

# THE HONG KONG HOUSING AUTHORITY

## Memorandum for the Commercial Properties Committee

### Improvement of Hin Keng Shopping Centre

#### PURPOSE

To inform Members of the improvement proposals for Hin Keng Shopping Centre.

#### BACKGROUND

2. Hin Keng Shopping Centre has been programmed for improvement under the five-year rolling improvement programme (Paper No. CPC 55/98). Improvement proposals were endorsed by the Department's Shopping Centre Improvement Committee in June 1999.

#### HIN KENG SHOPPING CENTRE

3. Hin Keng Shopping Centre is a large neighbourhood centre (Type C) built in 1987 with 8,309m<sup>2</sup> IFA retail space, serving primarily the 30,600 residents of Hin Keng Estate and Ka Tin Court in Shatin. Location and Estate  
—— Layout Plan is at **Annex A**.

4. The estate is located at the head of the valley and as a result the Centre has a limited local catchment. The shopping atmosphere is also disrupted as the Centre is bisected by Hin Keng Street into two wings. The market serves as a 'magnet' to the Centre. The Indoor Recreation Centre and Off Course Betting Centre also attract local and outside patronage. However, the market ventilation is extremely poor due to its enclosed layout with only one open side. Improvement of ventilation to the market and upgrading of shopping centre finishes and facilities are considered necessary to meet the rising

aspirations of shoppers and enhance the competitiveness of the Centre as well as meeting the latest fire safety requirements.

## **IMPROVEMENT PROPOSALS**

5. The proposed improvement scheme aims at enhancing business potential of the Centre through provision of central air-conditioning (A/C) to the market, creation of 320m<sup>2</sup> new retail space, improvement to circulation and general upgrading works.

6. The proposed improvements are summarized below -

- (a) provision of central A/C to the market through construction of a transformer house, chiller plants and meter/switch room;
- (b) conversion of the existing Estate Management Office (to be relocated) into two new shops of 160m<sup>2</sup> and 280m<sup>2</sup> respectively;
- (c) relocation of a Post Office for better alignment of shopfronts;
- (d) re-design of Shop No. 208 to improve circulation and exposure of new shops (size of Shop No. 208 be reduced from 130m<sup>2</sup> to 10m<sup>2</sup>);
- (e) replacement of false ceiling, floor/wall finishes, and touching-up and cleaning of external wall;
- (f) improvement of lighting for the Centre, the market and the market square;
- (g) improvement of drainage at the spiral ramp and the market;
- (h) renovation of two public toilets in the market; and
- (i) conversion of internal planters into circulation area.

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Design drawings are at **Annex B**.

## **IMPLEMENTATION/PROGRAMME**

7. Building works will be procured by Lump Sum Contract (LSC) in line with the Department's current policy. Building services works will be arranged through nominated sub-contract under the main LSC.

8. Site works are tentatively scheduled to commence in April 2000 and would last for about 12 months with completion expected in March 2001. A tentative works programme is at **Annex C**.

## **FINANCIAL IMPLICATIONS**

9. The estimated project cost is \$36.00 million at 1999/2000 price level.

10. A sensitivity analysis of IRR on rental growth is at **Annex D**. Excluding the costs of \$28.8M attributable to the provision of central A/C, which will be recouped through A/C charges, and maintenance works, the improvement scheme is expected to generate an internal rate of return (IRR) at 15.8% with a payback period of 11 years.

11. Annual income generated from Hin Keng commercial facilities is estimated to be \$21.61M in 1999/2000, projected to maintain at \$21.61M in 2000/2001. The improvement scheme will promote competitiveness of the Centre and enhance future income growth. It is estimated that a total income of \$22.73M could be achieved on project completion in 2001/2002 including income generated from new retail space estimated at \$0.98M.

## **FUNDING**

12. Funds have been reserved in the budget of 2000/2001 under the Housing Capital Works Fund.

## **CONSULTATION**

13. Estate staff have consulted affected tenants and local representatives and received general support to the scheme. Briefings will be maintained by estate staff throughout the implementation of the scheme.

## **INFORMATION**

14. This paper is issued for Members' information.

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File Ref. : HD(H) 6/80/19

Date : 20 August 1999