

(Translation)

LEGCO QUESTION NO. 3

(Written Reply)

Asked by: the Hon Alan Leong

Date of meeting: 20 April 2005

Replied by: Secretary for Housing,
Planning and Lands

Hon Alan LEONG (Written Reply)

The land lease of Wu Chung House in Wanchai provides that the developer of the building ("the Developer") shall construct two pedestrian walkways at Wu Chung House connecting Hopewell Centre and private lot IL7781, and that the pedestrian walkway ("the Walkway") connecting Wu Chung House and the lot shall be completed within 12 months from the date of handover of the lot to the Developer by the Government. Such requirements are also included in the conditions to the planning permission ("planning conditions") for Wu Chung House. It is understood that the ownership of the lot has all along been held by a group associated with the Developer. However, the Walkway has not yet been constructed since the completion and occupation of Wu Chung House in 1992. In explaining the matter recently, the Lands Department pointed out that when the land lease of Wu Chung House was being drafted in 1990, the Department was also processing a land exchange application submitted by the group associated with the Developer for a proposed large hotel project at Wanchai. According to the then land exchange proposal for the hotel, the group would return the lot to the Government and take over the lot again from the Government for constructing the Walkway. However, the land exchange proposal has not been realized so far. The Department further pointed out that in order to implement the Walkway project, the Department will, in processing future land exchange applications, first require the Developer to revise the land leases of Wu Chung House and the lot to the effect that the Developer will undertake to complete the Walkway within a specified period. Regarding the compliance with the lease conditions and the planning conditions by the Developer, will the Government inform this Council:

- (a) in approving the development plan of Wu Chung House, whether the authorities had granted a bonus plot ratio, additional gross floor area permissible or other preferential terms on account of the Developer's proposal to construct the above two pedestrian walkways to mitigate

traffic congestion; if they had, of the details of such terms;

- (b) whether it has assessed if the existing land lease of Wu Chung House contains any loopholes which deprive the authorities of legal grounds to require the Developer to construct the Walkway and to execute the relevant lease conditions, if it has, of the assessment results;
- (c) whether the Walkway could have been constructed since 1992 without the handover of the lot;
- (d) whether the failure hitherto to implement the above large hotel project is a cause of the indefinite procrastination of the construction of the Walkway;
- (e) of the legal grounds for linking the construction of the Walkway to the hotel project concerned, given that Wu Chung House and the hotel project are two independent developments and that the land lease of Wu Chung House does not refer to the hotel project; and
- (f) of the reasons for issuing an occupation permit and a certificate of compliance for Wu Chung House when the Developer has not fully discharged the lease conditions and the planning conditions for the building; whether such reasons include dereliction of duty on the part of government departments, and the follow-up actions as well as remedial measures to be taken by the authorities in executing the relevant lease conditions and planning conditions?

Reply

President,

First, I would like to set out some background of the case :-

- (I) The lease of Wu Chung House (WCH) was granted by way of two land exchanges. The first land exchange was executed on 25.11.87 as IL 8637 and the second one which expanded the area in the first exchange, on 25.5.92 as IL8766. In the second land exchange, lease provisions included the requirement to build a footbridge connecting Hopewell Centre to the left of WCH and IL 7781 across the road.
- (II) Whilst Government had no plans for footbridges in this location, on 7.12.88 Hopewell Holdings Limited (Hopewell) wrote proposing to build a footbridge across Queens Road East and connecting IL 7781 and that this should be included as a positive obligation under the second land exchange for WCH effective on completion of the land exchange for a proposed large hotel project. The grantee was to complete within 12 months a footbridge across Queen's Road East from the date of handover to him of IL 7781 by the Government. In an application of February 1986 to the Town Planning Board by the developer for WCH, it was indicated that there was a need to construct a footbridge upon the completion of the land exchange applications concerning WCH and the proposed large hotel project. The application was approved by the Town Planning Board in April 1986. Relevant Government departments had no objection to the proposed timing for the completion of the footbridge across Queen's Road East because it was a facility proposed by Hopewell to cater for its office and hotel developments and not a Government proposal.
- (III) Accordingly, the land exchange for IL 8766 (Wu Chung House) included SC 16(b)(ii) stating that "The portion of the pedestrian walkway to be constructed across Queen's Road East to Inland Lot No. 7781 shall be completed within 12 months from the date of handover to the Grantee of Inland Lot No. 7781 by the Government".

My reply to the six-part question is as follows:

- (a) The grantee of WCH did not obtain any bonus plot ratio or other

concession in the calculation of gross floor area or site coverage under the Buildings Ordinance due to requirement to construct a footbridge connecting with Hopewell Centre across Queen's Road East.

- (2) According to the existing lease of WCH, the provision requiring the construction of a footbridge to IL 7781 across Queen's Road East would become effective on completion of the land exchange for a proposed large hotel project. The footbridge should be completed 12 months after possession of the lot following hand-over by Government to the grantee. As the provision of a footbridge could still materialize there is no question of "loopholes" in the lease of WCH.

(3)&(4)

Since the exchange for the proposed large hotel project has not yet been approved, the requirement to build the planned footbridge has not been triggered. It is relevant to again point out that at the time of the execution of the WCH conditions, Government had no intention of building any footbridge at that location and therefore had no reason to object to the developer's proposed timing (i.e. to take place at same time as the hotel project land exchange).

- (5) As explained above, the footbridge across Queen's Road East was proposed by Hopewell to cater for its office and hotel developments and not a Government proposal. As such, the special condition of the land exchange stipulated that the concerned footbridge should be completed within 12 months from the date of handover to the Grantee of Inland Lot No. 7781 by the Government. The conditions of exchange for WCH are a contract. It was appropriate to include in the conditions of the exchange the above-mentioned requirement for construction of a footbridge to ensure the commitment and compliance on the part of the developer.

- (6) The developer has not failed to comply with the land grant conditions as they only call for construction of the footbridge to commence when possession of the site of IL 7781 is handed over to the developer. It was on this basis that Certificate of Compliance was issued. There has been no dereliction of duty by anyone. Since the two footbridges were only shown as future provision on the approved building plans of WCH, and were not a requirement under the Buildings Ordinance for the development, the issue of occupation permit for WCH in April 1993 was not affected.

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