

THE HONG KONG HOUSING AUTHORITY

Memorandum For The Commercial Properties Committee

**Progress Report for Letting of Yiu Tung Shopping Centre
in Yiu Tung Estate, Shau Kei Wan**

PURPOSE

To inform members of the development on the letting of Yiu Tung Shopping Centre in Yiu Tung Estate.

BACKGROUND

2. Subsequent to the endorsement by the Commercial Properties Committee on 5 March 1998 on the policy of early termination by commercial tenants without providing three months' notice and payment of compensation to the Authority, the single operator of Yiu Tung Shopping Centre, Guardian Property Management Ltd., (Guardian), served notice-to-quit on 17 March 1998 for termination of the tenancy on 30 April 1998.

3. To ensure availability of shopping facilities for the residents of Yiu Tung Estate and to allow time for prospective clients to submit leasing proposals, the Department has granted a 3 month licence to those ex-licencees of Guardian who are willing to continue their business with effect from 1 May 1998. The shopping centre is now under the direct management of the Department.

4. One of the ex-licencees, Mr. KONG Leung of market stall no. 12 operating the trade of 'Frozen Meat' refused to sign any licence agreement and is still holding over as a trespasser. To recover vacant possession of the premises, Messrs. Baker & Mackenzie, acting on behalf of the Department, has been instructed to commence court proceedings against Mr. KONG. Members will be informed of the outcome in due course.

RE-LETTING

5. The Letting Panel on 7 August 1998 has endorsed the letting of Yiu Tung Shopping Centre to the sole bidder Wang On Shopping Centre Management Ltd. (Wang On) vide Paper No. LP 37/98. One of the conditions when inviting leasing proposals is that the current licence fee will be maintained up to 30 April 1999. The existing licencees are aware of this condition.

PRESENT SITUATION

6. Due to failure in obtaining reasonable rental bids and co-operation from the hold-over licencees, Wang On withdrew their offer on 18 August 1998.

7. In view of the poor marketing response and keen competition from Sai Wan Ho U.S.D. Market and nearby hawkers and shops at Kam Wah Street, it is expected that no other single operator will be interested in submitting further leasing proposals. The Department has also committed to consider direct leasing with the existing licencees if marketing attempts for a new operator failed.

ACTION TO BE TAKEN

8. To maintain availability of daily necessities to residents, it is considered necessary for the Department to continue the direct management of the shopping centre and the existing hold-over licencees to become our normal tenants. The following options will be given to the existing licencees -

- (a) 3-year fixed term tenancies at an re-assessed market rent commencing 1 September 1998; or
- (b) a short term tenancy at the current licence fee levels from 1 September 1998 to 30 April 1999 follow by a new 3-year tenancy at a re-assessed rent then.

INFORMATION

9. This paper is issued for Members' information.

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File Ref. : L/M in HD(H)CP 6/53/98/70 II

Date : 28 August 1998