



23 April 2016

Dear Owners and Residents,

Further Elaborations on DB Latest Development Plans

Further to our recent updates of the DB development plans, there have been proactive discussions on social media and within the community. We appreciate the interests and concern of owners and residents and we would like to further explain the following topics with the enclosed summary:

- 1) The planned population of DB;
- 2) Hong Kong Resort Company Limited's rights and commitments to develop DB;
- 3) DB's Master Plan vs. Outline Zoning Plan; and
- 4) Water and sewage treatment services provision etc.

The summary would clarify some of the discussions and help you better understand the background and justification relating to the concerned topics.

If you have any enquiries or suggestions, please email us at info@hongkongresort.com.

Hong Kong Resort Company Limited

香港興業有限公司
Hong Kong Resort Company Limited

香港大嶼山愉景灣廣場徑二號愉景灣商務中心
Discovery Bay Office Centre, No. 2, Plaza Lane
Discovery Bay, Lantau Island, Hong Kong
電話 Tel: (852) 2238 3388 傳真 Fax: (852) 2987 2880

香港興業國際集團有限公司成員
A Member of HKR International Limited
www.hkri.com

HKRI

Summary of Further Elaborations on Discovery Bay Latest Development Plans

Facts	Misconceptions
Overall Development / Other Issues	
<p>1) <u>Water and sewage services agreements</u></p> <ul style="list-style-type: none"> ■ The said "Short Term Tenancy Agreements" were sent to City Owners' Committee ("COC") for information a couple of years ago. ■ CM always consults COC whenever the Government revises the Short Term Tenancy fees. <p>2) <u>Options for future sewage treatment</u></p> <ul style="list-style-type: none"> ■ It is believed that the Government will have to upgrade the Siu Ho Wan sewage treatment plant capacity or to build a new sewage treatment plant in order to cater for new developments in North Lantau. ■ If the time schedule of these upgrading works cannot match with that of Areas 6f and 10b developments, an on-site sewage treatment plant has been proposed in the technical study report as an alternative option. <p>3) <u>Arrangement of fresh water supplies</u></p> <ul style="list-style-type: none"> ■ The reservoir capacity indicated in the 1995 HKR's letter to COC was for reference at that point in time when the reservoir was the only means of potable water supply to DB. 	<p><i>"The existing water & sewage services agreement between the Government and Hong Kong Resort Company Limited ("HKR") are confidential to both parties and were never made known for other parties."</i></p> <p><i>"Environmental Protection Department commented in May 2015 that the current capacity of the Siu Ho Wan Sewage Treatment Works ("SHWSTW") has been allocated for other existing and planned future developments, so SHWSTW has no spare capacity to cater for the additional sewage from the potential developments in Discovery Bay ("DB")."</i></p> <p><i>"As DB is required to be self-sufficient in water and sewage services under the Land Grant, and HKR has stated in a letter to the DB COC on 10 July 1995 that the reservoir was built for a maximum population of 25,000."</i></p>

Facts	Misconceptions
<ul style="list-style-type: none"> ■ Potable water has been provided from Government mains since the opening of the Discovery Bay Tunnel in 2000. Thereafter, maximum population of DB is controlled by water filtration capacity of the Government water filtration plant at Siu Ho Wan, rather than the size of the DB reservoir. ■ It is believed that the Government will have to upgrade the said filtration plant capacity or build new filtration plant in order to cater for new developments in North Lantau. ■ If the time schedule of these upgrading works cannot match with that of Areas 6f and 10b developments, the existing DB filtration plant can be re-opened to filter and supply potable water to Areas 6f & 10b in a separate supply network. <p>4) <u>Alternatives for future water treatment</u></p> <ul style="list-style-type: none"> ■ Re-opening the existing water treatment facilities is just one of the options. It is also noted that the Siu Ho Wan Water Treatment Facilities would have to be upgraded in the future in order to cater for the Government's proposed developments in North Lantau regardless whether the proposed developments in Areas 6f and 10b are approved or not. ■ Initial costs of building a new filtration plant, if any, will be borne by HKR. ■ This plant will only supply potable water to the new developments in Areas 6f and 10b and its maintenance costs will be borne by the undivided shareholders of these new developments. Existing developments under current OZP will continue to have potable water supplied from the Government mains. 	<p><i>"The water treatment facilities have not been in use for over a decade and would need to be substantially overhauled while massive pumping stations would need to be in place in order to get the reservoir to supply drinking water. All these costs need to be borne by HKR and not DB residents."</i></p>

Facts

Misconceptions

5) Unfair Government charges

- As with all DB residents, HKR also considers it unfair that the Government charges DB for the lease of Government land to run pipelines outside DB to connect to Siu Ho Wan and also for the maintenance of the pipelines and pumping systems. While at the same time cancelled the 15% rates discount that DB owners used to enjoy. In fact, HKR joined COC to voice out this concern of unfair treatment to the Legislative Council in April 2011. At the same time, HKR has also employed land consultants to try to prove such practices by the Government had violated their usual policies. So far, the study results are not favourable, but the study is still ongoing.
- We urge all residents and our representative in District Council to join in our fight on this issue.

6) HKR is the appropriate party to negotiate with the Government

- The Deed of Mutual Covenant ("DMC") allows the Registered Owner, i.e. Hong Kong Resort Company Limited, to continue developing DB by modifying the Master Plan under the Lease without the need to obtain consent from the other undivided shareholders.
- However, in the present political environment, any support from other stakeholders would be very helpful.

7) Master Plan & Outline Zoning Plan ("OZP") alignment

- Master Plan (MP6.0E1) was approved before the first draft OZP was gazetted. Thereafter, revisions to the Master Plan are in alignment with the OZP.

"Although the Government agreed to provide water and sewage services to DB when the tunnel was built, DB owners have to bear the relevant costs."

"Under DMC, CM is supposed to represent owners of DB in all matters and dealings with Government or any utility in any way concerning the management of DB, but HKR negotiates direct with Government and utilities."

"The current Master Plan (6.0E1) and the current OZP are not aligned."

Facts

Misconceptions

8) Some Government lands are being maintained by HKR at HKR's costs

"HKR has encroached beyond the boundary of the Lot, including areas surrounding Discovery College and Community Centre etc."

9) Inclined lifts

- The inclined lift system is partly in Area N2 and partly in N1 North. The inclined lift is designated as City Common Facility under Amalfi sub-DMC for all DB residents' use.

"Inclined lifts in DBN is within N2 (HKR area) therefore they should be maintained at HKR's costs."

10) There are locations in DB designated for vehicle parking

- Under the DMC, CM is empowered to designate any part of City Common Areas or Passageways for the parking of vehicles.

"No provisions have been made for vehicle parking in DB and vehicles are currently parked illegally at different locations."

11) New golf cart parking lot

- The new golf cart parking lot at the lawn area adjacent to DBRC will be provided as an ancillary facility to the Club, which is allowed under the OZP. Currently, golf cart parking spaces are provided at all commercial, residential zones and clubs as ancillary facilities including Club Siena, DBMC and DBGC, except DBRC.
- However, after considering the concerns of DBRC members, the size of the parking lot has been reduced and a portion of the lawn area will be retained.

"No golf cart parking lot will be allowed to be built in the area of DBRC."

Facts	Misconceptions
<p>Area 10b</p> <p>12) <u>HKR is the sole owner of Areas 6f and 10b</u></p> <p>13) <u>The proposed reclamation in Area 10b has been approved under the Foreshore and Seabed Ordinance</u></p> <p>14) <u>Rationalisation of existing utilities</u></p> <ul style="list-style-type: none"> ■ General planning intention for Area 10b is to rationalise the existing utilities and to upgrade the overall environment of the subject area. ■ Regardless of its relocation, petrol filling station and vehicular pier will stay in Area 10b. 	<p><i>"HKR is not the sole owner of the Lot."</i></p> <p><i>"HKR has no right to reclaim the seabed area at Nim Shue Wan."</i></p> <p><i>"Existing dangerous goods store and vehicular pier are removed."</i></p>
<p>Area 6f</p> <p>15) <u>As per the Sub-DMC of Parkvale Village ("PV"), the surrounding roads are NOT Village Common Areas</u></p> <ul style="list-style-type: none"> ■ Parkvale owners are paying for the maintenance costs for their usage of these roads. 	<p><i>"The surrounding roads of Parkvale Village belong to PV residents (roads and passageways within a village are Village Common Area) and PV owners have been paying for the upkeep of these roads, so any usage of these roads (including during construction) must obtain consent of PV VOC."</i></p>