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地政總署  
LANDS DEPARTMENT

**Urgent By Fax**

15 December 2005

Ms Miranda HON  
Clerk to Public Accounts Committee  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong  
[Fax: 2537 1204]

Dear Ms Hon,

**The Director of Audit's Report on the  
Results of Value for Money Audits (Report No. 45)**

**Chapter 3: Development of a Site at Sai Wan Ho**

I refer to your letter of 13 December 2005 and provide herewith the requested information in the following attachments:

- |              |   |
|--------------|---|
| Attachment A | The computation of the total domestic GFA at 107,950m <sup>2</sup> .  |
| Attachment B | The correspondence exchanged between LandsD and the relevant Government departments on the new layout of the Control Drawing. |
| Attachment C | The calculation of the premium of \$6.0 million and the basis for charging it.  |

Yours sincerely,

(Patrick Lau)  
Director of Lands

Encl.

c.c. Secretary for Housing, Planning and Lands  
Director of Buildings  
Director of Planning  
Director of Architectural Services  
Secretary for Financial Services and the Treasury (Attn: Mr Martin GLASS)  
Director of Audit  
Department of Justice (Attn: Mr Raymond Chan)  
Mr Leung Chin-man, JP

*\*Note by Clerk, PAC: Attachment B not attached.*

**LandsD's Computation of Total Domestic GFA at 107,950m<sup>2</sup>**

	<u>Area</u>	<u>Remarks</u>
Site Area	12,200m <sup>2</sup>	[a]
Area III referred to Figure 2 of Audit Report (p.27)	194m <sup>2</sup>	[b]
Site Classification	“C”	
Site Area for Plot Ratio (PR) calculation	12,006m <sup>2</sup>	[c = a - b]
Maximum <b>domestic</b> PR under Building (Planning) Regulation	10	[d]
Maximum <b>non-domestic</b> PR under B(P)R	15	[e]
Proposed non-domestic GFA	18,166m <sup>2</sup>	[f]
Proposed non-domestic PR	1.5131	[g = f/c]
Maximum remaining domestic PR	8.9913	[h = (e - g)/e x d]
Maximum domestic GFA	107,950m <sup>2</sup>	[i = h x c]

Source: Lands Department

**The Calculation of the Premium of \$6.0 million  
and the basis for charging it**

- (i) The premium of \$6.0 million was arrived at by assessing the current value of the lot with (“after” value) and without (“before” value) the benefit of the consent to amend the control drawing to reflect the encroachment of the Public Transport Terminus into the reserved areas.

“After” Value

This was assessed on the basis of a development with a domestic gfa of 123,036.16m<sup>2</sup> valued at \$2,708.40 million.

The 123,036.16m<sup>2</sup> gfa was arrived at as follows :-

Proposed non-domestic PR 0.2058 (i.e. 2,511m<sup>2</sup>),

Max remaining domestic PR 9.8628 (15 - 0.2058/15 x 10)

Premium accountable bonus gfa 2,710m<sup>2</sup> (5 x 542m<sup>2</sup>)

[PTT within reserved area 1,419m<sup>2</sup> - extension of MPOA area (2,127 - 1,250) = 542]

Max domestic gfa 120,326.16 (12,200 x 9.8628)

Total domestic gfa 123,036.16 (120,326.16 + 2,710)

“Before” Value

This was assessed on the basis of a development with a domestic gfa of 119,657.6m<sup>2</sup> and a non-domestic (shop) gfa of 1,387m<sup>2</sup> valued at \$2,702.43 million.

The domestic gfa was arrived at as follows :-

Proposed non-domestic PR 0.288

Max remaining domestic PR 9.808 (15 - 0.288/15 x 10)

Domestic gfa 119,657.6 (12,200m<sup>2</sup> x 9.808)

The premium was thus	After Value	\$2,708.40
	Before Value	<u>\$2,702.43</u>
	Premium	<u>\$5.97</u>

As an offer of \$6.0 million had been made by the developer, it was accepted.

The basis for charging the premium has been set out in the first two sentences of paragraph 4.24 and paragraph 7.24(c) of the Director of Audit's Report.

- (ii) We are not aware of any precedent cases involving payment of fees for consent to amend a control drawing attached to the conditions of sale. The basis for the assessment, i.e. the difference between the current values of the lot with and without the benefit of the consent, accorded with the basis for calculating premium for lease modifications.
- (iii) The premium was not calculated according to the value of the floor area involved based on the premium at which the site was sold because the established principle in calculating premium for lease modification is to assess the increase in current values.

Lands Department  
December 2005