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GOVERNMENT SECRETARIAT

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24 April 2007

Mr Rimsky Yuen SC Chairman Hong Kong Bar Association LG2, High Court 38 Queensway Hong Kong

Dear Mr Yuen,

Shenzhen Bay Port Hong Kong Port Area Bill - Committee Stage Amendment to Clause 6

Thank you for copying to us your letter dated 18 April 2007 to the Clerk to Bills Committee on the above subject.

We are pleased to note that your Association considers that clause 6(1) as proposed in the Committee Stage Amendment is drafted for a legitimate legal policy purpose.

We are also pleased to note that your Association has recognized that clause 6(2) is drafted, inter alia, to remove the need to conduct title investigation on the part of any Government lessees or licensees where the HKSARG, acting consistently with the terms of the lease contract, disposes of a right or interest in a part of the land within the Hong Kong Port Area (HKPA) by virtue of a dealing.

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We do not propose to amend clause 6(2) to indicate that the HKSAR Government may not dispose of a right or interest in land in the HKPA beyond what it has acquired or is authorized to deal in respect of such land under the lease contract for State-owned land. Otherwise, Government lessees or licensees of the HKPA land would probably find themselves still having to refer to the lease contract to ascertain if the HKSARG had acted beyond its rights thereunder. Further, the enactment of clause 6 will not affect the rights and obligations of the HKSARG and the Shenzhen Municipal People's Government under the lease contract. When the HKSARG disposes of any right or interest in the HKPA land, it will comply with the terms and conditions provided for in the lease contract.

Regarding the application of HKSAR laws (including the Basic Law) in the HKPA, we would like to add that by virtue of the NPCSC Decision of 31 October 2006 the HKSAR would be able to exercise jurisdiction over the HKPA according to HKSAR laws. All HKSAR laws (including the Basic Law) will apply to the HKPA. Clause 5 of the Bill is drafted on the basis of this jurisdictional arrangement.

We are very grateful for the valuable comments which your Association has given on the legal issues relating to the Bill since January 2006. The input of your Association, which has been very important to us in our study of the various legal issues involved, is highly appreciated.

Yours sincerely,

(Alan K. M. CHU)

for Secretary for Security

cc Clerk to Bills Committee (Attn: Mr Raymond Lam)