitting-out of office accommodation for the Beijing Office

INTRODUCTION

At the Public Works Subcommittee meeting held on 14 November 2001, Members agreed to recommend to Finance Committee a broadening of the project scope of **66KA** to allow the Beijing Office the option of purchasing an existing suitable premises or acquiring a suitable site for construction of office premises thereon. At Members' request, we undertook to provide supplementary information on the breakdown of the estimated cost of constructing an office premises and the clearance procedure laid down by the authorities of Beijing.

THE ADMINISTRATION'S RESPONSE

Breakdown of the estimated cost of constructing an office premises

2. We have not yet decided if we would go for the option of constructing an office premises. If this option is proceeded with, we estimate the cost for acquiring a site, constructing and fitting out the new office to be in the order of HK\$70 to 75 million, made up as follows -

/(a)

	HK\$ (million)
(a) Land acquisition and site formation	45.0 ¹
(b) Building	10.0
(c) Building services	12.0
(d) Drainage and external works	3.0
(e) Contingency for items (a) to (d)	5.0
Sub-total	<u>75.0</u>

3. Apart from the estimate of items (a) to (e) above, other costs include -

	HK\$ (million)
(f) Furniture and equipment	2.4
(g) Taxes, miscellaneous expenses and administrative fees	6.7
(h) Professional consulting and legal fees	2.3
(i) Contingency for items (f) to (h)	0.9
Sub-total	<u>12.3</u>
Total	<u>87.3</u>

/Clearance

¹ As the authorities of Beijing requires a design plan be attached to the application for land acquisition, the land acquisition cost already includes the cost of design.

Clearance procedure laid down by the authorities of Beijing

4. In Beijing, professional agents are normally engaged to assist in conducting clearance exercises. If we finally go for the option of constructing an office premises, a professional agent will be engaged to be responsible for handling all matters concerning clearance and compensation. Clearance procedure laid down by the authorities of Beijing mainly involves -

- (a) seeking approval for clearance from the relevant department(s);
- (b) conducting survey on premises and households affected by the clearance exercise;
- (c) issuing notice of clearance;
- (d) engaging real estate valuation agency to assess the value of premises affected;
- (e) granting compensation to the affected clearerees; and
- (f) referring the case to the relevant department(s) or law court for adjudication if agreement on compensation terms cannot be reached with the affected clearerees.

Beijing Office
November 2001