

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Commercial Properties Committee

Improvement of Pok Hong Shopping Centre, Shatin

PURPOSE

To inform Members of the improvement proposals for Pok Hong Shopping Centre.

BACKGROUND

2. Pok Hong Shopping Centre has been programmed for improvement under the five-year rolling improvement programme (Paper No. CPC 43/96). Improvement proposals have been endorsed by the Department's Shopping Centre Improvement Committee in November, 1997 vide Paper No. SCIC 12/97.

POK HONG SHOPPING CENTRE

3. Pok Hong Shopping Centre is a small neighbourhood centre (Type D) of 4,954m² IFA completed in 1985 serving primarily the 22,400 residents of ----- Pok Hong Estate. Location Plan and Estate Layout Plans are at **Annex A**.

4. The centre is not easily visible from the main public road and is constrained by inadequate inter-floor circulation, upgrading of shopping environment and finishes are considered necessary to meet rising aspiration of shoppers and to compete successfully with modern private developments in the vicinity.

IMPROVEMENT PROPOSALS

5. The proposed scheme aims at enhancing business potential of the centre through the addition of new retail premises, improvement in circulation/visibility and general upgrading works.

6. The main improvement areas are summarised below -

- (a) construction of new shops of about 113m² IFA at Level 1 by conversion of planter/empty bay;
- (b) construction of new shops of about 287m² by conversion of the existing Estate Management Office (EMO);
(the existing EMO will be relocated to market podium under a separate consultancy scheme)
- (c) construction of staircases at atrium to link up the split levels of the arcade;
- (d) replacement of existing false ceiling finishes;
- (e) replacement of floor tiles at common areas and nosing tiles for staircases; and
- (f) improvement of lighting, internal and external signages.

----- 7. Design Drawings are at **Annex B**.

IMPLEMENTATION/PROGRAMME

8. Building works will be by lump sum contract (LSC) in line with the Department's new strategy for works procurement (Paper No. BC165/96). Building services works will be arranged through nominated sub-contract under the main LSC.

----- 9. Site works are expected to be completed in about 8 months with completion scheduled in June, 99. A tentative works programme is at **Annex C**.

FINANCIAL IMPLICATIONS

10. The estimated project cost at 97/98 price level is \$11.1M. A
----- breakdown is at **Annex D**.

11. A summary of basic viability parameters and results including a
----- sensitivity study is at **Annex E**. Excluding \$3.71M attributable to works of
maintenance nature, the internal rate of return (IRR) is 14.3% (payback period 12
years). This is above the 8% threshold return and is considered to be acceptable.

12. Annual income generated from Pok Hong commercial facilities was
\$8.73M in 1997/98, projected to rise to \$8.77M in 1998/99. The improvement
scheme will promote competitiveness of the centre and enhance future income
growth. It is estimated that total income of \$10M could be achieved on project
completion in 1999/2000 including income generated from new retail space
estimated at \$0.98M.

FUNDING

13. Funds have been reserved in the budgets of 1998/99 and 1999/00
under the Housing Capital Works Fund.

CONSULTATION

14. Estate staff have consulted Estate Management Advisory
Committee, Mutual Aid Committees, local dignitaries and estate tenants and have
received general support to the scheme. Briefing will be maintained by estate
staff throughout the implementation of the scheme.

INFORMATION

15. This paper is issued for Members' information.

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