

Press release

Arrangement for West Rail property development sites revised

Tuesday, July 5, 2011

The Chief Executive-in-Council today (July 5) approved a revised land disposal arrangement for West Rail property development sites. The arrangement aims at expediting the release of the West Rail sites for increasing housing supply in the market. These sites involve property development projects along West Rail carried out by the relevant subsidiaries of the West Rail Property Development Limited (WRPDL). The Government as the sole shareholder of the Kowloon-Canton Railway Corporation (KCRC) owns 49% of shares of WRPDL while KCRC owns 51%.

The Government with WRPDL has reviewed the tendering terms for the disposal of the West Rail sites. Previously bidders were required to pay the market value land premium to the Government as assessed by the Lands Department (LandsD) on a bare-site basis without taking account of the railway, as well as bear other development related costs and propose a percentage share of profit to the WRPDL subsidiary in bidding for the property development right of the West Rail sites.

Under the revised arrangement, bidders are required to propose an upfront lump-sum cash payment for West Rail sites in an open and competitive process. The tenderer submitting a lump sum offer that is the highest and meets or is higher than the tender reserve price as assessed by the LandsD, and is also able to meet all other tender terms including a profit share for the WRPDL subsidiary fixed at 5% and technical requirements, will be awarded the right to develop the project with the WRPDL subsidiary. The setting of a tender reserve price by LandsD serves to protect the financial interest of the Government. The reserve price will reflect the open market value of the site taking into account all the relevant factors.

The West Rail sites will be granted at a nominal premium of \$1,000 each to KCRC, but the lump-sum payment, after deduction of relevant development costs, will be treated as profits to WRPDL and after tax distributed to the Government as dividends.

The "one-price" approach is expected to be recognised as an efficient approach by tenderers in preparing their bids. This in turn should speed up the disposal of the remaining 11 West Rail sites for housing development. A list of property development sites along West Rail is in the Annex.

Earlier on, the Financial Secretary has decided to request WRPDL to redesign six West Rail property development projects which have approved Master Layout Plans and/or building plans to comply with quality and sustainable built environment requirements. The opportunity has also been taken to increase the supply of small and medium-sized flats at these sites. The Government welcomes WRPDL's implementation of these requirements by revising the schemes of the West Rail sites which have not been tendered. The production of small and medium-sized flats (i.e. saleable area of 50 square metres or smaller) will be specified in the lease conditions. Separately, a "no frills" requirement will be specified in the tender conditions.

WRPDL plans to tender the Nam Cheong site in the third quarter of 2011, and the two sites in Tsuen Wan Area 5 later on within 2011-12, and, subject to Town Planning Board's approval, the Long Ping (North) site in early 2012.

Ends