

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

房屋及規劃地政局

香港九龍何文田佛光街 33 號



**Housing, Planning and Lands
Bureau**

33 Fat Kwong Street, Ho Man Tin,
Kowloon, Hong Kong

本局檔號 Our Ref. (6) in HD/PS 9/2/34

來函檔號 Your Ref.

電話 Tel No. 2761 5086

圖文傳真 Fax No. 2761 7445

14 September 2006

Clerk to LegCo Panel on Financial Affairs
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong
(Attn: Miss Salumi Chan)

Dear Miss Chan,

Legislative Council Panel on Financial Affairs

I refer to your letter of 21 July 2006 seeking additional information about the listing of The Link Real Estate Investment Fund. I enclose our response.

Yours sincerely,

(Miss Joey Lam)
for Secretary for Housing, Planning and Lands

The Administration's Response
To Hon James TO's questions 1 – 4 in his letter dated 29 June 2006

The Link Management Limited (LML) was incorporated under the Companies Ordinance (Cap. 32). The appointments of directors of LML were made either pursuant to the Articles of Association of LML or the relevant provisions of the Companies Ordinance.

2. The Administration believes that the answers in its earlier letter of 26 May 2006 to the Clerk to LegCo Panel on Financial Affairs have already replied most of Hon James To's further questions of 29 June 2006 in substance.

3. Notwithstanding the foregoing and as regards some of the specific questions raised in questions 1 to 4 of the Hon James To's letter, we would like to reiterate the following points which have already been made by either Mr Paul Cheng or the Housing Authority –

- (a) Given that Deutsche Bank (DB) was not involved in the Link REIT IPO and did not provide any service to LML or The Link REIT, the fact that Mr Paul Cheng would be an adviser to DB raised no question of conflict of interest at the time when he was first appointed as the Chairman of LML.
- (b) This is so regardless of whether Mr Paul Cheng's advisory role in DB is remunerated or otherwise.

4. We would also like to supplement as follows –

- (a) Whether DB acted as a sponsor of another REIT at the end of 2004 is irrelevant. Mr Cheng's adviser position with DB did not have any adverse impact on The Link REIT.
- (b) Whether the two conditions as mentioned in Hon James To's question 4 serve to prove that Mr Cheng complies with the requirements on independence of directors as set out in Rule 3.13 of the Listing Rules is a matter for the Board of LML.

5. As regards the supplementary questions raised by the Secretariat, our response is as follows –

- (a) The existence of a potential (whether perceived or real) conflict of interest does not necessarily debar a prospective candidate from being appointed as a director. The important point is for there to be a system to manage the potential conflict. For example, a case of potential conflict of interest may be managed through declaration of interest, abstention from participating in the business to which the conflict of interest relates or divesting the interest concerned. It is understood that there is such a system to manage potential conflict of interest in LML should such a situation arise. (Q.5 refers).
- (b) Regarding the keeping of records, it is agreed that written records should be kept of any verbal conversations of a similar nature. (Q. 6 refers).
- (c) The date of the “previous Board meeting” is 16 November 2005. All the JGCs/FA have confirmed that they did not have any form of discussion with Mr Paul Cheng about the criteria for categorizing investors into different tiers prior to the board meeting on 16 November 2005. (Q.7 refers).