



**THE HONG KONG HOUSING AUTHORITY**

**Memorandum for the Housing Authority**

**Comparison of Premium Estimate  
Hung Hom Peninsula  
Private Sector Participation Scheme Flats**

A paper for the information of the Joint Meeting of the Legislative Council Panel on Housing and Panel on Planning, Lands and Works on 8 March 2004 explaining the comparison between the two estimates of the modification premium by the Government and the developer for the Hung Hom Peninsula Private Sector Participation Scheme flats is attached for Members' information.

**Kenneth MAK**  
Secretary, Housing Authority  
Tel. No.: 2761 5003  
Tel. No.: 2762 1110

c.c. Members of the Subsidised Housing Committee

File Ref. : HD(BD)B2/17/2/26/9  
(Business Development Division)

Date : 8 March 2004

**Lease Modification of Hunghom Peninsula:  
Comparison between the two estimates of premium  
by the Government and the Developer**

	Government	Developer
<b>Sale proceeds</b>		
2,470 Private Flats	\$4,693M [\$3,021/sq.ft.(gross)]	\$4,349M [\$2,800/sq.ft.(gross)]
<b>Less</b>		
Guaranteed Price payable to developer of the PSPS Flats	\$1,914M [\$1,232/sq.ft.(gross)]	\$1,914M [\$1,232/sq.ft.(gross)]
Allowance for Bulk "Purchase" of all 2,470 Flats in one go by a single developer	\$704M	\$719M
Cost of Upgrading Flats for Private Sale	\$363M	\$387M
Loss of Carparking Spaces for Conversion to Clubhouse	\$24M	\$36M
Interest incurred/foregone	\$261M	\$279M
Marketing Cost	\$123M	\$150M
<b>Plus</b>		
Saving of PSPS Costs *	\$6M	-
<b>Premium</b>	<b>\$1,310M</b> <b>[\$843/sq.ft (gross)]</b>	<b>\$864M</b> <b>[\$556/sq.ft (gross)]</b>

\* Savings due to removal of need for bank guarantees, emergency repairs fund, etc. exclusive to PSPS developments