

Canton Road Station (CAR) Progress Update

This paper updates Members on the progress of the proposed Canton Road Station on the Kowloon Southern Link project.

Background

- (1) Canton Road is a business, entertainment and shopping hub at the heart of Kowloon peninsula. The need for building a Canton Road station for the Kowloon Southern Link has been widely recognized by public, private and business community.
- (2) Given the existing dense development along Canton Road, there is a lack of suitable space for the station's development.
- (3) In mid 2003, the Kowloon-Canton Railway Corporation (KCRC) approached Wharf Estates Development Limited (Wharf) to discuss the possibility of constructing the CAR station inside Harbour City. KCRC specifically proposed to pay for the demolition and rebuilding of two of our existing commercial towers of 600,000 plus s.f. to enable their building the station requirement in the basement of the site. KCRC enquired what might that cost be to them. Though it was declared not to be a practical option, Wharf nevertheless gave a rough indication of the associated cost of up to HK\$3 billion in answer to KCRC's proposal. There was no subsequent discussion on this option.
- (4) On June 3, 2004, the Legislative Council Railways Subcommittee meeting requested Wharf and KCRC to discuss the possibility of building the CAR station within Harbour City. Environmental, Transport and Works Bureau (ETWB) would facilitate such discussion.

Discussion on the CAR Station

The three parties worked very closely in the last few months. 14 Steering Group Meetings (chaired by ETWB), 20 Technical Works Group Meetings (chaired by Highways Department) and 15 Technical Workshop Meetings (chaired by KCRC) have been held.

- (1) Two options have been considered, namely –
 - (a) Basement Scheme – to construct a station below the existing basement of Harbour City
 - (b) Redevelopment Scheme – to build a station in conjunction with the redevelopment of Harbour City
- (2) After lengthy technical studies, both KCRC and Wharf found that construction of the Canton Road Station underneath the existing buildings of Harbour City will be risky and technically complicated, and would impose substantial disturbance to the operation of the buildings. Such costs were established to be up to \$450 million. Consequently, joint efforts were directed to explore the Redevelopment Scheme.

(3) It is understood that redevelopment is a substantial and complex decision for Wharf. Maintaining the integrity of the entire complex of Harbour City and commercial feasibility are key concerns. It is also established that minimum enabling works and future station requirements would have to be implemented as part of the KSL Project if the project need to go ahead. KCRC requested that if Wharf could not provide a time-table commitment, the Corporation would ask Wharf to fund the enabling works subject to a refunding mechanism to be worked out with Wharf. Wharf accepted this concern.

(4) In a letter addressed to KCRC and ETWB on November 9, 2004, Wharf informed KCRC and ETWB that after extensive studies on an alternative redevelopment plan that could facilitate an earlier timeline for the construction of the CAR station, we are now in a better position to commit a definitive redevelopment timeline, subject to approval by all relevant government authorities on the redevelopment building plans that is not entirely under our control.

(5) In a further letter to KCRC on November 12, 2004, Wharf stated in response to the reimbursement issue that we are prepared to give a firm undertaking to reimburse the KCRC only a portion of the enabling works cost should Wharf not make available the required site for the station within an agreeable timeframe (due to factors outside of our control).

(6) Wharf's acceptance of facilitating the CAR station to be built inside our premises would enable KCRC to save very difficult and substantial land resumption cost and time. There is wide and general community support for its establishment. Once built, the CAR station will become an integral part of the KCRC revenue-generating asset in an attractive catchment area.

Wharf Estates Development Limited
November 15, 2004