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本署編號 Our Ref. : UB/PAC/ENG/45-2

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來函編號 Your Ref. : CB(3)/PAC/R45

Clerk, Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Building  
8 Jackson Road, Central  
Hong Kong

(Attn: Ms Miranda Hon)

Dear Ms Hon,

**The Director of Audit's Report on  
the results of value for money audits (Report No. 45)**

**Chapter 3: Development of a site at Sai Wan Ho**

Thank you for your letter of 9 December 2005 requesting the Audit Commission (Audit)'s response to Mr LEUNG Chin-man's written submission (ref: PAC/R45/CH3/GEN13), including his views on whether or not the Building Authority's decisions had caused loss in land premium (item B of his submission refers). My comments are as follows:

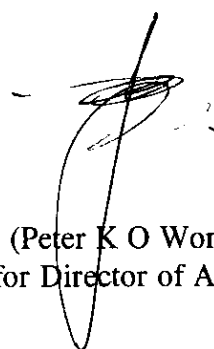
**Comments on paragraph B(6) on page 3 of  
Mr LEUNG Chin-man's written submission**

In paragraph B(6) on page 3 of his written submission, Mr LEUNG Chin-man commented that the statement in paragraph 6.25 of the Audit Report was "merely a hypothetical statement". Audit needs to point out that in paragraph 6.25 of the Audit Report, it was stated that "the **financial implications**... amounted to \$125 million". This figure was an estimated amount, in money terms, of the gross floor area concerned, and was derived from the Lands Department's reserve price assessment made before the award of the tender (see Note 28 on page 42 of the Audit Report).

**Comments on paragraph D(3) on page 7 of  
Mr LEUNG Chin-man's written submission**

Furthermore, it was stated in paragraph D(3) on page 7 of Mr LEUNG Chin-man's written submission that " 'the exercise of development control via the Buildings Ordinance was independent of the lease conditions' (see paragraph 6.18(d) of the Audit Report)". Audit has to clarify that paragraph 6.18(d) of the Audit Report only stated the Department of Justice's advice as quoted by other Building Authority Conference members (see **Other BAC members' views** on pages 39 and 40 of the Audit Report). As Mr LEUNG Chin-man's written submission did not mention the aforesaid fact, it might give the impression that he was quoting Audit's opinion. Therefore, Audit considers that this needs to be clarified.

Yours sincerely,



(Peter K O Wong)  
for Director of Audit

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Director of Buildings	(Fax: 2868 0793)
Director of Lands	(Fax: 2525 4960)
Director of Planning	(Fax: 2877 0389)
Director of Architectural Services	(Fax: 2810 7341)
Secretary for Financial Services and the Treasury	(Fax: 2523 5722)
Mr LEUNG Chin-man	(Fax: 2870 1737)