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8 December 2006

Mr SO Hing-woh, Victor
Executive Director and Chief Executive Officer
The Link Management Limited
4/F, Wong Tai Sin Shopping Centre
Multi-Storey Car Park Building
Lower Wong Tai Sin Estate
Shatin Pass Road
Kowloon

Dear Mr SO,

Panel on Housing

Meeting on 4 January 2007

On behalf of Hon LEE Wing-tat, Chairman of the Panel on Housing (the Panel), I am writing to invite representatives of The Link Management Limited (The Link) to the Panel meeting scheduled for **Thursday, 4 January 2007, at 2:30 pm in the Chamber of the Legislative Council Building to discuss item IV – "Provision and management of retail and carparking facilities in public housing estates after the divestment of the facilities by the Housing Authority"**. The scheduled discussion time for the item is from 2:35 pm to 3:50 pm. A copy of the agenda for the meeting is enclosed for your reference.

Members would like to discuss with representatives of The Link and the Administration on following issues:

(a) High rental increases

Members of the Panel and the public have expressed grave concern about recent complaints concerning high rental increases for premises and stalls in shopping centres and markets under The Link's portfolio. In some cases the increases have resulted in closure of businesses, including restaurants and particularly small shops. Pointing out that The Link has undertaken before the listing of The Link Real Estate Investment Trust (The Link REIT) to enhance the overall commercial attractiveness of its retail facilities before considering rental increases on the commercial properties, members are concerned that The Link has failed to live up to its promise in this regard;

(b) The Link's leasing policy

Members have raised concern about The Link pursuing a leasing policy

that only focuses on raising rental income without giving regard to the interests of tenants and customers. A case in point is The Link's refusal to renew tenancies of existing clinics in Wong Tai Sin Shopping Centre and the plan to relocate these clinics to remote locations in Lung Cheung Mall, which have caused outrage from tenants and their clients. Members are concerned that the same policy will be adopted in other shopping centres under The Link's portfolio. Given that "estate doctors" have been providing social health care services to nearby public rental housing (PRH) tenants for years, and the Housing Authority (HA) and The Link have entered into an agreement governing the continued provision of certain premises in divested shopping malls for social welfare or educational purposes, as well as the charging of concessionary rent for such premises, concern has been raised as to whether The Link's move would constitute a breach to the agreement;

(c) The Link's corporate social responsibility

Notwithstanding that The Link has become a private entity upon the listing of The Link REIT, given that its portfolio of properties mainly serves nearby PRH tenants, The Link's provision and management of retail and car parking facilities have great impact on the livelihood of hundreds of thousands of PRH tenants. To this end, members consider that The Link has a corporate social responsibility to ensure proper provision and management of such facilities in meeting the needs and affordability of PRH tenants. Members are concerned how The Link will fulfill its responsibility in this regard; and

(d) The role of the Administration and the Housing Authority

Members consider that the Administration or the HA has the responsibility to ensure the provision of suitable and adequate retail and car-parking facilities for PRH tenants. They are concerned how the Administration or the HA will protect the interests of tenants concerned after divestment of the facilities. Incidents relating to high rental increases on the premises and alleged unreasonable measures taken by The Link to relocate existing tenants have sparked off wide public criticisms. Members are concerned whether the Administration or the HA has put in place any mechanism or measures to ensure that The Link will provide suitable and adequate retail and car-parking facilities for tenants concerned, and what remedial measures the Administration or the HA will take in the event that there are problems in the provision of such facilities adversely affecting the interests of tenants concerned.

As you are aware, the Panel is formed by the Legislative Council to monitor and examine Government policies and issues of public concern relating to housing matters. One of the important functions of the Panel is to provide a deliberative forum for members to discuss and exchange views with parties concerned on housing

issues of public concern. As such, members very much hope that The Link would send representatives to attend the meeting so that the Panel would have a meaningful discussion on the issues in question.

I should be grateful if you would confirm The Link's attendance for the meeting by completing and returning the attached reply slip **on or before 21 December 2006**.

To facilitate discussion of the subject at the meeting, it will be helpful if The Link can provide written responses to members' concerns to the Panel in advance. In this connection, I should be grateful if the written information (in both Chinese and English) could reach the LegCo Secretariat **on or before 27 December 2006**. Please also send a soft copy of the submission to cpnien@legco.gov.hk.

In line with our usual practice, the meeting will be held in public and the written information from your company will also be made available to the media and the public unless you have indicated otherwise. You may also wish to note that when addressing the Panel, your representative(s) are not covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance. Your written information will also not be covered by the Ordinance. If any attending representatives wish to address the Panel in Putonghua, please notify Ms Michelle NIEN at 2869 9150 in advance so that suitable arrangements can be made.

On the day of the meeting, attending representatives are requested to enter the Legislative Council Building at the VIP/Members' entrance and obtain entry passes at the Security Control Post. They will be required to wear the entry passes at all times while in the Building, and return them to the Security Control Post when leaving. To facilitate meeting arrangements, **please arrive 10 minutes before the scheduled discussion time** and proceed to the Ante-Chamber on the first floor of the Legislative Council Building. You will be invited to join the meeting when Members are ready.

If you have any enquiries regarding the meeting arrangements, please contact Ms Sarah YUEN at 2869 9214.

With best regards,

Yours sincerely,

(Ms Connie SZETO)
Clerk to Panel

Encl.

cc Hon LEE Wing-tat (Chairman)
Mr Vic YAU (Housing, Planning and Lands Bureau)