

立法會
Legislative Council

LC Paper No. CB(1) 2818/09-10
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

**Minutes of special meeting
held on Monday, 12 July 2010, at 8:30 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon WONG Kwok-hing, MH (Chairman)
Hon Fred LI Wah-ming, SBS, JP
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon LEE Wing-tat
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon WONG Kwok-kin, BBS
Hon Alan LEONG Kah-kit, SC
- Members attending** : Dr Hon Philip WONG Yu-hong, GBS
Hon Audrey EU Yuet-mee, SC, JP
Hon Ronny TONG Ka-wah, SC
Hon Starry LEE Wai-king, JP
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun
- Members absent** : Hon Frederick FUNG Kin-kee, SBS, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon CHAN Hak-kan
Hon LEUNG Kwok-hung
- Public officers attending** : **For item I**

Mr D W PESCOD, JP
Permanent Secretary for Transport and Housing (Housing)

Ms Annette LEE, JP
Deputy Secretary for Transport and Housing (Housing)

Mr Eugene FUNG
Principal Assistant Secretary for Transport and Housing
(Housing)(Private Housing)

Miss Annie TAM, JP
Director of Lands

Mr CHAU Hon-yum
Assistant Director/Legal/PARD & NTE
(Legal Advisory and Conveyancing Office)
Lands Department

Mr Armstrong CHU
Chief Land Conveyancing Officer/PARD
(Legal Advisory and Conveyancing Office)
Lands Department

Clerk in attendance : Miss Becky YU
Chief Council Secretary (1)1

Staff in attendance : Mr Kelvin LEE
Assistant Legal Adviser 1

Mrs Mary TANG
Senior Council Secretary (1)2

Miss Mandy POON
Legislative Assistant (1)4

Action

- I. Issues relating to the transactions involving 24 units of 39 Conduit Road**
(LC Paper No. CB(1) 2518/09-10(01) — Letters to individual Members from Henderson Land Development Company Limited (Chinese version only); Letter from the vendor of 39 Conduit Road to Lands Department (English version only); and Press release on 39 Conduit Road published by Henderson Land Development Company Limited on 8 July 2010 (Chinese version only))

Relevant papers

- (LC Paper No. CB(1) 2461/09-10(01) — Letters to Henderson Land Development Company Limited (Henderson) issued by the Lands Department regarding the transactions involving 24 units of 39 Conduit Road (English version only)
- LC Paper No. CB(1) 2461/09-10(02) — Response from Henderson to CB(1) 2461/09-10(01) (English version only))

The Chairman said that the special meeting was convened to discuss issues relating to the transactions involving 24 units of 39 Conduit Road. Pursuant to members' request, the Secretariat had invited Henderson Land Development Company Limited (Henderson), the developer of 39 Conduit Road, purchasers of the 20 units who had cancelled the transactions, as well as the Securities and Futures Commission to attend the meeting. However, they had all declined the invitation. He also drew members' attention to a submission regarding the transactions of 39 Conduit Road which was tabled at the meeting.

(Post-meeting note: The submission was subsequently circulated to members vide LC Paper No. CB(1) 2533/09-10(01).)

2. Mr James TO was dissatisfied with the non-attendance of the Secretary for Transport and Housing (STH) at the meeting. He asked if this was a conscious decision made by STH. The Permanent Secretary for Transport and Housing (Housing) (PSTH(H)) said that as the meeting was called within a very short notice, STH was unable to attend due to prior engagements. He would endeavour to answer members' questions as far as practicable.

3. PSTH(H) took members through the Administration's paper tabled at the meeting regarding regulation of the sales of private residential properties. The paper set out the Government's position on the monitoring of the private residential market with a view to ensuring its stable and healthy development. As regards 39 Conduit Road, PSTH(H) said that Lands Department (LandsD) exchanged a series of letters with Henderson to seek information on the reported transactions. Under normal circumstances, the Administration would not disclose information relating to a case which was under investigation by the law enforcement agencies. However, the decision by Henderson to release their letters to the Legislative Council (LegCo) had changed the situation. The Administration considered that, notwithstanding the ongoing investigations, it was important that LegCo and the public were given the full picture of the exchange of the correspondence. The Administration had therefore passed to LegCo all the letters sent by LandsD to Henderson so far and in their entirety on 5 July 2010, after Henderson passed to LegCo their replies earlier that day. Also, the Administration would pass to LegCo a duplicate set of the correspondence,

including the correspondence provided by Henderson to LegCo earlier in chronological order and all attachments. Separately, the Administration had provided the LegCo Secretariat with copies of the stamped Agreements for Sale and Purchase (ASP) in respect of the 24 transactions of 39 Conduit Road. In view of the ongoing investigations, the Administration might not be able to comment on specific issues but would endeavour to provide points of fact.

4. The Assistant Legal Adviser 1 (ALA1) said that he had requested the Administration to provide ASPs in respect of the 24 transactions of 39 Conduit Road as these were often referred to in the correspondence between LandsD and Henderson. These ASPs, which were provided on 9 July 2010, would facilitate Members in understanding the terms of transactions. At the Chairman's request, a sample of ASP would be circulated to Members for reference.

5. The Chairman enquired if all the correspondence between LandsD and Henderson had been provided to members. He also enquired about the progress of investigation so far. The Director of Lands (D of L) said that copies of the letters exchanged between LandsD and Henderson had been provided to the Transport and Housing Bureau (THB). From 18 March to 5 July 2010, LandsD had sent altogether nine letters to Henderson, including the last one to confirm the release of letters to LegCo, while Henderson had sent 11 letters to LandsD during the period from 24 March 2010 to 2 July 2010. The Principal Assistant Secretary for Transport and Housing (Housing) (Private Housing) confirmed that THB had passed to Members all the letters from LandsD to Henderson. A full set of the correspondences together with the attachments would be provided to members later in the day.

(Post-meeting note: The Administration's paper on the regulation of the sales of private residential properties and a copy of ASP were circulated to members vide LC Paper Nos. CB(1) 2534/09-10(01) and (02) respectively on 12 July 2010, while the full set of exchange of correspondence between LandsD and Henderson regarding the transactions involving 24 units of 39 Conduit Road vide LC Paper No. CB(1) 2554/09-10(01)) on 14 July 2010.)

6. Mr LEE Wing-tat recalled that at the meeting on 5 July 2010, the Administration had confirmed that it had released all the correspondence between LandsD and Henderson. He was surprised to learn that apart from the seven letters, there were further exchanges which had yet to be provided to members later in the day. It appeared that LandsD and Henderson were trying to hide some of their correspondence exchanges and if so, this would undermine the credibility of the Administration. Therefore, he urged members to support his motion to be moved at the Council meeting on 14 July 2010 to invoke the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) (PPO) to empower the Panel on Housing to summon STH to attend before the Panel and to produce all the correspondences between LandsD and Henderson relevant to the property transactions of 39 Conduit Road. The correspondence exchanges should include all letters, attachments and relevant documents. PSTH(H) said that the Administration had released all the correspondence exchanges to members. In an attempt to provide a more

comprehensive picture and to put beyond doubt the release of documentation, a full set of the correspondences in chronological order together with the attachments would be provided to Members later in the day. This should remove any suspicion that there were other correspondences which had not been disclosed. Besides, relevant Government agencies were conducting investigations on the case and would take follow-up actions as appropriate. The Deputy Secretary for Transport and Housing (Housing) (DSTH(H)) added that immediately following the release of the letters by Henderson on the morning of 5 July 2010, the Administration had passed to LegCo all the letters sent by LandsD to Henderson by that time and in their entirety. LandsD sent a further letter to Henderson afterwards on 5 July 2010. This was also passed to members on 9 July 2010.

7. Mr Alan LEONG noted that in its letter to Henderson dated 30 June 2010, LandsD had indicated that it would release all its letters to Henderson, on the understanding that Henderson would release their replies. However, it was only until the morning of 5 July 2010 that both parties had provided the correspondence exchanges. He questioned whether there were further exchanges between LandsD and Henderson during the period between 28 June 2010 and 5 July 2010. D of L drew members' attention to LandsD's letter dated 28 June 2010 in which LandsD had sought confirmation from Henderson if the latter were to pass the entire series of replies including all annexes and enclosures to LegCo without any reservation. Henderson issued a reply on 2 July 2010 confirming the release of all reply letters with annexes and enclosures to the Panel on Financial Affairs and Panel on Housing on 5 July 2010. Upon receipt of the confirmation, LandsD provided the relevant letters to THB for onward transmission to Members on 5 July 2010. Henderson was notified of the arrangement by LandsD vide a letter issued on 5 July 2010.

8. As regards Mr LEE Wing-tat's motion to invoke PPO to order the production of all correspondence exchanges between LandsD and Henderson, Mr IP Kwok-him sought ALA1's views on the need for the motion as it appeared that the Administration had already provided all the relevant correspondences to Members. ALA1 said that it would be for the Administration and Henderson to confirm the release of all correspondence, and Members to decide on the need to invoke PPO taking into account the information provided. PSTH(H) affirmed that the Administration had released all documents and attachments in their entirety for Members' reference.

9. Mr James TO noted from paragraph (c) of LandsD's letter dated 22 June 2010 regarding an allegation in a recent media report that the developer of 39 Conduit Road had entered into "non-disclosure agreement" with the purchasers of 20 cancelled transactions. In its reply to LandsD dated 28 June 2010, Henderson denied any "non-disclosure agreement" with the purchasers, and indicated that the allegation referred to in an article published in issue no. 1058 of the Next Magazine on 17 June 2010 contained grossly inaccurate and defamatory statements affecting the reputation of the organization. Mr TO queried why LandsD had only requested Henderson to explain the "non-disclosure agreement", but not other more serious allegations made by one of the purchasers in his interview with the Next Magazine.

These allegations included, inter alia, that the purchasers were not prepared to complete the transactions, that the terms of transactions were negotiable, that the dates of completion of assignment need not be observed, and that the developer was not prepared to forfeit the deposit despite delay in completion of assignment. D of L said that all the correspondences starting with the first letter dated 18 March 2010 should be read together in order to have a full picture on the line of questioning. The issue of "non-disclosure agreement" with the purchasers was raised in the letter dated 22 June 2010 having regard to an allegation in a recent media report. Other questions, such as delay in completion of assignments and delayed transactions, had already been raised in the earlier letters to Henderson.

10. Mr James TO enquired if the Administration was aware of the various press releases by Henderson regarding the transactions at 39 Conduit Road. He noted that answers to some of the questions raised by LandsD not being replied by Henderson were set out in these press releases. He asked if the Administration would request a formal reply from Henderson as this would have legal effect. Given the ongoing investigations by relevant Government agencies, including the Police, Mr TO asked if LandsD would still pursue with Henderson regarding compliance with the Consent Scheme on pre-sale of first-hand residential properties for the sale of uncompleted flats (the Consent Scheme). PSTH(H) said that the Administration was aware of the press releases by Henderson, but was not in a position to comment lest this would prejudice the ongoing investigations. Continued efforts would be made to investigate the case through all appropriate channels. D of L added that LandsD would not openly comment on the press releases by Henderson. However, LandsD issued a letter on 22 June 2010 to Henderson seeking clarification on some of the statements made in the press releases. In its letters dated 30 June and 5 July 2010, LandsD had made it clear that LandsD reserved the right to seek further information and clarification on the matters mentioned in Henderson's reply and any matters previously not raised by LandsD.

Forfeiture of deposit and recovery of deficiency of prices upon cancellation of property transactions

11. Noting that the developer of 39 Conduit Road had decided not to take further actions to recover the deficiency of prices because the transactions were completed using shell companies which did not have any real assets, Mr LEE Wing-tat asked if such a decision was an established practice of Henderson or only applied to 39 Conduit Road. He held the view that LandsD had failed to discharge its monitoring role since such an important question had never been raised in its letters to Henderson. D of L said that the questions raised by LandsD in its letters to Henderson were in line with the purview of LandsD. She drew members' attention to paragraph (c) of LandsD's letter to Henderson dated 22 June 2010 in which LandsD stated that it appeared rather unusual that Henderson had chosen to use clause 11(3) instead of clause 16 to deal with all the 20 uncompleted transactions. She said clause 11(3) entitled the vendor to retain the sum of 5% of the total purchase price of each unit while clause 16 entitled the vendor to recover any deficiency in price and expenses for resale from the purchasers as damages. Besides, LandsD had clearly

stated in the letter that it reserved the right to seek further information and clarification on the case. In response to the Chairman's enquiry on the progress of investigation, D of L said that since 18 March 2010, LandsD had exchanged correspondences with Henderson several times regarding the property transactions of 39 Conduit Road and would seek to obtain more details of the transactions if and when necessary.

12. Referring to Schedule 5 to ASPs of the 24 units of 39 Conduit Road, Professor Patrick LAU noted that a purchaser had to pay 5% upon signing of agreement, another 5% as part payment on or before 5 November 2009, a further 5% as part payment on or before 18 December 2009 and the balance of purchase price should be paid within 14 days of the Purchaser being notified in writing that the Occupation Permit had been issued and the Vendor was in a position validly to assign the Property to the Purchaser. This meant that when LandsD first wrote to Henderson on 18 March 2010 seeking clarification on the transactions, the purchasers should have already paid a total of 15% of the purchase price to the vendor. Dr Philip WONG also enquired whether the forfeiture of 5% deposit in respect of cancelled transactions was a common practice in the property market. D of L drew members' attention to the payment schedule (the Schedule) setting out the actual payments made by the purchasers as attached to Henderson's reply letter dated 14 April 2010. According to the Schedule, purchasers of the 24 units had paid the initial 5% upon signing of agreement and another 5% within the month of November 2009 though some had failed to meet the deadline on 5 November 2009. However, only purchasers of two units had made the third 5% payment. This issue was followed up in subsequent exchange of letters between LandsD and Henderson. D of L added that transactions of 39 Conduit Road were made using standard ASP provided under the Consent Scheme. The deposit to be forfeited by the developer upon cancellation of transaction was 5% of the sales price of the property according to clause 11(3) of ASP. In response to Dr WONG's further question on the percentage of transactions valued over \$20 million which involved a deposit of more than 5%, D of L said she did not have such information.

13. Mr Abraham SHEK asked if the developer of 39 Conduit Road had failed to comply with the guidelines under the Consent Scheme. He also enquired whether the developer of a property had a choice to decide whether clause 11(3) or clause 16 of ASP should be applied in dealing with uncompleted transactions, and whether developers other than Henderson had applied clause 11(3) to deal with uncompleted transactions and if so, whether LandsD had written to them to seek clarification as in the case of 39 Conduit Road. DSTH(H) said that the terms and conditions of the Consent Scheme would be reviewed from time to time. D of L said that the transactions of 39 Conduit Road were made using standard ASPs. LandsD first wrote to Henderson on 18 March 2010 when it noted that some of the assignments of individual transactions at 39 Conduit Road made in October 2009 had not been registered with the Land Registry. In the course of exchange of correspondence with Henderson, LandsD had raised further queries regarding details of the transactions. The question on the use of clause 11(3) instead of clause 16 in the letter to Henderson dated 22 June 2010 was raised, after noting Henderson's reply dated 10 May 2010

stating that any decision Henderson might make which was detrimental to Henderson's economic interest would only be based on sound commercial reasons. LandsD had reserved the right to seek further information from Henderson. D of L added that she was not in a position to openly comment on the case or discuss the terms of ASP at the present stage. PSTH(H) said that the Administration was not in a position to go into areas which might affect ongoing investigations.

14. Mr Alan LEONG agreed with LandsD that the forfeiture of 5% deposit under clause 11(3) for the 20 cancelled transactions was rather unusual, particularly when the dates of completion of assignment were long overdue. Mr Paul TSE however pointed out according to Schedule 5 to ASP, the first payment of 5% of sales price was the deposit while the second and third payments, each being 5% of sales price, were part payments. It was to his understanding that in accordance with Schedule 5 and the terms of ASP, the 5% deposit could be forfeited while the part payments had to be refunded to the purchaser upon cancellation of transaction. D of L said that date of completion of assignment for the 24 units had been deferred to 16 June 2010. The details of actions to be taken by the developer in the event of default by purchasers were set out in clause 16. While it appeared rather unusual for Henderson to use clause 11(3) instead of clause 16 to deal with the cancelled transactions, D of L said that it would be inappropriate to comment on the situation at the present stage. LandsD had reserved the right to seek further information from Henderson. To facilitate discussion on Mr LEE Wing-tat's motion at the forthcoming Council meeting on 14 July 2010, Mr TSE sought clarification on whether, irrespective of clause 11(3) or clause 16, the deposit to be forfeited was only 5% of the sales price. D of L answered in the affirmative.

15. Mr Vincent FANG noted that many property speculative activities were carried out using shell companies with a paid up capital of HK\$1. With a payment of deposit of 5% of the sales price of properties, these shell companies were able to speculate on properties for an extended period of time, as the date of completion of assignment could be extended with the agreement of the developer. Even if these shell companies were not able to complete the transactions, they would only lose the 5% deposit without further claims for damages since they did not have any real assets. In the case of the 24 units of 39 Conduit Road, the date of completion of assignment had been extended several times. To plug the loophole, he enquired if there was any control over the extension of completion of assignment given that property prices could fluctuate within a few months' time. PSTH(H) said that at present, the use of shell companies for property transactions or extension of completion of assignment as agreed between the developer and the purchaser was permissible. He said that the Administration had taken measures to curb speculative activities and to regulate the sales of uncompleted flats. The Administration would continue to monitor the development of the property market and would not rule out the possibility of introducing more measures to curb speculative activities.

Dissemination of false or misleading information to induce property transactions

16. Mr Ronny TONG said that the fluctuation of the property market would have

a great impact on the people of Hong Kong. Therefore, the provision of deceptive transactions and dissemination of misleading information on property sales should be prohibited. He pointed out that under section 277 of the Securities and Futures Ordinance (Cap.571) (SFO), dissemination of false or misleading information inducing transactions was an offence. Likewise, there was a need for legislation to regulate the sales of private residential properties and to prevent dissemination of false or misleading information which might affect the property market. He enquired if the Administration would consider issuing guidelines on the regulation of property sales as a start, to be followed by legislation. PSTH(H) said that the Administration had been working with the Real Estate Developers Association (REDA) to enhance transparency and clarity of property information through the REDA's guidelines and the LandsD's Consent Scheme. The latest nine new enhancement measures to strengthen the regulation of the sales of first hand private residential properties and the 12 new requirements on show flats (the nine measures and 12 requirements) had been recently implemented. These new measures were targeted at property transactions in general. In addition, THB was liaising with REDA to further require developers to make public the estimated dates of completion of assignment of individual transactions when making public transaction information within five working days, and to make public cancelled transactions soon after the cancellation had taken place. The Administration would ascertain the effectiveness of these new measures before taking the next course of action, including the introduction of legislative control. As regards dissemination of false or misleading information inducing transactions, PSTH(H) said that the provisions of SFO would apply to all listed companies, including property companies.

17. Mr Ronny TONG opined that the nine measures and 12 requirements were only guidelines without penalty for non-compliance, and hence not effective in prohibiting the dissemination of false or misleading information affecting the property market. He considered it necessary to introduce legislation to make it an offence for disseminating false or misleading information affecting the property market as in the case of SFO. Mr Alan LEONG also questioned why dissemination of false or misleading information inducing stock transactions was an offence under SFO but the same was not applicable to property transactions when both stocks and properties were tradable in the market. He said that if the 24 transactions in question were never meant to be completed but only aimed at manipulating the property prices, these would not only directly affect the property market but also indirectly affect the stocks market as records revealed that the share price of Henderson had gone up following the announcement of the sales of the 24 units of 39 Conduit Road at exceptionally high prices, with some over \$70,000 per square feet. The share price of Henderson had dropped significantly following the cancellation of 20 transactions of 39 Conduit. PSTH(H) said that there was legislation on misrepresentation which also applied to the sale of properties. He reiterated that the Administration would not rule out the possibility of introducing legislation to regulate the property market if the new enhanced measures/requirements had failed to achieve the desired effect of increasing the transparency of sales information and fairness of transactions.

18. Given that members were most concerned about the impact of manipulation of prices on the property market, Dr Philip WONG asked if there were objective criteria in determining the existence of manipulation and if not, consideration should be given to working out such criteria. PSTH(H) declined to comment on the issues raised as there were ongoing investigations.

Role of LandsD and REDA

19. Mr Alan LEONG enquired about LandsD's role pending investigation by the relevant Government agencies, including the Police. Noting that LandsD had not instigated any investigations similar to that of 39 Conduit Road in the past, Mr LEUNG Yiu-chung expressed concern if LandsD had sufficient powers within its purview to deal with the case. There might be a need to review the remit of LandsD taking into account the latest developments in the property market. D of L said that LandsD had been given the necessary powers in ensuring compliance with the lease requirements. In this connection, LandsD wrote to Henderson on 18 March 2010 enquiring about the transactions of 39 Conduit Road which had not been registered with the Land Registry. It had further enquired about various aspects of the transactions to ascertain compliance with the presale consent terms on sales of uncompleted properties. While Henderson had questioned the legal bases and powers of LandsD in pursuing the line of questioning, LandsD had explained the need to make enquiries and seek clarifications as appropriate to ensure compliance with the lease and Consent Scheme requirements. LandsD would take follow-up actions as appropriate on cases of public concern and complaints referred to the department.

20. In response to the Chairman's enquiry on the role of REDA, PSTH(H) said that the Administration had been working with REDA on guidelines to implement new enhanced measures and to ensure compliance by developers. The Chairman however pointed out that the operation of REDA was not subject to public scrutiny.

Regulation of property sales

21. Mr IP Kwok-him noted that the community at large was concerned about the suspected manipulation of property prices in the transactions of 39 Conduit Road. The exceptionally high sales prices had not only affected the property prices in the neighboring areas but the property market as a whole. He enquired if the existing legislation was adequate in dealing with the irregularities of 39 Conduit Road, and whether these irregularities constituted an offence. PSTH(H) said that the nine measures and 12 requirements implemented through REDA guidelines would have a direct effect on the sales practices in the property market. Whether the transactions at 39 Conduit Road had contravened existing legislation would be considered in the ongoing investigations.

22. Mr Alan LEONG asked how the nine measures and 12 requirements could be effective in preventing the recurrence of irregularities similar to those of 39 Conduit Road. Mr Vincent FANG also enquired about the criteria for assessing the effectiveness of the nine measures and 12 requirements. PSTH(H) said that the nine

measures and 12 requirements had enhanced the transparency of sales information and property transactions. He reiterated that the Administration would not rule out the possibility for legislation to regulate the property market.

23. The Chairman opined that it would be difficult to ensure compliance with the nine measures and 12 requirements which were implemented through REDA guidelines and required self-regulation by developers. The irregularities of 39 Conduit had revealed inadequate monitoring of the property market. To protect the interest of consumers, the Administration should consider putting these measures/requirements in the form of legislation to remove any grey areas and to enable effective monitoring. PSTH(H) clarified that the nine measures and 12 requirements were implemented not only through REDA's guidelines but also the Consent Scheme. Through the Consent Scheme, a number of measures had been implemented to enhance transparency and clarity of property information. The introduction of legislative control would be a step beyond the current situation. As regards the timing for legislation, PSTH(H) said that the nine measures and 12 requirements had just been implemented and it would take some time for the effect to be seen. Should the new enhancement measures/requirements prove to be ineffective, consideration would be given to introducing legislation which would take considerable time. The Chairman urged the Administration to take heed of the majority views of members to introduce legislative control on the sales of residential properties to avoid any suspicion of collusion with developers.

24. Mr LEUNG Yiu-chung was dissatisfied that the Administration had declined the need for legislation to regulate property sales despite repeated requests from members. He enquired about the circumstances under which the Administration would consider legislative control for the property market. DSTH(H) said that apart from the nine measures and 12 requirements to enhance transparency in sales information, REDA had been asked to require developers to make public the estimated date of completion of assignment of individual transactions when making public transaction information within five working days, and to make public cancelled transactions soon after the cancellation had taken place. With these measures in place, there would be a greater degree of transparency on property transactions.

Way forward

25. Mr LEE Wing-tat said that members were very concerned about the case of 39 Conduit Road because of the suspected provision of false information in property transactions and manipulation of property prices. There were also many issues, including the rationale for non-recovery of deficiency in prices, extension of completion of assignments by verbal agreements, and refund of part payments to the purchasers upon cancellation of transactions, which were worth pursuing but had not been followed up by LandsD. While LandsD had explained that the refund of 5% deposit was a common practice upon cancellation of agreement, it did question the application of clause 11(3) instead of clause 16 under ASP to deal with the cancelled transactions. He asked if LandsD was of the view that there was evidence of an offence in the case. D of L clarified that she did not say the forfeiture of 5% deposit

alone was a common practice. What she said was that according to clause 11(3) of ASP, the deposit to be forfeited by the developer for cancellation of transaction was 5% of the sales price of the property. LandsD in its letters to Henderson had queried why clause 16(3) was not used to recover the deficiency of prices. D of L added that she was not in a position to further comment on the case as ongoing investigations were being conducted by relevant Government agencies, including the Police.

26. Given that many questions had yet to be answered, Mr LEE proposed to hold another meeting to continue discussion of the subject. The Chairman put Mr LEE's proposal to a vote. Of the members present, three voted for the proposal with no dissenting view while one abstained. The Chairman declared that a special meeting would be held, and that all other Members would be invited to attend. Mr James TO requested the Administration to provide supplementary information on the stamp duty and other relevant charges incurred from the 24 units of 39 Conduit Road.

(Post-meeting note: With the concurrence of the Chairman, the special meeting was scheduled to be held for Tuesday, 20 July 2010, at 2:30 pm.)

II. Any other business

27. There being no other business, the meeting ended at 10:45 am.