

Handover date
on September 15

\$68m Valley hotel to house NCNA

A SALE agreement was signed yesterday by the New China News Agency to acquire New World Development's self-service hotel in Happy Valley at a cost of \$68 million.

The 23-storey, 330-unit hotel, at the end of Queen's Road East, near the Jockey Club, was bought in the names of three middle-ranking officials

by

K.C. Tsang

of the NCNA's Hongkong Branch.

Sources said yesterday that the NCNA officials handed a cheque for \$25 million to officials of New World Development upon signing the agreement.

The rest of the money will be settled after the building is handed over to the NCNA on September 15.

It is understood that New World Development

made a profit of about \$20 million on the deal.

Under the purchase arrangements, the NCNA acquired New World Development's Newman Investment Ltd, which developed the hotel, by buying up its entire \$20 million issued capital at a cost of more than \$44 million.

The agency will also shoulder the loans of Newman Investment exceeding \$20 million.

Sources said the NCNA had decided to retain the company in its original name to manage the building.

Occupation clearance was issued last week, and work is already underway to decorate the building.

It will be used to house the NCNA's head office, and space will be provided for staff and guests.

The company has given notice to the Public Works Department to convert the hotel into office and residential use.

PREMIUM

The department is understood to have waived the conversion premium normally required when changing the use of a building.

Before moving into the building, the NCNA will probably wait until the notice expires without an objection, and this usually takes a month after submission of notice.

The final details of the agreement were not settled until yesterday morning. Originally, the proposed date of handing over the building was September 30.

New World Development asked for the date to be brought forward, but NCNA at first hesitated as it might have involved a cut in deposit interests. Subsequently NCNA agreed to accept the company's proposal.

It is not yet known what will happen to the present NCNA head office in Wanchai.