

Press Release

CB(1)623/03-04(03)

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CHAIRMAN OF THE HONG KONG TRADE DEVELOPMENT COUNCIL,
18TH DECEMBER, 1984.

THE HONG KONG INTERNATIONAL EXHIBITION CENTRE

(1) The Government has today approved a private treaty grant of a site in Harbour Road, Wan Chai Reclamation, free of premium, to the TDC for the construction and operation of an exhibition/conference centre project. Accordingly, an agreement has been signed this afternoon between the TDC and New World Development Co Ltd whereby New World will construct an exhibition/conference centre complex on this site to be known as the Hong Kong International Exhibition Centre.

(2) In December, 1983, following consideration of a report by the Non-Statutory Board, under the chairmanship of Mr Michael Sandberg, the Government invited the TDC to consider taking on the construction and operation of the exhibition centre project. The TDC engaged the services of Mr Norman Thompson of C-Fin Projects Ltd to carry out commercial viability studies. These studies were carried out with Schrodgers & Chartered and were based on the following requirements: that a complex consisting of an exhibition/conference centre and supporting facilities with hotel, commercial and residential accommodation would be constructed for the TDC, free of charge. The exhibition centre and

related facilities would be retained by the TDC and the hotel and other commercial areas would be assigned to the successful consortium.

(3) Based on these requirements and adopting a low rise design for the exhibition centre building, surrounded by a hotel and other commercial areas in connected tower blocks, the commercial viability studies indicated that construction costs would be reduced and that a mix of hotel, commercial and residential elements would make the project viable.

(4) The TDC commissioned an indicative design by a local firm of architects and this design was made available to hotel groups, property developers and contractors throughout the world who had expressed interest in the project following a marketing enquiry circulated earlier to some 100 organisations. As a result, 9 consortia from Canada, France, Hong Kong, the United States, Japan, the United Kingdom and Singapore asked to be placed upon the tender list. On the tender date of 1st October, 1984, detailed proposals were received from four consortia and, as a result of negotiations which took place over the last two months, the New World Development Co has been successful in obtaining the contract.

(5) This project will be entirely financed by New World. In addition, they will pay the TDC an upfront payment of HK\$75

million, phased over three years, to fund TDC's expenses; plus a bond of HK\$25 million which will be returnable to them when they meet milestone construction dates. They will also be responsible for marketing, furnishing and operating the exhibition centre complex by appointing an internationally renowned operator to be approved by the TDC. Under this operating arrangement, the TDC will receive annually 5% of gross sales from the exhibition/conference centre with a guaranteed minimum.

With immediate effect, New World will meet the cost of TDC's office requirements in Hong Kong and when the office space in the new complex is completed, they will provide offices there free of charge.

(6) The site for this complex covers about 2.96 hectares (29,688 sq metres). The TDC will retain the exhibition halls on two floors of about 23,000 sq metres for exhibition purposes; the conference hall seating 3,000 people; an auditorium seating 800 people; the ground floor loading area with connecting lifts to the exhibition floors and, supporting facilities such as restaurants, cafeteria and meeting rooms. There is also provision for goods and container access to the exhibition floor from the sea. In total, this portion of the development, which will be retained by the TDC, will ultimately comprise some 73,000 sq metres.

(7) Surrounding and connected to the exhibition/conference

centre will be two hotels, one with 960 rooms, the other 750 rooms, a 33 storey office/trade mart tower and a further tower containing 970 service apartments. This portion of the complex will be assigned to New World.

(8) Detailed design of the complex commences immediately and construction will begin in mid 1985. Completion of the exhibition/conference centre complex is planned for mid 1988; the first hotel and the trade mart will be available by the end of that year with completion of the other commercial building following thereafter.

(9) New World's investment in this project is estimated at HK\$1.5 billion of which the exhibition/conference component is estimated to cost HK\$650 million. The current value of the site being granted to the TDC is estimated at HK\$550 million to HK\$750 million depending on usage.

(10) There is one remaining formality which is the change of zoning for the site. Subject to this, we expect to start construction in the middle of next year.

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