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\$4b dock complex boosts confidence

By ROBERT MAYERSON

A massive \$4 billion, 94-tower residential and commercial development on the Hunghom waterfront was set in motion yesterday when Hutchison Whampoa Ltd handed over a cheque to the Registrar-General.

Hutchison's chairman, Mr Li Kashing, told a crowd watching as the \$390 million premium payment was delivered that the 2.3 million sq ft complex on the Whampoa Dock site would bring in \$7 billion in revenue — or a \$3 billion profit — if it were put up for sale today.

And he added, the eventual income reaped from Whampoa Garden, which analysts have described as "the development of the decade," depends on real estate prices in the six years remaining until the 12-phase project is completed.

"I believe the property market is now at its lowest," Mr Li added, indicating that profits could be much higher.

News of yesterday's move boosted confidence in Hutchison's future and in the property market in general and sent the stock market smartly higher.

The amount of the premium to be paid to the Government for the right to use the dockyard site for a residential development has been the subject of negotiation for several years.

The 2.3 million sq ft lot, long owned by Hutchison's Hongkong and Whampoa Dock subsidiary, is believed to be one of the largest

● Property market blooming, picture — See BN 1.

private parcels of land in the urban area which is suitable for redevelopment.

The final agreement, signed and delivered yesterday, provides for the \$390 million payment and makes the company responsible for a further \$200 million for the finance and construction of major roadworks and road improvements outside the redevelopment area.

"I don't take it as a great deal; it's a fair deal," Mr Li said.

The project appears to have been speeded from original plans and the pre-sale of the first 600 flats is due to begin in March.

The size of the development, which is expected to house 40,000 people in 11,224 flats when completed, means that 1990 is the earliest possible completion date, according to the managing director of Hongkong and Whampoa Dock, Mr J.D. Johnston.

He added that the company is about to let major contracts for the superstructure of the first site and the foundation work on phase two, which comprises 2,160 flats to be marketed in 1986 and 1987.

"We've already spent \$70 million in site formation costs," he said.

Hutchison Whampoa will shoulder the \$4 billion cost of the Whampoa Garden plan (including yesterday's premium payment) with the aid of internal cash reserves as well as contractors' project financing and revenues from pre-sales, Mr Johnston said.

He added that no outside borrowing is foreseen.

The market for small flats has been the brightest aspect of a gloomy property scene in recent months and now the entire real estate

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Signal of confidence

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sector shows signs of picking up, that trend is expected to continue.

The Whampoa Garden project was apparently originally conceived in the luxury range with an average flat size of about 1,000 sq ft.

This has been scaled down, however, and the average size in the final version is about 675 sq ft.

Mr Johnston also said an industrial component of the original plan has been eliminated.

"The development of industrial and go-down property is not a good commercial prospect at this time," he said.

The final version of the Whampoa Garden project also includes 1.69 million sq ft of commercial accommodation in ground floor and basement-level shops as well as two commercial complexes.

As part of the agreement with the Govern-

ment signed yesterday Hutchison will also provide sites for two primary and two secondary schools, a market, community facilities and a transport terminus.

Whampoa Garden will include more than 17 acres of open space in the 47-acre total.

It will also provide 2,900 car park spaces — the maximum allowed by Government.

The Registrar-General, Mr Nigel Gleeson, who accepted the \$390 million cheque on the Government's behalf, applauded Hutchison's decision to move ahead with the Hunghom development.

"One of Hongkong's major property developers, which has established for itself a reputation for very accurate assessment of the property market has seen fit to proceed with this major development at this time," he said.

"I think that indicates tremendous confidence in the property market and in the future of Hongkong," he said.