

Bills Committee on Rail Merger Bill**Administration's Response to questions
raised by Hon. Andrew CHENG Kar-foo**

1. Please provide information on the shops and offices in relation to the East Rail and Light Rail Transit using the table below.

Railway Line	Property / Item	Leasable Area (square feet)		Retail Occupancy Rate (as of 31.12.2005)	Office Occupancy Rate (as of 31.12.2005)	Retail - Revenue in 2005 (\$ million) (Note 1)	Office - Revenue in 2005 (\$ million) (Note 1)
		Retail	Office				
East Rail	Citylink Plaza	32,774	137,657 (Note 2)	100%	100%	74.5	
	Plaza Ascot	107,616	-	97%	-	21.5	
	KCRC Hung Hom Building	-	21,097 (Note 3)	-	100%	3.1	
	Man Lai Court Shopping Arcade	KCRC has disposed of the shopping arcade of Man Lai Court on 26 January 2006. It is no longer owned or managed by KCRC.					
Light Rail	Ocean Walk (formerly Pierhead Plaza)	107,467	-	(Note 4)	-	7.2	
	Hanford Plaza	34,415	-	98%	-	7.3	
	Sun Tuen Mun Plaza	150,696	-	87%	-	10.5	

Note:

- Note 1 In accordance with KCRC's established method for calculation, operating costs are not allocated to individual properties. We therefore provide the retail and office rental revenue of individual properties in 2005.
- Note 2 In 2005, the office space on 1/F to 6/F (137,657 square feet) of Citylink Plaza was used for rental purposes while that on 7/F to 10/F (96,676 square feet) was used by KCRC as office.
- Note 3 In 2005, the leasable office space in the KCRC Hung Hom Building was 21,097 square feet. The remaining 38,923 square feet were used by KCRC as office.
- Note 4 Pierhead Plaza underwent major renovation in 2005. KCRC terminated all the leases with tenants in March 2005, and the premises were partially re-opened in January 2006. The relevant revenue figure covers the rental revenue between January and March 2005.

- 2. The property development rights for eight properties will be transferred upon the merger. They cover few property developments along the West Rail. In this connection, would the Government provide the following information:**
- (a) **Does the MergeCo have the property development rights for the properties along the West Rail listed in the table below?**
- (b) **If yes, is the MergeCo required to pay additional premium for developing these properties? Why are these properties not mentioned in the merger?**
- (c) **If no, does it mean that the Government will resume them for open tender?**
- (d) **Will the profits gained from these property developments go into the MergeCo's revenue? Or will they go to the Government in full?**

The property development rights in respect of the development projects along West Rail in the following table are not to be owned by MergeCo.

As we have previously explained to the Legislative Council Panel on Transport and the LegCo Panel on Financial Affairs in announcing the proposed merger package, MergeCo will replace KCRC as the agent of the Government for the development of property sites along West Rail and attend to the relevant tendering procedures. Developers for the development of these sites would continue to be selected through tender, and the financial benefit arising from the relevant property development rights would accrue to the Government.

- (e) Please provide expected tender invitation date and gross floor area using the table below.

Property projects along West Rail	Site area (hectares)	Expected tendering dates	Gross Floor Area (square feet) (Note (1))
Nam Cheong	4.62	2008	3,978,000
Yuen Long	3.46	2008	1,731,000
Tuen Mun	2.66	tendered	1,560,000
Tsuen Wan West	9.38	2007-2009	5,274,000
Long Ping	2.61	2008	1,272,000
Tin Shui Wai	3.48	2009	1,924,000
Kam Sheung Road	9.85	2010	2,702,000
Pat Heung Maintenance Centre	24	2010	5,247,000
Kwai Fong	1.92	2010	626,000

Note (1): The gross floor area figures exclude Government, Institution or Community facilities and public transport interchanges.

3. **Has the Government reserved any sites for subsidizing the development of Lok Ma Chau Spur Line? If yes, please provide the details including the area, location and the gross floor area of the sites concerned.**

The Government has not reserved any land for the purpose of subsidising the development of the Sheung Shui to Lok Ma Chau Spur Line.

4. **While the construction and operation rights of the Shatin to Central Link (SCL) were awarded to KCRC back in 2002, so far construction of SCL has not commenced. Will the progress of the SCL project be affected by the progress of the rail merger? Will the SCL project be implemented only upon the setting up of the new railway company?**

MTRCL and KCRC have reached an agreement that if the rail merger is implemented, the SCL would provide fully integrated interchange stations and seamless interchange arrangements. Passengers interchanging between the MTR and KCR systems would not need to pay any second boarding charge nor would they have to exit the station first and take either a pedestrian subway or

a street-level passageway to get to another station in order to interchange. A standalone SCL scheme which is not to be implemented under the framework of the rail merger could not bring such benefits to passengers. If the project is to be implemented on the basis of the fully integrated interchange arrangements under the SCL merger scheme, the railway corporations would need confirmation that the rail merger would proceed.

The Government is now examining the SCL scheme in the context of the proposed rail merger, including the number of stations required for the new developments in Kai Tak and their location and layout. Since the SCL would provide railway service to these developments, its implementation programme would be dependent on the progress of the Kai Tak Planning Review in amending the development plan for the area. The implementation of the SCL would also need to take into account the progress of the Wan Chai Development Phase II Review.