

## **Legislative Council Panel on Housing**

### **Divestment of Housing Authority's Retail and Car-parking Facilities**

#### **Purpose**

This paper updates Members on the latest progress on the divestment of the Housing Authority (HA)'s retail and car-parking (RC) facilities.

#### **Background**

2. HA approved in July 2003 in principle the divestment project, and has set up a Supervisory Group on Divestment (SGD) to monitor and steer the project. The Administration briefed Members on the project in November 2003, December 2003, May 2004 and July 2004 respectively.

#### **Latest progress in taking forward the divestment project**

3. Since the divestment project was approved in principle by HA, the Authority has been making a lot of efforts to take the project forward, jointly with its advisors. The following outlines the progress made in each of the key areas.

#### ***Divestment strategy***

4. HA has agreed to implement the divestment through the establishment of a Real Estate Investment Trust (The Link REIT), which will hold HA's RC facilities to be divested. It is intended that The Link REIT will then be listed on the Stock Exchange of Hong Kong through an Initial Public Offering (IPO). Owing to legal considerations relating to the IPO, we cannot provide any detailed information about the Link REIT and the IPO at this stage.

### ***Future operations***

5. The Link Management Limited ("The Link Management"), the new company established to manage The Link REIT, is taking its shape.

6. To ensure a smooth handover and avoid any disruption of services, HA has provided operational support during the transition period before the IPO.

### ***Property portfolio***

7. HA has reviewed the RC facilities estate by estate and decided on the facilities to be included in the divestment portfolio. For those facilities not included in the portfolio for the time being, they will continue to be run by HA. We do not preclude the possibility of divesting them at an appropriate time in the future.

8. An independent valuation on the property portfolio has been completed.

### ***Consultation with shopping tenants and other concerned parties***

9. HA commenced an extensive consultation exercise immediately after the decision in 2003 to divest its RC facilities. Apart from sending out leaflets to all commercial tenants and other concerned parties to inform them of the key features and timetable of the divestment project, HA met various commercial tenant groups from time to time to update them on the project progress and listen to their views. A list of these groups is at Annex A. HA also proactively sent out these leaflets to all District Council (DC) members and, upon the request of individual DCs, sent representatives to attend their meetings to brief them further on the divestment project and listen to their views. After its establishment, the views gathered from various channels have been conveyed to The Link Management for its consideration.

10. The CEO of The Link Management has been meeting commercial tenant groups to discuss issues of concern to them.

11. Prior to the divestment, HA will continue to maintain a keen interest in the dialogue between The Link Management and the commercial tenants.

12. We are preparing information booklets, posters and other materials for the purpose of informing commercial tenants and other interested parties of any new or transitional arrangements upon the divestment. We will also establish an enquiry hotline and provide adequate briefing and training to staff and contractors concerned so that they can respond readily to tenants' enquiries about the divestment.

### **Arrangement for staff of Housing Department (HD)**

13. During the two-month application period ending 18 September 2004, 156 civil servants in HD have applied for the Voluntary Exit Scheme (VES) offered by HD. Ninety have chosen to leave the civil service subject to their being able to secure employment with The Link Management. Ten of these applicants have joined The Link Management so far. All applications will be processed by 31 December 2004 to facilitate The Link Management's recruitment drive. An additional 48 staff of HD not eligible for VES<sup>1</sup> have joined The Link Management.

Housing, Planning and Lands Bureau  
November 2004

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<sup>1</sup> They are either civil servants within five years of their normal retirement age, or HA contract staff.

**List of commercial tenant groups**

- 全港公屋商戶總會 (HK Public Housing Estate Shop-operators Union)
- 公屋聯會 (The Federation of HK, Kln, and NT Public Housing Estates Resident and Shopowners Organizations)
- 香港零售管理協會 (Hong Kong Retail Management Association)
- 街市及商場 (私人承包) 商會有限公司 (Markets and Shopping Centres (Single Operator) Association Ltd)
- 香港停車場專業協會 (The Parking Association of Hong Kong)
- 香港醫學會 (Hong Kong Medical Association)
- 公共屋邨執業西醫協會 (Practising Estate Doctors' Association Ltd)
- 香港醫務委員會執照醫生協會 (The Association of Licentiates of Medical Council of Hong Kong)
- 香港西醫工會 (Hong Kong Doctors Union)
- 香港牙醫學會 (Hong Kong Dental Association Ltd)
- 屋邨牙醫小組 (Estate Dentists Group)