

## South China Morning Post

### Hang Lung head urges care in plan on flat sales

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The suggestion by chief executive hopeful Leung Chun-ying to sell new flats only to Hong Kong residents has raised a few eyebrows - including those of one supporter, Hang Lung Properties chairman Ronnie Chan Chichung.

As part of his land policy to keep property prices at reasonable levels, Leung floated the scheme on Thursday. To test the idea, he would pick a site where a development targeting the middle class would be built. A clause in the lease during land sales would require that the flats be sold only to locals.

Speaking at a Better Hong Kong Foundation event yesterday - where he serves as executive committee chairman - Chan said the matter should be handled with care.

'Hong Kong is a free economy. The proposal should be considered carefully,' he said.

While there are questions about how Leung would define 'middle class' during the process of land selection, Chan said: 'The problem is not an operational one. It's more on principles.'

However, he did not completely reject the pilot scheme. 'A blanket ban against mainlanders buying properties [in Hong Kong] is not good. But we can look into schemes of a smaller scale.'

Chan said the European debt crisis may put pressure on the city's office rents to fall if foreign companies halt their expansion plans.

As for the mainland market, November prices for new private flats in 49 mainland cities fell compared with October's prices, according to the National Bureau of Statistics.

Chan said curbs on lending by banks to developers were a drag on prices. However, prospects for local shopping centres and high-end malls on the mainland were positive.

Queensway Plaza, Peak Galleria and Fashion Walk in Hong Kong are owned by Hang Lung. The developer also runs Plaza 66 and Grand Gateway 66 in Shanghai.

Buying land on the mainland is on the agenda, but there are no plans to go shopping in Hong Kong yet.

'People won't be happy if we start buying land again ... when we last did so in 2000, it was during the darkest days for the economy,' he said.

Hang Lung is holding some flats at The Harbourside in West Kowloon and Aqua Marine in Sham Shui Po and is taking a 'wait and see' attitude on their sale, as the developer has no debt to service.