

## **NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE**

### **Supplementary information on 66KA - Purchase and fitting-out of office accommodation for the Beijing Office**

#### **INTRODUCTION**

At its meeting on 3 May 2000, the Public Works Subcommittee (PWSC) agreed to recommend to Finance Committee the direct injection of **66KA** to Category A at an estimated cost of \$87.3 million for the purchase and fitting-out of permanent accommodation for the Beijing Office. As requested by PWSC Members, this note provides additional information on rental levels of high-quality office premises in Beijing and redeployment of staff resources by the Beijing Office to provide assistance to Hong Kong residents being detained in the Mainland.

#### **THE ADMINISTRATION'S RESPONSE**

##### *Rental levels of high-quality office premises in Beijing*

2. As set out in paragraph 10 of the PWSC paper referenced PWSC(2000-01)17, according to property consultants in Beijing, the current range of asking prices for Grade A multi-storey commercial buildings in Beijing is \$20,000 - \$27,000 (RMB 21,300 – 28,700) per square metre.

3. Further information has now been obtained on the rental and price indices for this type of office in the three main office areas in Beijing, namely the Central Business District (CBD), the East Chang An Area and the 3rd Embassy Area (Figure 1). Whilst the first two areas fall entirely within the Second Ring Road, the 3rd Embassy Area extends beyond and reaches the Third Ring Road.

4. The indices in Figures 2 and 3 show the trend in the past five years. There are indications that both rentals and prices in the first quarter of this year are

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showing upward movements. The general feeling in the market is that with the rising expectations of China's acceding to the WTO, the upward trend in rental and sale prices is likely to continue.



Figure 1 : Beijing Property Index Office Area (Source : Jones Lang LaSalle)

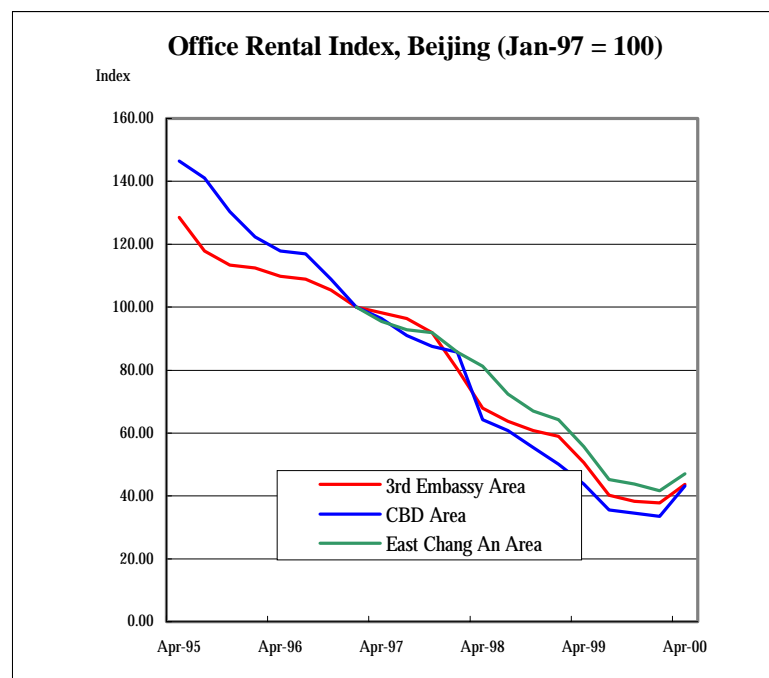


Figure 2 : Office Rental Index (Source : Jones Lang LaSalle)

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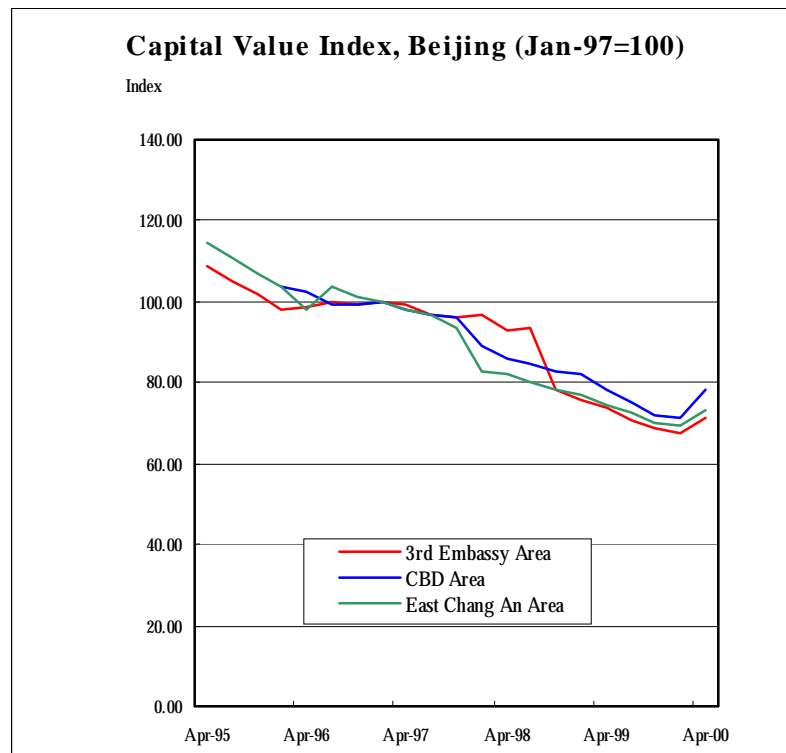


Figure 3 : Capital Value Index (Source : Jones Lang LaSalle)

5. Where there are comparable properties which meet our operational requirements, we will negotiate for and make the purchase at the best price possible in terms of value for money. The fitting-out of the permanent accommodation for the Beijing Office will be done strictly in accordance with government standards.

*Assistance to Hong Kong residents being detained in the Mainland*

6. When the Beijing Office was set up in March 1999, its area of responsibility did not include provision of assistance to Hong Kong residents detained in the Mainland. However, in response to public expectation, the Beijing Office has since September 1999 taken up this additional task through internal redeployment of resources. Since then about 1½ officers from the Immigration Section, under the supervision of senior officers of the Beijing Office, have been working full-time to handle such cases. The Immigration Section has one Principal Immigration Officer, one Chief Immigration Officer and four Immigration Officers on its establishment. Through enhanced productivity, the

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Immigration Section has been able to cope with the above additional task without affecting its normal work. We will keep the situation under regular review to ensure that adequate resources will be available for this new area of responsibility by further enhancing productivity, redeployment of existing resources or seeking additional resources.

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Beijing Office  
May 2000

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