



THE HONG KONG INSTITUTE OF SURVEYORS

17 February 2005

Mr Lau Lai Chiu Patrick
Director of Lands

Lands Department
20/F., North Point Government Offices
333 Java Road
North Point
Hong Kong

Dear Patrick

It is our pleasure of having a meeting with you and your colleagues on 20 January 2005 during which we had a good exchange of views and opinions of land supply in Hong Kong. I would like to summarize our main points of view for your reference in the following:-

1. Land Supply

We acknowledge that the existing Application List system has good flexibility and ability to respond to the demand for land from interested developers. Notwithstanding there have been some grievances from the developers that the Government sets the reserve prices at high levels, the actual sale prices were even much higher than the reserve prices as revealed from the previous auctions. We realise that the Government has long been determining the reserve price of each application with reference to the open market value of the land assessed under normal approaches, and we do not believe that the Government is implementing high land price policy through this system.

2. Type of Land

The Government has the role of regulating land supply and can base on the market response and performance to control the type of land being released to the market. As such, the Government is able to deal with the insufficiency of land for popular usages like Grade A office, Luxury Houses/Apartments and Hotel, through injection suitable land lots into the application list.



3. Scheduled Land Auctions

The Application List system relies heavily on the developers/applicants to take the initiative in land acquisitions. In view of the improving market conditions, the Government should be more active in taking back some control. In particular, the Government may consider re-launch scheduled land auctions to release land lots strategically to the market at regular but infrequent intervals, say twice a year, so that the Government can receive more market information through the auction and that more choices will be available to different developers.

4. Transparency and Certainty

We appreciate that the Application List system secures more land supply information to the public. Nevertheless, we see the demand from the public and the investors for higher degree of transparency on the rationale the government formulating a new Application List, and for more certainty of the land policy in medium term.

I hope the comments would help you to plan a good land supply policy so as to enhance the stability of the Hong Kong economy. Should you require further information, please feel free to contact us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T T Cheung', is written over a large, light-colored scribble or mark.

T T Cheung
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