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來函檔號 Your Ref: CB4/PAC/R68

來函請註明本署檔號
Please quote our reference in your reply

我們矢志努力不懈，提供盡善盡美的土地行政服務。
We strive to achieve excellence in land administration.

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Clerk, Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn : Mr. Anthony CHU)

By Fax & Email
(Fax No. 2543 9197)

27 July 2017

Dear Mr. CHU,

Public Accounts Committee (PAC)

Consideration of Chapter 1 of the Director of Audit's Report No. 68

Government's support and monitoring of charities

Thank you for your letter of 28 June 2017. Our responses to sections (a) to (c) of your letter are set out below.

Section (a)

Referring to Table 5 of the Audit Report, please provide the following information for each of the sites.

- (i) Whether the private treaty grant ("PTG") was granted at nil, concessionary or full premium, reasons for and policy intention of such grant?**
- (ii) For PTG granted at nil or concessionary premium with commercial element for maintaining and running of the social service facilities on or off site, whether there was any**

policy intention and/or provisions in the land lease of decreasing the need or potential need for direct subvention from the Administration?

There are eleven cases in Table 5 i.e. Cases C, D and F to N. The current leases for Cases C, D and K commenced in 1927, 1932 and 1951 respectively and contain very broad user restriction which allow much liberty for the respective Grantees with their respective lease term/original lease terms. So far we could not locate relevant information on available file records concerning the policy intention for these cases especially on allowing commercial elements in these cases. Regarding the other Cases, we have tried to ascertain the policy intention for the concerned leases as far as possible from available file records and set them out at **Appendix I**.

- (iii) Whether the Lands Department has asked the grantees (apart from Grantee N) to submit accounts and/or relevant information relating to the hostel/hotel operation for its scrutiny to ensure that they comply with the lease conditions? If yes, please provide details and the progress. If no, why not.**

As we have explained in our previous reply dated 16 June 2017 to PAC, it is not known whether the 1959 and 1981 policy directives were supposed to be applicable to Cases C, D and K. Without knowing the policy intention for the three cases and the applicability of the policy directives, we consider that it might not be reasonable to demand the Grantees of the three cases to submit accounts and/or relevant information relating to the hostel/hotel operation.

Apart from Case N, for the remaining 7 cases (Cases F, G, H, I, J, L and M) which specifically allow hostel/dormitories use under lease, Submission of Account Clause is incorporated in Leases H, J and M. For Leases H and J, the respective Grantees are required to submit annual audit accounts to the Director of Social Welfare. Lands D was recently informed by SWD that the Grantees have not submitted audited statements of accounts which were considered in contravention of "submission of accounts clause" included in the land grant document. Lands D has written letters to the respective Grantees on 5 May 2017 asking them to submit to SWD the audited accounts of the operation on site including the hostel portion to SWD on or

before 1 June 2017. Both Grantees have requested for more time to prepare the required statement and asked for extension of time up to 31 July 2017. SWD has no objection to the Grantees' extension request. If SWD considers their operation is not to their satisfaction or they request further information to facilitate their consideration, Lands D as the administrator of the lease will assist within the power conferred to the Government under lease.

For Case M where the monitoring role and responsibility within the Government is not clear, Lands D has taken a proactive role and has demanded submission of audited accounts and relevant information from the Grantees and will continue to monitor the operation of the hostels. As reported in our reply dated 16 June 2017 to PAC, Grantee M has submitted audited annual accounts of the hostel for the year 2013 up to the year 2015 and certifications from independent accountants regarding the ploughing back of Hostel income to Charity M for the year 2013 up to the year 2015. We have recently issued another letter to Grantee M urging for the early submission of the audited account for the year 2016 with certification together with breakdowns of the hostel income ploughed back by categories of uses for all the audited accounts submitted or to be submitted. We will keep monitoring the progress.

Similar to Case M, the department within Government responsible for monitoring Case L is not clear. Hence, Lands D has also taken a proactive role and issued a letter to Grantee L on 22 December 2014 asking them to keep documentary proof to demonstrate compliance of lease conditions, particularly the "non-profit making hostel". On 25 May 2017, Lands D issued another letter to Grantee L demanding statement of accounts prepared by an independent auditor demonstrating that the profits derived from the hostel, if any, have not been distributed. Grantee L on 6 June 2017 provided an audited account for year 2016 and stated that the surplus derived from the hostel had not been distributed. Lands D will issue a further letter to Grantee L requesting a certification from an independent auditor for their above statement including a breakdown of the hostel income ploughed back by categories of uses, e.g. education, welfare, etc.

For the remaining Cases F, G, and I, as provided under lease their operation shall be to the satisfaction of Director of Social Welfare. Lands D has been liaising with SWD in regard to the

compliance of the relevant conditions in the leases. Lands D so far has not yet been approached by SWD for assistance to take lease enforcement actions nor any request for demanding the Grantees of these three cases for submission of accounts and other relevant information in order to facilitate SWD's consideration/monitoring of whether their operations of hostel are to their satisfaction. We will closely liaise with SWD for any necessary action to be taken under the leases.

Section (b)

For Grantees M and N, please provide in chronological order the relevant information relating to the granting of PTG for the redevelopment projects, including the background, negotiation process, parties involved, agreement reached between the grantees and relevant government bureaux and departments, and policy intention of the land leases.

The sequence of events of the relevant information relating to Leases M and N are attached at **Appendices II** and **III** respectively.

Section (c)

At the public hearing on 27 June 2017, it was revealed that Grantee N had previously occupied a site at Cox's Road as headquarters under a short-term tenancy agreement. The site was sold after Grantee N's headquarters were relocated. Please provide the land premium paid for the site.

The site (having a site area of 2,284 m²) at Cox's Road previously occupied by Grantee N under a Short Term Tenancy was sold together with the adjoining Government land of 4,126m² in 1995 (now known as Kowloon Inland Lot No. 11064). KIL 11064 was sold at a premium of \$1,020,000,000.

Yours sincerely,


P.P. (Ms Sophia CHIANG)
for Director of Lands

c.c. Secretary for Financial Services and the Treasury (fax no. 2537 3210)
Commissioner of Inland Revenue (fax no. 2877 1082)
Secretary for Home Affairs (fax no. 2591 5536)
Director of Social Welfare (fax no. 2891 7219)
Registrar of Companies (fax no. 2868 5384)
Commissioner of Police (fax no. 2866 2579)
Secretary for Education (fax no. 2810 7235)
Director of Audit (fax no. 2583 9063)

Secretary for Development (fax no. 2147 3691)

- enclosed also the incoming letter of 28.6.2017 from the Clerk, PAC

Appendix I

Lease	(i) Whether the private treaty grant (“PTG”) was granted at nil, concessionary or full premium, reasons for and policy intention of such grant?	(ii) For PTG granted at nil or concessionary premium with commercial element for maintaining and running of social services facilities on or off site, whether there was any policy intention and/or provisions in the land lease of decreasing the need or potential need for direct subvention from the Administration?
C	The lot was granted by way of private treaty in 1927 at nil premium. No information on the policy intention of the land grant can be traced in LandsD’s relevant file record.	No information on the policy intention of the grant can be traced in LandsD’s relevant file record. There is no provision in the subject land lease regarding subvention.
D	The lot was held under government lease granted in 1932. No information on the premium charged, if any, nor policy intention of the land grant can be traced in LandsD’s relevant file record.	No information on the policy intention of the grant can be traced in LandsD’s relevant file record. There is no provision in the subject land lease regarding subvention.
F	The lot was granted by private treaty in 1974 at concessionary premium of \$491,771. As far as can be ascertained from LandsD’s relevant file record, the policy intention of the land grant is to permit the grantee to erect a building for provision of the permitted facilities.	No policy intention to decrease the need or potential need for subvention can be ascertained from LandsD’s relevant file record. There is no provision in the subject land lease regarding subvention.
G	The lot was granted by in-situ surrender and regrant in 1966 at nil premium and the surrender lot being a portion of the mother lot was acquired by the Grantee G by public auction. As far as can be ascertained from	No policy intention to decrease the need or potential need for subvention can be ascertained from LandsD’s relevant file record. There is no provision in the subject land lease regarding subvention.

Lease	(i) Whether the private treaty grant (“PTG”) was granted at nil, concessionary or full premium, reasons for and policy intention of such grant?	(ii) For PTG granted at nil or concessionary premium with commercial element for maintaining and running of social services facilities on or off site, whether there was any policy intention and/or provisions in the land lease of decreasing the need or potential need for direct subvention from the Administration?
	LandsD’s relevant file record, the policy intention for the in-situ surrender and regrant is to permit the grantee to erect a building for provision of the permitted facilities within the regrant lot.	
H	The lot was granted by private treaty in 1971 at concessionary premium of \$115,641. As far as can be ascertained from LandsD’s relevant file record, the policy intention of the land grant is to permit the grantee to erect a welfare Centre consisting the permitted facilities within the lot.	No policy intention to decrease the need or potential need for subvention can be ascertained from LandsD’s relevant file record. There is no provision in the subject land lease regarding subvention.
I	The lot was granted by non in-situ surrender and regrant in 1980 at nil premium and the two surrendered lots which were owned by the Grantee I since 1913. The history of the grant of the surrendered lot cannot be traced. As far as can be ascertained from LandsD’s file record, the policy intention of the non in-situ surrender and regrant may be for the grantee to redevelop their existing building for provision of the permitted facilities.	No policy intention to decrease the need or potential need for subvention can be ascertained from LandsD’s relevant file record. There is no provision in the subject land lease regarding subvention.

Lease	(i) Whether the private treaty grant (“PTG”) was granted at nil, concessionary or full premium, reasons for and policy intention of such grant?	(ii) For PTG granted at nil or concessionary premium with commercial element for maintaining and running of social services facilities on or off site, whether there was any policy intention and/or provisions in the land lease of decreasing the need or potential need for direct subvention from the Administration?
J	<p>The lot was granted by in-situ surrender and regrant in 1981 at nil premium and the two surrendered lots were granted to the Grantee J by private treaty at nominal/nil premium in 1953/1954.</p> <p>The Government at the time of considering the surrender and regrant recognized that both surrender lots were under-developed and Government could gain financially from the sale of one of the surrendered lots.</p>	<p>No policy intention to decrease the need or potential need for subvention can be ascertained from LandsD’s relevant file record.</p> <p>There is no provision in the subject land lease regarding subvention.</p>
K	<p>The lot was granted by way of surrender and regrant in 1987 at nominal premium of \$1,000 and the surrendered lot was granted to the Grantee K in 1951 by way of private treaty for the object of the Grantee at nil premium.</p> <p>The main intention of the surrender and regrant in 1987 is for adjustment of lot boundary for the Government’s benefit of implementation of road widening.</p>	<p>No policy intention to decrease the need or potential need for subvention can be ascertained from LandsD’s relevant file record.</p> <p>There is no provision in the subject land lease regarding subvention.</p>
L	<p>The lot was regranted to the Grantee M in 1987 at nominal premium of \$1,000 upon lease expiry of the original land grant which was granted by private treaty</p>	<p>No policy intention to decrease the need or potential need for subvention can be ascertained from LandsD’s relevant file record.</p>

Lease	(i) Whether the private treaty grant (“PTG”) was granted at nil, concessionary or full premium, reasons for and policy intention of such grant?	(ii) For PTG granted at nil or concessionary premium with commercial element for maintaining and running of social services facilities on or off site, whether there was any policy intention and/or provisions in the land lease of decreasing the need or potential need for direct subvention from the Administration?
	<p>in 1956 at nil premium. Concessionary premium was paid for the subsequent lease modification which permits, inter alia, non-profit-making hostel for female persons whilst nil premium was paid for the further lease modification which delete the restriction for female persons. The policy intention of the lease modification is not clear and certain as far as it can be ascertained from LandsD’s relevant file record.</p>	<p>There is no provision in the subject land lease regarding subvention.</p>
M	<p>The lot was granted by private treaty at nominal premium of \$1,000 in 1988 with surrender of two lots at the subject location. The surrender lots were granted at nil premium in 1926 for an institute for promoting the welfare of the Forces. As far as can be ascertained from LandsD’s relevant file record, the policy intention of the land grant is for the Grantee to provide a multi-purpose centre on a non-profit making basis.</p>	<p>No policy intention to decrease the need or potential need for subvention can be ascertained from LandsD’s relevant file record. There is no provision in the subject land lease regarding subvention.</p>
N	<p>The lot was granted to Grantee N by private treaty in 1990 where full market premium was paid in respect of the</p>	<p>One of the policy intentions as can be ascertained from LandsD’s relevant file record is to reduce</p>

<p>Lease</p>	<p>(i) Whether the private treaty grant (“PTG”) was granted at nil, concessionary or full premium, reasons for and policy intention of such grant?</p>	<p>(ii) For PTG granted at nil or concessionary premium with commercial element for maintaining and running of social services facilities on or off site, whether there was any policy intention and/or provisions in the land lease of decreasing the need or potential need for direct subvention from the Administration?</p>
	<p>portions covering the public carpark and the telephone exchange; whereas a nil premium was charged for the remaining portion for the Headquarters of the Grantee.</p> <p>As far as can be ascertained from LandsD’s relevant file record, the policy intention of the land grant is for taking the opportunity to combine coach park, telephone exchange and public car parks with the Headquarters of the Grantee at the locality; return of the Grantee’s ex-headquarters at Cox’s Road (held under a short term tenancy) for disposal; and reduction and eventual elimination of Government’s annual subvention of the Grantee’s activities.</p>	<p>Government’s annual subvention of the Grantee’s activities.</p> <p>There is no provision to decrease the need or potential need for subvention in the land lease, but it is intended that by the vehicle of the Management Committee the reduction of subvention is monitored.</p>

Sequence of events relating to the granting of Lease M

<u>Date</u>	<u>Events</u>
2.6.1960	In an enquiry letter for sub-letting proposal, Grantee M owning two lots for the purpose of a Sailors and Soldiers Home mentioned that the income of the then existing premises arose from 4 sources, namely, local donations, donations from various overseas sources, chaplaincy fees, and profits from catering and accommodation. Catering and accommodation had always provided the greatest contribution.
14.11.1979	<p>Grantee M wrote mentioning its intention to consider the eventual redevelopment of the property, but in the interim proposed to operate in the building then erected on the two existing lots a multi-purpose centre comprising various activities, amongst others, an international hostel and all these activities would be operated on a strictly non-profit-making basis.</p> <p>Grantee M asked whether the Government would be prepared to grant a modification or waiver of the user condition for a leave centre for the Gurkha troops, a local social service centre, a recreational and fitness centre, an international hostel and small areas to be sub-let to charitable organisation to permit the activities to take place on the premises by way of contemporaneous exchange.</p>
7.12.1979	The then Director of Buildings and Lands wrote to Director of Home Affairs (“DHA”) and Director of Social Welfare (“DSW”) to seek comment / support (at nil premium and nil administrative fee) on the Grantee M’s proposals which aimed at better utilization of the facilities then existing on site.
9.1.1980	DHA responded that she was prepared to lend support to the application for modification and, provided that the centre would be run on a non-profit-making basis, she saw no objection to the modification being granted at nil premium and nil administrative fee.
13.12.1982	LandsD circulated the redevelopment proposal to Planning Department, DSW and Director of Education for comment. Grantee M subsequently withdrew the application due to downturn of the market.

<p>2.9.1985</p>	<p>Grantee M submitted a redevelopment proposal to the LandsD comprising proposed uses as:</p> <ul style="list-style-type: none"> (a) Children and youth service (b) Continuing education and adult service (c) Elderly service (d) Christian bookroom (e) Hostel type accommodation with supporting services (f) Methodist church headquarters and office for the Samaritan Service (g) Elderly centre <p>It also mentioned that it would utilize income from the hostel section to subsidize and finance the social welfare and educational programmes of the Centre (i.e.the multi-purpose centre)</p>
<p>3.12.1985</p>	<p>LandsD circulated the redevelopment proposal and lease modification proposal.</p>
<p>7.1.1986</p>	<p>DSW responded that he had no objection for the Church to provide and run the facilities (i.e. nursery and combined children and youth centre) to DSW's satisfaction.</p>
<p>4.11.1986</p>	<p>District Lands Conference of LandsD approved the proposed lease modification (by contemporaneous exchange) at nil premium and nil administrative fee with the proposed user as "Non-profit making hostel, church, social and welfare purposes together with ancillary offices".</p>
<p>21.7.1987</p>	<p>Secretary, Land Commission Steering Group distributed to the relevant government departments, the Land Commission (LC) Paper No. 12/87 "Sailors and Soldiers Home". The LC Paper stated:</p> <ul style="list-style-type: none"> ● The existing five-storey building includes a 30-room hostel which is used mainly by tourists and servicemen, a canteen, a laundry, and various welfare and educational services run by the Charity M ● The redevelopment plan includes a hostel.... The hostel would be run on a non-profit making basis and the income would be used to finance the running of the welfare facilities.... The Hong Kong Government have agreed in principle to the proposed redevelopment.

4.11.1987	According to the agreed Minute No.13 of the Land Commission, the then existing leases in respect of the two then existing lots held by Grantee M might, if the lessee so wished, be surrendered in exchange for a new lease with a term up to the year 2047.
11.11.1987	The Grantee confirmed its intention for a lease term up to the year 2047.
17.11.1987	Binding Basic Term Offer (“BBTO”) issued to Grantee M on 17.11.1987.
13.1.1988	BBTO accepted by Grantee M on 13.1.1988.
2.12.1988	Conditions of Grant was executed.

Note: References to the departments concerned as quoted above also refer to their predecessors at the relevant time as appropriate.

Sequence of events relating to the granting of Lease N

<u>Date</u>	<u>Events</u>
4.1.1984	<p>In the letter dated 4.1.1984 from Grantee N to LandsD, Grantee N referred to the original 21-year lease at Cox’s Road where the Association Headquarters building then situated. Grantee N claimed that under the original lease, he possessed the right to redevelop the lot to its fullest extent without having to pay any premium. There were delays in proceeding with Grantee’s application to redevelop “in situ” since the Government could not make up its mind on the use of the neighboring site at Cox’s Path. Because of this uncertainty, the original 21-year lease was held over by private treaty grant of a 5-year recreation lease which was later changed to a temporary basis pending full investigations on the development potential of the two adjoining sites. This sequence of changes by Government had put Grantee N in a very unfavorable position especially if the Grantee was then required to pay premium for the site at Austin Road. Grantee N stated that he could have redeveloped in situ at nil premium, inclusive of additional headquarters space and accommodation for other ancillary activities whether revenue-producing or not. They were unable to do so simply because Government wished to re-possess the Cox’s Road site in exchange for another site.</p>
4.11.1986	<p>LandsD asked Secretary for Administrative Services and Information/Quartering (i) if they were prepared to relinquish the site (the existing Scout Headquarters and the adjoining Government quarters) entirely for quarters; (ii) if they required quarters in this area approximately what size of site they required and when; (iii) if the answer to (ii) was positive whether their policy on provisioning was joint venture or self-build.</p>
20.7.1987	<p>It is noted that Secretary for Administrative Services and Information/Quartering replied that they did not propose to redevelop the site. Therefore, LandsD noted the site (the then existing Scout Headquarters and the adjoining Government quarters) could be placed in the sale programme if Grantee N proceeded with the land grant of the Austin Road site.</p>

<u>Date</u>	<u>Events</u>
22.9.1987	<p>A meeting was held between LandsD and Grantee N to discuss the development proposal. Referring to the letter dated 12.10.1987 from Grantee N to LandsD, the points raised in the meeting included:-</p> <p>(i) The inclusion of a telephone exchange and a transport terminal within the building as required by Government appeared feasible and Grantee N had accordingly included in the revised sketch plan subject to detailed investigation and refinement;</p> <p>(ii) The project should be regarded as a Community Complex for use by various organizations. All the facilities in the building were for “community and institutional” uses, i.e. none of these should be regarded as “commercial”;</p> <p>(iii) Since Grantee N was forced to vacate their then existing Headquarters building in Cox’s Road to the Government, Grantee N believed the Government should allow for the reprovisioning of all the former and the then existing facilities which Grantee N had or were still enjoying at Cox’ Road;</p> <p>(iv) The inclusion of a scout hall, scout canteen, gymnasium, scout shop, scout dormitories and management staff quarters in the sketch plan was only part of the reprovisioning arrangement, i.e. they were not new facilities.</p>
12.10.1987	<p>Grantee N submitted sketch design drawings for LandsD’s consideration and circulation to relevant Government departments including Secretary for District Administration (“S for DA”), Department of Social Welfare (“DSW”), Secretary for Health & Welfare (“SHW”), Commissioner for Transport (“C for T”), Chief Town Planner/Statutory (“PlanD”) and Chief Highway Engineer/Kowloon (“HyD”).</p>
13.10.1987	<p>Circulation memo attaching Grantee N’s sketch design drawings to seek Departments’ (i.e. S for DA, DSW, SHW, C for T, PlanD and HyD) comments on whether the proposal was acceptable in principle.</p>
10.11.1987	<p>Letter from DSW to Grantee N:</p> <ul style="list-style-type: none"> - DSW agreed to consider providing Grantee N with financial support to meet the capital and recurrent expenses only for those facilities which were subventible. For those areas which were not subventible, DSW agreed that they would have no objection to their being included in the building provided that their use would be related to scouting purposes and without DSW’s funding support.

<u>Date</u>	<u>Events</u>
19.11.1987	S for DA expressed no objection to LandsD's circulation memo dated 13.10.1987.
21.12.1987	<p>Letter from Grantee N to DSW:</p> <ul style="list-style-type: none"> - Submitted a revised schedule of accommodation drawn up based on the following design criteria: <ul style="list-style-type: none"> (i) Full utilization of the site; (ii) Provisioning of all the former and the then existing facilities which the Grantee N had or was still enjoying at its site in Cox's Road; (iii) The need for allowing additional facilities to meet the present day requirements of Grantee N; (iv) The need for allowing future expansion of Grantee N's activities; (v) The inclusion of possible income generating ancillary facilities to defray the costs of maintenance and upkeep of the building complex and the repayment of building loan (plus interest) over a period of time; and (vi) All the requirements were uses related to scouting purposes and within the ambit of the Scout Association of Hong Kong Ordinance, Chapter 1005, of the Laws of Hong Kong, in providing for recreational, educational and welfare purposes in order to qualify for a nil premium grant. - The revised schedule included possible income generating ancillary facilities (i.e. Scout Hall, Scout Shop, Scout Canteen, Car Parks, etc) and Grantee N claimed that all were relating to scouting purposes.
6.1.1988	Circulation Memo from LandsD attaching draft grant conditions and preliminary drawings prepared by Grantee N.

<u>Date</u>	<u>Events</u>
5.2.1988 & 16.6.1988	DSW confirmed to LandsD that DSW supported the grant of the site to Grantee N and considered that the Scout HQ Accommodation of 8,394sq.m. was subventible and recommended that area to be granted at nil premium. DSW also supported in principle the grant of the remaining Scout HQ accommodation of 15,062sq.m. including a canteen, a youth hostel and other facilities which was not subventible. DSW had no objection to Grantee N retaining and managing a multi-storey vehicle park as a source of income, being non-subvented. DSW also recommended to LandsD to add in the draft conditions of grant the requirement of establishment of a Management Committee comprising representative(s) of the Grantee N & government representatives, the then S for DA and DSW to ensure the proper and efficient running of the income generating facilities (including the vehicle park and international youth hostel).
10.3.1988	With DSW's support for the Scout HQ and Commissioner for Transport's support for inclusion of a transport terminus and multi-storey vehicle park, District Lands Conference of LandsD approved the Private Treaty Grant to Grantee N subject to ExCo approval and policy support from Secretary for Transport for inclusion of a transport terminus and multi-storey vehicle park on site.
7.4.1988	The then S for DA confirmed to Deputy Financial Secretary ("DFS") its full support for the provision of the Scout's HQ at a nominal premium of \$1,000, subject to DSW's confirmation that the arrangement for Grantee N to manage the multi-storey car park for the purpose of raising fund would not result in the Government providing more than necessary subvention.
8.4.1988	DSW confirmed to DFS its support for the grant of the Grantee N accommodation for subventible activities at nil premium and of the remaining accommodation which was not subventible. DSW also supported that Grantee N should pay a premium for the multi-storey carpark based on full market value. (Note: As revealed from the available file record, the telephone exchange within the lot was also granted at full market value premium paid by Hong Kong Telephone Company Limited.)

<u>Date</u>	<u>Events</u>
8.4.1988	LandsD consulted DSW on (i) whether DSW would wish to vet the finances for the vehicle park in addition to the HQ accommodation, and (ii) DSW's confirmation on parties to be included in the Management Committee.
22.4.1988	DSW replied LandsD that DSW required financial information of Grantee N by the requirement of submission of financial statement in the conditions of grant and that the then S for DA and MSB (Secretary for Municipal Services) should be included in the Management Committee under the draft Conditions of Grant.
9.6.1988	In the course of commenting the draft ExCo Memorandum, the then S for DA agreed that it was intended to permit Grantee N to underlet or otherwise contract out areas within the HQ building, subject of course to the approval and monitoring of the Management Committee who would ensure that the income generated was used for approved purposes. This intention accorded with the policy resulting from ExCo Memorandum XCR (81)95 para. 10. This arrangement would enable Grantee N for example to contract out management of the canteen and the hostel and to hire out the Scout Hall.
16.6.1988	In the course of commenting the draft ExCo Memorandum, DSW also agreed that the income generating facilities (i.e. hostel, scout shop, scout canteen, scout hall, etc.) were permitted to be underlet by Grantee N subject to written consent from DSW.
28.2.1989	ExCo approved the PTG.
11.4.1989	Subsequent to ExCo's approval, LandsD sought DSW's comment on the draft Special Conditions, in particular relating to "submission of accounts", "management committee". - DSW on 21.4.1989 replied that as the subventing department, it required right of access to the Scout's HQ. It also confirmed the necessity of its presence on the Management Committee of Grantee N.
6.10.1989	Binding Basic Terms Offer ("BBTO") issued by LandsD to Grantee N.
21.11.1989	BBTO accepted by Grantee N.

<u>Date</u>	<u>Events</u>
9.1.1990	Conditions of Grant was executed.

Note: References to the departments concerned as quoted above also refer to their predecessors at the relevant time as appropriate.