

Independent Committee in relation to the fire at Wang Fuk Court in Tai Po

Evidential Hearing

**The Honourable Mr Justice David Lok
The Honourable Mr Chan Kin-por, GBS, JP
Dr Rex Auyeung Pak-kuen, GBS, JP**

**On:
Day 28
Wednesday, 15 July 2026**

Mr Victor Dawes SC, Mr Jason Yu, Mr SW Lee, Mr Jonathan Fung, Mr John Cheung and Mr Brian Lee appeared on behalf of the Independent Committee

Mr Calvin Cheuk SC, Mr Jenkin Suen SC, Mr Michael Lok and Mr Charlie Liu appeared on behalf of the Government

Mr Mike Lui SC and Mr Ross Yuen appeared on behalf of the Urban Renewal Authority

Representatives of Department of Justice

Representatives of Competition Commission

Mr Colman Li appeared on behalf of residents of Wang Fuk Court

Mr Martin Ho and Mr Cedric Yeung appeared on behalf of ISS EastPoint Properties Ltd.

Ms Denise Or appeared on behalf of the 12th Management Committee of the Incorporated Owners of Wang Fuk Court

Mr Jonathan Kwan and Mr Aaron Chan appeared on behalf of Leung Ping Kay

Representatives of Victory Fire Engineering Limited

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1 Wednesday, 15 July 2026 2 (10.00 am) 3 THE HON MR JUSTICE DAVID LOK: Good morning. Starting from 4 today, for three days the Independent Committee will 5 hear the oral addresses from all the parties. Before 6 oral submissions are made, I'd like to introduce the 7 arrangements. 8 Based on 23 of the terms of reference or the 9 procedures, all the counsel and the involved parties can 10 make written submissions as well as oral addresses to 11 the Committee. On top of the counsel for the 12 Secretariat, we have received a total of eight written 13 oral addresses, including from the Government, the 14 Competition Commission, the Urban Renewal Authority, 15 nine residents of Wang Fuk Court, that is Lee Kwok Hung, 16 Ms Lo Hiu Kei, Mr Lo Hiu Kin, Mr Yip Ka Kui, Mr Yip Shun 17 Ting, Mr Yip Shun Ying, Mr So Hiu Fung, Ms Chung Siu Bik 18 and Mr Kong Cheung Fat. 19 We have also received -- the new management 20 committee of Wang Fuk Court, the 12th management 21 committee. We have also received from ISS EPP, 22 China Status, Victory Fire, Mr Leung Ping Kay's oral 23 submissions. Victory Fire and the new management 24 committee of Wang Fuk Court already said that they would 25 only submit written submissions. They do not intend to	1 will also be adopted regarding Victory Fire and the 2 2nd IO closing addresses; they have been uploaded this 3 morning. 4 In the coming three days, the Independent Committee 5 as well as the counsel representing different parties 6 are going to make oral closing addresses in relation to 7 the roles of different stakeholders as well as the fire. 8 Some improvement recommendations will also be made. I'd 9 like to emphasise, for the positions, analyses and 10 recommendations that will be heard during the evidential 11 hearing, the Independent Committee will, upon the 12 conclusion of the evidential hearing, together with 13 other written submissions as well as oral testimony be 14 analysed and consolidated by the Independent Committee. 15 For the analysis made under the terms of reference of 16 the Independent Committee, all the 17 analyses/recommendations will also be set out in the 18 report to be submitted to the Chief Executive in detail. 19 Regarding recommendations, we need to take into 20 account different factors such as resource allocation, 21 concrete implementation details as well as the 22 acceptance of the public. We will also have to take 23 into account the market situation. Therefore, based on 24 the recommendations made under the terms of reference 25 overall, there should be a clear direction.
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1 make oral closing addresses in the evidential hearing. 2 Regarding the order in which participants are going 3 to speak, we will first of all hear from the counsel 4 representing ISS EPP. Afterwards, in sequence, 5 Mr Leung Ping Kay, the Urban Renewal Authority, the 6 Competition Commission, the nine residents of Wang Fuk 7 Court, the Government, as well as the counsel for the 8 Independent Committee are going to speak. 9 We need to accommodate the diaries of counsel, 10 therefore we expect that the hearing today will be 11 concluded at 1 pm. We need to accommodate the diaries 12 of counsel and we will only continue to hear the oral 13 addresses of the remaining parties starting from 10 am 14 tomorrow morning. 15 There are about 400 pages regarding the closing 16 addresses submitted by the Government, whereas the 17 counsel for the IC has submitted an oral address 18 totalling 600 pages or so. I believe they are not going 19 to read all the paragraphs verbatim during the 20 evidential hearing, so in order to make it convenient 21 for all attending the evidential hearing, the written 22 submissions will be uploaded to the website of the 23 Independent Committee at 9.30 am before the oral 24 addresses are made. 25 For the 16th and the 17th, the same arrangements	1 We are going to hear from ISS EPP to start making 2 the oral address. 3 (10.05 am) 4 Closing submissions by MR MARTIN HO 5 MR MARTIN HO: Chairman, members of the Independent 6 Committee, as we set out in the opening address of the 7 evidential hearing, ISS EPP expresses condolences about 8 the fire. We definitely understand the importance of 9 the Independent Committee as well as the public interest 10 involved. We also express our gratitude to the 11 Independent Committee and the legal team for uncovering 12 the truth. ISS EPP also expresses its gratitude to the 13 residents of Wang Fuk Court as well as the bereaved 14 families who testified during the evidential hearings. 15 So the different parties as well as the Independent 16 Committee had a better picture of the situation. ISS 17 EPP had been listening to different evidence with 18 humility, including the experts as well as their 19 constructive recommendations. We expect, through this 20 investigation, to consider whether there is any room for 21 improvement on different fronts. Also we aim to prevent 22 similar incidents from happening again. We have noticed 23 that the Government would make legislative amendments to 24 the Fire Services Ordinance as well as other legislation 25 associated with it, including strengthening the

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1 regulation over fire service installation contractors. 2 We will take every action we can in order to minimise 3 the likelihood of similar incidents. 4 We have already set out our observations regarding 5 property management companies. Through our oral 6 submissions we'd like to focus on five main areas: one, 7 ISS EPP's role in the Wang Fuk Court fire; two, 8 regarding different contractors' handling and 9 coordination of fire safety installation; and regarding 10 what ISS EPP can do in the annual general meeting; as 11 well as the recommendations we can make; and five, the 12 role of ISS EPP in the fire. 13 The first issue is the role of ISS EPP. It is a 14 property management company. In this incident, we'd 15 like to point out in major renovation works of Wang Fuk 16 Court, it has never been appointed as any contractor or 17 consultant. Please refer to bundle H1-1 starting from 18 page 1, and if we take a look at page 3 of the bundle, 19 you will see in 2.1 the monthly property management fee 20 charged by ISS for managing the entire Wang Fuk Court 21 was 24,210 plus an administrative fee 13,400 for the 22 calendar year of 2025, excluding manpower costs. ISS 23 did not charge anything extra, nor was it appointed by 24 the Court as a contractor, supervisor or consultant. It 25 did not charge anything in addition to that either.	1 understand where the counsel for the IC are coming from. 2 However, a total of nine complaints have been received 3 and on multiple occasions officers have been sent to the 4 site. However, the complaints could not be 5 substantiated. 6 In paragraph 850.4 of the submissions of the counsel 7 for the IC, complaints about access openings could be 8 referred to the ICU, Independent Checking Unit. 9 However, we have learned from the witnesses from the ICU 10 that they had taken a look at the picture of access 11 openings, including the senior building maintenance 12 surveyor, Mr Yung Siu Lun, and they had the relevant 13 knowledge and experience of assessing risks. However, 14 after the inspection, they did not mention any fire 15 risks. Therefore, in this regard, the ISS welcome 16 recommendations to be made by the Independent Committee 17 on enhancing law enforcement actions. 18 The second issue is the coordination between ISS and 19 other contractors involved in the Wang Fuk Court fire, 20 especially when it comes to fire service installations. 21 There were two registered fire service installation 22 contractors. One, Victory Fire engaged by ISS EPP on 23 behalf of Wang Fuk Court as the RFSIC on the annual fire 24 safety inspection. It was also responsible for making 25 the repair works, that also covered the maintenance of
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1 We appeal to the Independent Committee to take into 2 account the role of ISS as well as the actual 3 limitations faced by ISS in this incident. 4 In the handling of complaints made by residents of 5 Wang Fuk Court, what follow-up action could be taken by 6 ISS? In our written submissions paragraph 28 we already 7 said out different levels of employees of ISS had 8 related the complaints to PC&E and Will Power. Signs of 9 no smoking were also put up. Mr Wong, senior attendant, 10 forbade people from smoking and whenever he saw anyone 11 smoking he would shout and prohibit them from doing so. 12 Please refer to WS-2, page 1239. 13 ISS EPP had no authority whatsoever to implement 14 such. In paragraph 29.1 of our closing addresses, the 15 IO signed the responsibility over the renovation works 16 exclusively to PC&E and WP. Ms Cheng Tsz Ying, property 17 officer of ISS, also said in the course of her testimony 18 that ISS could not control PC&E and Will Power 19 employees. We had no power to fire them. We only could 20 advise them not to do so. As a matter of law 21 enforcement section, it's about making the company 22 engaging construction workers to face the situation 23 squarely, that is to forbid them from smoking. 24 In page 889.4, complaints about construction workers 25 smoking could be referred to the Labour Department. We	1 fire tanks. China Status was engaged as a registered 2 fire service installation contractor. 3 In this incident, one unfortunate event is that the 4 electrician, Mr Law from ISS, drained the fire tanks. 5 However, he did not know turning off the fire service 6 lever switches would also turn off the fire alarm 7 system, the main switch. 8 From the evidence heard by the Independent 9 Committee, a work order was issued to the engineering 10 department requesting PC&E to drain the fire service 11 tanks. Please refer to one of the work orders, H2, 12 page 6779. You will see the job order description: 13 "Wang Tao House, draining fire service tanks at 9.30 14 am on 14 July 2025. Waited for PC&E staff members on 15 the ground of Wang Tao House." 16 One of the jobs was to open the fire door, and if 17 the draining of the fire tanks at that time -- if 18 a registered fire service installation contractor was 19 present at the scene and Mr Law provided assistance such 20 as providing tools, there would not be any issue. 21 However, at that time, ISS had no grounds to suspect 22 that PC&E would not ask the RFSIC to go to the scene all 23 together. Unfortunately, at the time of draining the 24 fire service tanks, no RFSIC was present at all. 25 PC&E appointed China Status, but then they were not

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1 seen at the scene. The fire pump switch was turned off. 2 According to Mr Law, if that had not been done so, the 3 pump would run idling. It would be damaged and it would 4 give rise to risks of fire. 5 Regarding the fire alarm system out of order, in 6 page 801 of the counsel for the IC, it touched upon ISS. 7 Of course the carelessness of Mr Law was regrettable. 8 However, it is worth noting that as set out in our 9 closing addresses, the Independent Committee needs to 10 consider the actual circumstances regarding the fire 11 alarm system which was out of order at that time. 12 Four issues were involved. Issue one, during major 13 renovation works, at the time of draining fire tanks, 14 why was the RFSIC, China Status, absent at the scene? 15 As we mention in paragraph 18 of our closing address, 16 Mr Leung Ping Kay from China Status admitted to the fact 17 that he had not gone to the Wang Fuk Court site for 18 inspection. Had the representative of China Status been 19 present at the scene, we believe what concerned Mr Law 20 would not have happened. The last time Mr Law helped 21 with draining fire tanks was in August and it was about 22 three months away from the fire. During the three-month 23 period, why did no one find that the fire alarm system 24 switch had been turned off? At least one week before 25 the fire Victory Fire staff members came to notice that	1 hearings, Mr Chung, based on his call records, said that 2 on 21 November 2025 there was a nine-second call with 3 Ms Cheng. He requested Ms Cheng to provide shutdown 4 notices. However, Ms Cheng afterwards provided records 5 showing that the call was a missed call, which means 6 there was no such conversation. Then Mr Chung made an 7 inference that a six-second call under the incoming call 8 entry without any caller display was that call in 9 question. We'd like to point out that the relevant 10 evidence was not credible, that is, the evidence 11 provided by Mr Chung was not credible. 12 Mr Chung meant that he could introduce himself and 13 make made a request for providing shutdown notices 14 within just six seconds. This is not reasonable. That 15 doesn't make sense. If the code had been complied with 16 and if there had been a warning next to the switch, we 17 believe the accident concerning Mr Law would not have 18 happened. 19 Bundle B2, page 912. You can see here that this is 20 annex 4 of the testing and commissioning checklist for 21 detection and fire alarm system. The assistant director 22 of the Fire Services, Mr Keung, testified and confirmed 23 that if this version applies, then it would apply to the 24 annual inspection. So the RFSIC would have to follow 25 this particular checklist in the annual inspection.
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1 the switch of the fire alarm system had been switched 2 off and they also understood that that meant the fire 3 alarm system would be out of order. However, they took 4 no further directions, such as switching on the switch 5 or informing China Status that the switch been turned 6 off. 7 In paragraph 22 of our closing address, Mr Chung 8 Kit Man from Victory Fire said that in the RFSIC 9 industry one RFSIC would not tell another RFSIC how to 10 carry out its work. This is baffling, in our opinion. 11 Before I wrap up the issue concerning Victory Fire, 12 I'd like to walk members through paragraph 20 of our 13 closing address. May I put up the relevant paragraph on 14 the screen. 15 Victory Fire, Mr Chung Kit Man, while he was 16 testifying, attempted to shift the blame away from 17 Victory Fire to ISS. He contended that he requested 18 Ms Cheng Tsz Ying of ISS to provide shutdown notices 19 before the fire. Ms Cheng denied this allegation and 20 she made a point: these shutdown notices were 21 electronically saved. In other words, if Mr Chung had 22 made such requests or if other staff members of 23 Victory Fire had made such requests, such could have 24 been provided in a swift manner to Victory Fire. 25 What's more important is that during the evidential	1 If we turn to page 919, further down, 3.8.2, you can 2 see that it specifies that next to the switches there 3 must be a warning that it would affect the entire 4 system. And towards the end, the font will have to be 5 specified there. If there is such a large warning sign 6 to say that the FS lever switch will affect the entire 7 system, I'm sure that Mr Law or the artisan would have 8 touched the switch. 9 Question 4. According to the fire services 10 testimony, the fuses of seven blocks have been blown. 11 We can also look at the FSD's report, B2/1893. That's 12 in connection with the Wang Fuk Court report. This is 13 in connection with each and every block and also the 14 fuses. Turn to the next page. 15 On top you can see page 1894. That's Wang Chi 16 House. That's not affected by the fire. The fuse is 17 also blown. So in these circumstances, whether the 18 lever switch was turned off or not, the fire alarm would 19 not sound. 20 THE HON MR JUSTICE DAVID LOK: Is there any evidence to show 21 that in two of the blocks the fire alarm did sound? 22 MR MARTIN HO: Yes. Blocks A and C, they sounded briefly. 23 THE HON MR JUSTICE DAVID LOK: So if they were broken, how 24 could you explain that? 25 MR MARTIN HO: This is a subject that has to be studied. In

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1 block H it wasn't affected by the fire but the fuse was 2 blown so the blowing of the fuses had nothing to do with 3 the fire. If the fuse was blown, whether the lever 4 switch was turned off, the fire alarm would not have 5 sounded. The question is, why did it happen? We are 6 concerned whether the lever switch was turned off or 7 not, the fire alarm would not have sounded. 8 We believe that this is a subject the Fire Services 9 Department has to study. In the June hearing we learned 10 that this issue was picked up in the FSD's initial 11 report but they haven't conducted the study. 12 THE HON MR JUSTICE DAVID LOK: Maybe in the civil cases 13 there is a need to study that. 14 MR MARTIN HO: As to how we can prevent or improve the 15 situation, the fuses have blown even without being 16 affected by the fire. This is something of concern to 17 us. So from the Committee's point of view, this is 18 a subject that should be looked into in depth. 19 We hope the IC's or Government's recommendation will 20 address all these four issues. 21 The first subject I'd like to cover is the role of 22 ISS in owners' meetings. In paragraph 33 of our 23 submission we have mentioned the assistance rendered. 24 The IC's report, page 1462, there are some measures 25 adopted by the PMC to ensure voting can be fairer, like	1 Committee's attention to. E2/180, the bottom part. 2 This is section 10 of the Fire Services Installation 3 Ordinance. Section 10(1): 4 "The Director may, by notice in the Gazette, 5 prescribe a Code of Practice which shall govern the 6 inspection and testing of the fire service installation 7 or equipment." 8 And subsection (3), the code should be reviewed once 9 every year. This seems to be saying that this is the 10 latest version that we are referring to. 11 Page 883, 1.14, there are two parts here. The top 12 part refers to the installation code, and (i), the code 13 of practice for installation, it is in relation to the 14 version at the time the building was built, but later on 15 in (i), it doesn't refer to that. In (iii), for the 16 annual inspection, a checklist, they are referring to 17 the checklist announced by the FSD from time to time. 18 So there is a discrepancy there. The installation code 19 is on the basis of the code, the version when the 20 building was built, but for the inspection code, it is 21 on the basis of the latest version. 22 Let's cite an example, R1/657. Here there is 23 a statement -- there's the statement signed by RFSIC: 24 "I ... hereby certify that the above 25 installations/equipment have been tested and found to be
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1 the verification of the identity of the owners. 2 In regard to the improvement recommendations for the 3 voting process, we keep our options open. Under the 4 existing law, ISS as a PMC doesn't have the statutory 5 power to enforce the recommendations. If there can be 6 amendments to the BMO authorising the PMC to monitor the 7 voting process, that would enable the PMCs to play the 8 role of gatekeeper and also to remove the limitations on 9 the part of the PMCs. 10 The fourth subject is the improvement measure. In 11 part G we have outlined the recommendations. I don't 12 propose to repeat here except to say that the IC should 13 take this into account. 14 I'd like to mention paragraph 42 regarding the code. 15 The CoP requires that next to the switch there should be 16 a warning sign. If that existed in Wang Fuk Court, 17 Mr Law would not have switched off the main switch by 18 accident. 19 AD Mr Keung admitted that the warning sign would 20 minimise the possibility of people turning off the 21 switch, but he said that the version should be on the 22 basis of the version when the building was built. 23 We do have reservation about Mr Keung's suggestion. 24 In paragraph 42 we have given the analysis of the legal 25 basis. There are three points I'd like to draw the	1 in efficient working order in accordance with the codes 2 announced by the director from time to time ..." 3 I hasten to add, "from time to time". So the 4 correct interpretation is that for inspection it should 5 be on the basis of the latest code. However you 6 interpret it, for the FSD, they say that it is on the 7 basis of the 40-year-old standard. This is really 8 something that we find surprising. 9 Mr Chung from Victory Fire said the industry was 10 confused about the interpretation and there is no paper 11 from the FSD about the interpretation. This 12 is undesirable and there is a need for improvement. 13 The last subject I'd like to cover is the emergency 14 response on the part of the ISS staff. In part E we 15 have explained how ISS responded to the fire and 16 assisted in the evacuation to the very last minute. We 17 cover some of the staff there. Ms Chung Sui Ha, 18 block F, building attendant, she tried to sound the 19 alarm bell and rushed upstairs to evacuate the 20 residents. She stayed in the lobby until the moment 21 that the smoke infiltrated. Senior staff building 22 attendant Mr Wong Pak Shing rushed from the management 23 office to Wang Cheong Court, all the way up to the 6th 24 floor evacuate people, and on the 6th floor he saw the 25 infiltration of smoke that he came back down.

Page 17 1 Mr Lam Man Yan rushed to Wang Fuk Court to activate 2 the fire alarm but that wasn't successful and he rushed 3 to the pump room to reactivate the lever. He went also 4 to Wang Shing House and Wang Yan House. Blocks B and C, 5 the fire alarm sounded briefly. 6 That comes back to the question raised by the 7 chairman; the FSD's testimony shows that the fuses have 8 been blown, and one of the blocks was not affected by 9 the fire, the fuse was also blown. So whether the 10 switch was turned off, whether this has anything to do 11 with the fire alarm, this is something we have to look 12 into. 13 But we can see that the ISS staff have tried their 14 best to evacuate the residents and they put their lives 15 at risk and stayed there till the very last minute 16 before they evacuated themselves and moved to the 17 neighbouring community hall to serve and help the 18 affected residents. 19 This fire is indeed a tragedy, but it shows that a 20 lot of people have sacrificed a lot. The firemen and 21 the frontline staff of ISS, they have been working 22 selflessly. We would be accepting recommendation and 23 try to minimise the risk of similar fire happening. 24 The ISS would be prepared to take part in any 25 discussion to improve the legislative provisions. Thank	Page 19 1 MR VICTOR DAWES: Chairman, if we can allow Mr Kwan a little 2 bit of time and we can switch the order a bit so Mr Kwan 3 can make preparation, or let's hear from other involved 4 parties first and he might have an hour to sort out his 5 submission in Chinese. 6 MR JONATHAN KWAN: I will try my best, chairman. 7 THE HON MR JUSTICE DAVID LOK: Are you going to be speaking 8 in Chinese? 9 MR JONATHAN KWAN: I will try my best to speak in Cantonese. 10 THE HON MR JUSTICE DAVID LOK: I appreciate that indeed the 11 submissions are written in English and we learned law in 12 English, it will be easier to speak in English, but the 13 unique situation means that, where possible, I would ask 14 you to speak in Cantonese. 15 Perhaps we can hear from the URA first, Urban 16 Renewal Authority. 17 (10.36 am) 18 Closing submissions by MR MIKE LUI 19 MR MIKE LUI: Chairman and members, in my oral closing 20 submission I will be briefly covering the points in the 21 written submission. To assist the IC we have made 22 available the information in a comprehensive and honest 23 manner. We covered the terms of reference and with 24 humility and honesty we draw lessons from this incident 25 and, where possible, we will try to enhance the
Page 18 1 you. 2 (10.33 am) 3 THE HON MR JUSTICE DAVID LOK: Thank you very much, Mr Ho. 4 Counsel representing Mr Leung Ping Kay, please. 5 MR JONATHAN KWAN: With the Committee's leave, I was 6 wondering whether I can deliver my closing in English -- 7 because for the sole reason that the cogs in my head do 8 not spin as fast as some of my learned friends in 9 translating their submissions from English to Chinese. 10 I think those instructing me have actually notified 11 the IC solicitors in advance of this. 12 THE HON MR JUSTICE DAVID LOK: You have informed us, but I'm 13 being told that you have been -- we've tried to persuade 14 you to deliver in Chinese because some of the attendees, 15 not in this venue but in another venue, they may not 16 have the SI interpretation or translation available. So 17 that's why, if you deliver in English, that means the 18 audience in the Central Library will not be able to 19 understand what are you talking about. 20 Do you think you would be able to -- so it would be 21 desirable, if possible, for you to deliver -- do you 22 think it's possible or not? 23 MR JONATHAN KWAN: It will be extremely difficult for me, 24 Mr Chairman. I don't actually have much to say. I will 25 be very quick.	Page 20 1 protection for the owners in large-scale building 2 renovation. 3 I don't propose to repeat the background of Smart 4 Tender except to say that Smart Tender represents a tool 5 against bid-rigging. In Smart Tender, I will cover the 6 self-help tool. We also appoint independent consultant. 7 We have e-tendering platform and the objectives are to 8 try to minimise the risk facing owners and IO in large 9 building renovation. 10 The URA has observed the problems facing the owners 11 in building renovation, like unfair building contract, 12 unreliable cost estimates, and only a small number of 13 contractors get the bids and theft of the bids after 14 submission and tampering of the bids and so on. 15 The self-help tool has narrowed the information gap 16 and it has also provided the template to guard against 17 any exploitation of the bidding documents. 18 Independent consultant in the assessment of the 19 bidding price will provide independent third party 20 advice. 21 Regarding the role and function of the independent 22 consultant, the IC counsel has made some 23 recommendations. We welcome that. Third, the 24 e-tendering platform can eliminate selective 25 dissemination of information and all interested bidders

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1 will be able to get the tender and all tenders will have 2 to be submitted to the designated offices. The tender 3 box -- before opening the tender, the tenders will 4 remain anonymous and we will have professional 5 accountants on hand to open the bid. In February 2024 6 we started the live streaming. 7 Over the years, in taking forward the Smart Tender 8 tool, the response has been really positive. One of the 9 things we did is the NCC, non-collusion clause, and 10 certificate for non-collusive tendering. The tender 11 must carry this particular clause and the bidders will 12 have to sign the certificate. This measure means 13 a great deal. For tender documents, with the NCC, if 14 the tender turns out to be false, all the parties 15 involved in collusion will have to bear criminal 16 liability. 17 Over the years, Smart Tender is not foolproof but 18 evidence shows that a lot of the criminal syndicates try 19 to avoid Smart Tender. It shows it does have the 20 deterring effect. This is the function of Smart Tender. 21 It's not guaranteed to deter criminals, but it acts as 22 a barrier against the bid-rigging. 23 In paragraph D we have highlighted the change over 24 the years regarding Smart Tender. I don't propose to 25 repeat them.	1 observe the practices in the industry, corruption, 2 fraud, bid-rigging and so on, they all hide behind shell 3 companies and other practices, so the issues are 4 complex. Very often payments made by cash, and 5 especially if triad society is involved, those involved 6 may be afraid to come forward to serve as witnesses. So 7 it's difficult to detect such a crime. 8 When the URA operates Smart Tender, we have limited 9 financial and manpower resources. For example, Smart 10 Tender received 17,000 tenders each year and there are 11 some 442 registered contractors. We have to check the 12 connections among the shareholders and directors, it 13 would be an enormous task, so we do not have the 14 resources to carry out such comprehensive one-on-one 15 checking. Such information may be updated any time so 16 with limited resources, it would be difficult for the 17 URA to carry out periodic investigation. 18 When URA has suspicion, it will do checking, but 19 it's not possible for URA to conduct systematic 20 checking. It doesn't mean that the URA does nothing. 21 Even with such limitations, we have checked our records, 22 we try to identify if there are any bid-rigging 23 patterns. For example, if a consultant obtains 24 a contract, then it's almost certain that a certain 25 contractor will then win the bid for the works so we
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1 During the hearing, through witnesses we explained 2 to the Committee and the public about the limitations of 3 the URA in terms of resources and systems. We also 4 heard the submissions of some residents and some 5 counsel. They said that the URA belittles its own 6 functions and roles. We don't agree. We explained the 7 limitations not because we wanted to evade our 8 responsibility. We just wanted to explain to the 9 Committee that over the years the URA encountered 10 various difficulties, so then on an objective basis, 11 then the Committee could explore how the role of the URA 12 could be strengthened. 13 Under the circumstance, I would like to briefly 14 refer to the limitations we explained through giving 15 evidence. First, the URA is not a law enforcement 16 agency. We have only facilitative role under the 17 statutory framework. We are not the organisation 18 responsible for combatting bid-rigging. We can only try 19 to minimise bid-rigging. We cannot stamp out 20 bid-rigging altogether. 21 I must stress once again I am not saying the URA 22 does not have a role as part of the government effort to 23 combat bid-rigging, but we are not experts on collecting 24 evidence or in investigation. We could only improve our 25 system to make bid-rigging less possible. We also	1 will observe such cases. 2 Then there is another limitation that may not be 3 resolved by resources. In the Smart Tender system we 4 are not able to prevent members of the owners' 5 corporations colluding with contractors or consultants. 6 Even law enforcement agencies may have difficulty 7 detecting such behaviour. As Mr Wong Se King admitted, 8 URA does not have a specific information on such 9 collusion and its staff are not trained to identify such 10 illegal practices. So this is something that cannot be 11 handled within the original design of the Smart Tender 12 system. 13 Another issue is about the position of the URA. The 14 IC counsel commented that through all these years URA 15 was not able to interfere with the decisions of owners. 16 Yes, we welcome that observation of his. 17 Then in the current Smart Tender system, the URA is 18 not involved in the scoring system or deciding on the 19 assessment criteria. These are matters for the owners 20 and the consultant the owners appoint. For independent 21 consultants, they can only ensure that at the end the 22 repair works will comply with the mandatory building 23 inspection order, and even the independent consultant 24 cannot interfere with the decisions of the owners on 25 non-mandatory works. So these are the limitations we

Page 25 1 face currently. 2 The URA has learned much from this incident and we 3 have also explored possible ways for improvement. We 4 admit there is room for improvement indeed, and we 5 undertake to comprehensively review the system and make 6 improvements where they are due. 7 The URA explained in LegCo in April that there will 8 be an enhanced version of the Smart Tender system. So 9 in the pre-qualification list, it will cover contractors 10 and consultants. 11 In the financial year 2027-2028 the Government will 12 give allocation of \$300 million to URA. \$100 million is 13 a start-up fund so the URA can set up a subsidiary 14 company to provide services under the enhanced version 15 of Smart Tender. For the other \$200 million, they are 16 for providing services to owners under the enhanced 17 version of Smart Tender and it will provide a subsidy to 18 owners. Then the URA will monitor all tender-opening 19 process and the tender assessment process. 20 Through enhancing Smart Tender, the URA and 21 Government hope to further reduce the risk of 22 bid-rigging. We also will provide more proactive 23 support to owners in assessing tender. We may also 24 recommend certain consultants and contractors to owners 25 in assisting owners in carrying out the repair works.	Page 27 1 considered in our list. 2 So we have the pre-qualification list and only 3 qualified contractors and consultants may submit 4 tenders. 5 We are still trying to sort out the details. We are 6 still in discussion on that, so I cannot really give too 7 much details to the public at this point about this new 8 arrangement. The legal team of the Independent 9 Committee, as mentioned in their closing submission, 10 whatever recommendations they have in relation to URA, 11 we support them in principle, in full. 12 But the URA needs to consider the details of each 13 carefully, in particular whether it's feasible, given 14 our manpower and other resources. But of course we will 15 try our very best to implement these recommendations, 16 given we have additional resources. The URA must also 17 proceed with caution in planning our next steps. 18 The chairman of the Independent Committee says that 19 the URA could do better in individual aspects, but at 20 the same time chairman appreciated the difficulties we 21 faced. Our recommendation is to consider the future. 22 The URA's involvement in the Wang Fuk Court repair works 23 was not comprehensive. We were only involved in certain 24 aspects involving the contractor. I won't repeat the 25 details.
Page 26 1 The URA believes it could make improvement in two 2 aspects in the tendering process. The first one, if 3 there are excessively low consultancy fees and so on or 4 there are some in the market may win a consultancy 5 contract through an excessively low price and then 6 during the tendering process it will engage with 7 contractors in various anti-competitive practices. In 8 the enhanced version of Smart Tender, the URA will 9 invite tender on behalf of owners. URA will also assess 10 the tender and then URA will enhance its own functions 11 and roles and then it's expected then we will not accept 12 bids that fall outside the expected price range, whether 13 the price is too high or too low. 14 Second improvement is about checking of criminal 15 records. The consultant is responsible for drafting the 16 tendering documents under the design of Smart Tender. 17 The URA has no monitoring role here. Contractors need 18 only hold valid business registration and relevant 19 licences and they could take part in tendering. Since 20 September 2018, if the URA found out that any 21 contractors or consultancy were in breach of the 22 Prevention of Bribery Ordinance or Competition Ordinance 23 and if they have been convicted then the URA will 24 suspend their registration and there could be 25 disciplinary actions as well, and then they will not be	Page 28 1 But anyway, the biggest difficulty we face is that 2 we cannot just rely on ourselves to stamp out 3 bid-rigging and corruption. The residents and law 4 enforcement agencies must work with us and we look 5 forward to doing a better job in the future and we need 6 to explain to the public under the enhanced version of 7 Smart Tender what can be achieved and what cannot, so 8 owners will remain vigilant. 9 The purpose of launching Smart Tender was to bring 10 order to the market for building repair works. In the 11 past decade we have improved competitiveness and 12 transparency of bidding processes but then we cannot 13 stamp out altogether bid-rigging or other criminal 14 behaviour. We can provide a barrier, but we are not the 15 ultimate fault. The URA also has no law enforcement 16 powers. We have limit resources. We play 17 a facilitating role. We will continue to consider 18 possible support we give to owners in building repair 19 works and we will do so with humility. And then we will 20 assist the Independent Committee to come up with ways to 21 offer further protection to owners involved in building 22 repair works. 23 (10.54 am) 24 THE HON MR JUSTICE DAVID LOK: Thank you. I suggest we take 25 a break now. Since we are on bid-rigging, then when we

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1 come back we will first listen to the submissions of the 2 Competition Commission and then we will listen to the 3 counsel representing Mr Leung Ping Kay. 4 MR JONATHAN KWAN: Mr Chan is prepared to speak in Cantonese 5 in giving the closing submissions. 6 THE HON MR JUSTICE DAVID LOK: I'm putting you last today. 7 So we will first listen to the Competition Commission 8 and then we will come back to you. We have to 9 accommodate the schedules of some counsel, so tomorrow 10 we will be listening to two lengthy submissions. 11 Tomorrow, first of all, tomorrow morning we will first 12 listen to the closing submission of the nine residents 13 and then the closing submission of the counsel 14 representing the Government. That will take the whole 15 day tomorrow. And then on Friday we will listen to the 16 closing submission of the legal team of the Independent 17 Committee. So that's the proposed schedule. 18 Now we will take a 15-minute break and when we come 19 back we will listen to the submissions of the counsel of 20 the Competition Commission and Mr Leung Ping Kay. 21 (10.56 am) 22 (A short adjournment) 23 (11.11 am) 24 THE HON MR JUSTICE DAVID LOK: Let's hear from the 25 Competition Commission.	1 behaviours are systematic and longstanding in the 2 market. They allow the people involved in bid-rigging 3 to reap significant profit. First of all, unnecessary 4 projects are added to the renovation works or 5 engineering works, and for existing works, the practice 6 will be increased. 7 The Competition Commission, as well as other law 8 enforcement agencies, have reached a consensus on the 9 fact that there are indeed bid-rigging cartels in 10 Hong Kong, or there are systematic bid-rigging 11 practices. These cartels sometimes are led by triads, 12 triad society or they are assisted by triad societies. 13 This is our consensus. 14 Regarding another point on which we have a 15 consensus, in handling bid-rigging or anti-competition 16 behaviour, it's not just about the Competition 17 Ordinance. Bid-rigging methods are evolving. People 18 involved in bid-rigging exhaust all means to conduct 19 bid-rigging. There are price-fixing, market-sharing, as 20 well as other corruption behaviour. 21 In paragraph 1340 of the counsel for the IC 22 submissions, they have quoted something from the 23 relevant authorities. They target property management 24 companies as well as those from the owners' corporation. 25 The aim is to eclipse the benefits of competition.
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1 (11.11 am) 2 Closing submissions by MR LESTER LEE 3 MR LESTER LEE: Thank you. Chairman and members, good 4 morning. I'd like to make a very succinct oral 5 submission on behalf of the Competition Commission. 6 I expect that I will not use more than 10 minutes. 7 At the evidential hearing we have submitted 8 altogether four written submissions. Of course I am not 9 going to go over them one by one. However, I'd like to 10 take this opportunity to speak on three points. I'd 11 like to make a succinct oral submission. 12 First of all, I'd like to share with you what we 13 have observed alongside what has been observed by other 14 law enforcement agencies. Turning to whether 15 bid-rigging should be criminalised and how to enhance 16 the existing civil proceedings, I'd like to make 17 submissions as well. Regarding the fee schedule, I'd 18 also like to make a succinct oral submission in this 19 regard. 20 First of all, regarding Competition Commission and 21 other law enforcement agencies, we have reached 22 a consensus on a couple of issues. There are three 23 matters in total. One, regarding bid-rigging and 24 anti-competition behaviour, they are common and 25 widespread in Hong Kong. These malpractices, these	1 The Competition Commission has noticed that one 2 contractor exercised violence to prevent other people 3 from making bids associated with someone who claims to 4 be associated with the triad society. In relation to 5 paragraph 1328.1 in the selection of contractors or 6 consultants, some criminal elements tried to interfere 7 with the selection process. 8 We have also come to notice the issue of phantom 9 bidding. Different companies are set up in the market 10 but then they are controlled by the same group of people 11 regarding a bid or a group of bids; they submit these 12 bids all together in order to create a false image of 13 competition. This is set out in the counsel for the 14 IC's submissions as well. 15 Some bid-rigging cartels implement all these 16 malpractices all together. When it comes to combatting 17 bid-rigging parties, there are indeed challenges and we 18 all agree on this. When there are malpractices which 19 are longstanding in an industry and if you want to stamp 20 out these malpractices or set the record straight, it is 21 very difficult. Based on the experience of the 22 Competition Commission, the MO of these bid-rigging 23 cartels are mobile and they use flexible methods. I'd 24 like to share with you two new authorities to illustrate 25 the submissions I have just now made. In the

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1 investigation of the Competition Commission we have 2 noticed one bid-rigging cartel registers the company in 3 the name of another cartel so that they can make up the 4 numbers to submit another bid. 5 There's a significant number of groups involved, but 6 then investigation is underway so I am not at liberty to 7 disclose the details. 8 Some events are quite ironic. Allow me to use this 9 word. One bid-rigging cartel in the initial phase of 10 bidding tries to implement bid-rigging with other 11 companies. They have also reached out to other 12 companies in the hope of conducting bid-rigging. 13 However, the reply they received is that the contractors 14 told the cartel that their name had already been 15 registered by another contractor and they were already 16 all set for this process. While this may sound ironic, 17 this has led to a few important issues. One, you will 18 see how widespread this issue is and you will also see 19 that these malpractices are conducted above board. They 20 ask different contractors whether they want to take part 21 in bid-rigging and then they just cut to the chase and 22 they tell them that, "Well, I was already taking part in 23 bid-rigging". 24 THE HON MR JUSTICE DAVID LOK: As members of the public, 25 what hopes can we still have? Do we see the light at	1 Bid-rigging will bring about huge profits. In our 2 submission, we have made it very clear that the 3 legislator should consider spelling this out in the law, 4 that for anticompetitive behaviour, the burden of proof 5 should be of civil standard. This is to bring us in 6 line with the sophisticated jurisdictions of the UK, 7 New Zealand, Australia and we believe that for those 8 taking part or potentially taking part in these kind of 9 behaviour, there will be a clear message: if they get 10 caught, they will face considerable financial penalties. 11 The court's case made it very clear that the 12 financial penalty will be able to make sure that these 13 people will not be able to get any profits and every 14 dollar that they cheat people out of should be paid 15 back. That would also be of a sufficiently deterrent 16 effect. 17 Second, under the Competition Ordinance, the penalty 18 is of a civil nature and it doesn't have enough teeth. 19 The CC hopes that the legislators will consider, in 20 relation to the tender process, if there are any 21 anti-competitive behaviours, it should be criminalised. 22 We should have regard to section 91 of the existing 23 ordinance because in that provision, there is a very 24 clear delineation of personal individual liabilities. 25 For those who flout section 91, they will be dealt with
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1 the end of the tunnel? 2 MR LESTER LEE: I will speak on this later on. 3 Some contractors, consultants, they are very mobile, 4 they are very flexible. The Competition Commission and 5 the Police Force agree there is an existing legislative 6 framework penalty but then they are not deterrent 7 enough, there is a lack of deterrence effect, and we 8 must point out this with apologies. 9 Based on the evidence provided by different law 10 enforcement agencies there are three main points. One, 11 for those involved in bid-rigging, the potential 12 benefits are huge. Just imagine a bid may be worth 13 hundreds of millions of dollars. And you will see the 14 criminals can reap a significant benefit from it. 15 Regarding the Competition Ordinance, it is said in 16 the community that these have to do with civil 17 proceedings only. It seems to affect deterrence effect 18 of the Competition Ordinance and we are very well aware 19 of that. 20 For these collusion and anti-competitive behaviour, 21 they're secretive and it is really challenging to 22 successfully prosecute these people. This is in line 23 with the views of the ICAC and the police. In light of 24 this, the Competition Commission makes the following 25 recommendations.	1 in a civil manner. 2 Through this, the risk will be much higher for those 3 taking part in anti-competitive behaviour because 4 instead of being imposed a fine, they would face 5 custodial sentence. This collusion is really conducted 6 in secretive nature. It would be very hard to detect 7 the involved parties and the Committee would be aware 8 that in tackling bid-rigging and these kind of 9 contractors, the CC is joining hands with other 10 enforcement agencies to conduct investigation. 11 This year in March, at the tribunal we submitted 12 a case -- this is a case jointly investigated into by 13 the CC and the ICAC. We saw in June the police and the 14 ICAC also joined hands to prosecute the contractor and 15 the consultant. This is more effective in dealing with 16 the secretive nature of this kind of collusion and we 17 managed to neutralise them that way. 18 Chairman and members, I'd like to say something 19 about the fee scales. 20 THE HON MR JUSTICE DAVID LOK: Yes. Criminalisation -- are 21 you concerned with criminalisation, we will have to use 22 the criminal standard to prove a case? We understand 23 that the difficulties are on the part of the law 24 enforcement agencies, the gathering of evidence, whether 25 it is criminal or civil, but for criminal case the

Page 37 1 burden of proof would be even higher. What's your view 2 on this? 3 MR LESTER LEE: Our view, chairman, is that the enforcement 4 agency and the legislators can deal with this in 5 a dual-track approach. For the same anti-competitive 6 behaviour, if it is -- it involves public interest, it 7 can be dealt with in a criminal way, but there can be 8 flexibility. If, after weighing the evidence, it should 9 be dealt with in a civil way, I don't think we should 10 leave the flexibility there. It would certainly achieve 11 a pretty good deterrent effect. 12 I'm not sure whether that answers your question, 13 chairman. 14 THE HON MR JUSTICE DAVID LOK: Yes. We understand the dual 15 track but we would like to let the public know more 16 about the operation of the dual-track approach. 17 MR LESTER LEE: Yes. Appreciate that, chairman. 18 Finally, I'd like to say very briefly something 19 about the fee scales. 20 Basically, the CC understands that with fee scales, 21 it is seen to be a simple and straightforward way to let 22 the owners know about whether the prices charged are 23 reasonable or not, but when we deal with the fee scales 24 we have to tread carefully. First, the CC is of the 25 view that the fee scales in themselves should not be	Page 39 1 investigation to instigate prosecution to tackle the 2 cartels and the bid-rigging people in order to put 3 things right. 4 Unless there's anything that can be of assistance, 5 I have nothing further. 6 (11.28 am). 7 THE HON MR JUSTICE DAVID LOK: Thank you very much for the 8 glimmer of hope. 9 Next, counsel for Mr Leung Ping Kay, please. 10 (11.28 am) 11 Closing submissions by MR AARON CHAN 12 MR AARON CHAN: Chairman, thank you. We understand the 13 chairman's concerns so I would like to make the 14 submission. I won't take more than 15 minutes. 15 In order to assist the Committee to uncover the 16 truth, Mr Leung has submitted three witness submissions 17 and also attended personally to testify, and all the 18 documents he has have been made available to the 19 Committee for reference. This is the right thing to do. 20 We don't propose to repeat what we said in the 21 closing submission except to cover five points in our 22 oral submission. 23 First, regarding the allegation against Mr Leung, 24 there are some observations here. First, we have to 25 clarify Mr Leung's position. He never claimed that in
Page 38 1 excuse for people to collude. If we allow the 2 competitors to decide on the prices to be charged, it 3 may not be a way that is most beneficial to the 4 consumers. 5 If the fee scales are put together by an independent 6 third party having regard to the market rates, the CC 7 would like to point out that we have to be careful on 8 this one as well because if in the market there are 9 malpractices like bid-rigging, the reference prices in 10 the market may not reflect the prices arrived at through 11 intense competition. 12 In paragraph 1517 of the IC counsel's submission, 13 this is also referred to. With the fee scale, bids 14 should not be the only form of due diligence. In some 15 cases a contractor would like to engage in intense 16 competition and they may put in a lower bid and they can 17 be good justification. A contractor or a consultant 18 puts in the bid and if they fall within the range of the 19 fee scale, it doesn't mean that the bid is free from 20 manipulation. We must do more in this regard. 21 Chairman/members, finally, the CC would like to take 22 this opportunity to say this. We understand that it is 23 within our remit to deal with bid-rigging. Whether the 24 legislators or the Committee accept the CC's 25 recommendation, the CC will continue to conduct	Page 40 1 the FS work there is no need for the involvement of 2 RFSIC. In his submission, for these FS installation 3 work, the RFSIC would have to carry out the work or the 4 work is carried out under supervision of RFSIC. He 5 never said that if an RFSIC has signed SDN or FS251 and 6 the work is undertaken by another contractor then there 7 would not be any legal liability. That's never been his 8 position. 9 Second, Mr Leung in his testimony, the counsel of 10 the IC pointed out that he was acting as a rubberstamp. 11 The Committee remembers that he agreed. But we would 12 like to draw the Committee's attention to the context. 13 In answer to this question, the IC's counsel asked 14 Mr Leung not to offer an explanation; there would be 15 further explanation. If you understand, if you look at 16 the context, Mr Leung admitting that he was 17 a rubberstamp, his explanation was ignored. 18 If we objectively look at his behaviour, Mr Leung 19 said he was -- said yes to a rubberstamp but his 20 explanation was not taken into account. Members may 21 wish to look at our written submission. 22 THE HON MR JUSTICE DAVID LOK: He did offer an explanation, 23 but effectively, he was. 24 MR AARON CHAN: Yes, objectively, yes. 25 THE HON MR JUSTICE DAVID LOK: So he signed and he didn't do

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1 anything else? 2 MR AARON CHAN: Mr Leung's position is that the 3 characterisation of rubberstamp is correct, without 4 taking into account his explanation. Our position is 5 that I hope the Committee will consider the context in 6 which this remark is made. 7 The third observation is the IC's counsel in 8 Mr Leung's testimony said that the first and second 9 witness submissions shows some inconsistencies. On 10 page 93, line 13 of the transcript, the counsel of the 11 IC's understanding is in the first statement, Mr Leung 12 said that it was okay for him to help Prestige because 13 Prestige has engaged another RFSIC. In the second 14 statement, Mr Leung said that it's okay to help Prestige 15 because Prestige itself is an RFSIC. 16 Mr Leung's position is that in the first statement 17 it shouldn't be understood as it was understood by the 18 IC's counsel. In the first statement Mr Leung was 19 making a response to question 4 posed by Lo & Lo. I've 20 quoted this in the closing statement paragraph 53. 21 Basically Lo & Lo was asking why China Status, since 22 Victory Fire has been engaged, why China Status was 23 engaged. 24 Let's refer to this particular paragraph. 25 Paragraph 4. Victory Fire has been engaged while	1 who switched off the FAS. 2 At that stage, in Lo & Lo's letter, the allegation 3 was not sufficiently clear and Mr Leung did not offer 4 any more explanation, until the counsel in opening made 5 clear the allegation; Mr Leung then submitted his second 6 witness statement. 7 From the beginning we have learned that the 8 Committee raised questions. China Status helped 9 Prestige to apply for the SDN. Whether this is okay, 10 and also did China Status perform any supervisory role 11 or did it just perform the duty in name, Mr Leung 12 prepared the second witness statement trying to explain 13 why there were no problem with China Status applying for 14 the SDN on behalf of Prestige. 15 Thirdly, China Status assisting Prestige in applying 16 for the SDN, it was not in the second statement recently 17 fabricated. In the first statement Mr Leung already 18 mentioned that China Status was engaged to deal with 19 Mayland Court and Chung Sing Building, and China Status 20 assisted Prestige to apply for the SDN. 21 Let me turn now to the second point. We received 22 Mr Ho Kin Yip's second witness statement. Mr Ho made 23 two allegations against China Status. Paragraphs 21 to 24 22, he said Prestige engaged China Status to carry out 25 inspection, maintenance and repair in connection with
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1 China Status was engaged. So Mr Leung in his first 2 statement was trying to explain China Status was 3 engaged. He did not explain why it was okay for him to 4 help Prestige. So, simply put, the first and second 5 statements were responding to different questions and 6 there were no inconsistencies there. 7 My fourth observation is we received the submission 8 from the counsel of the IC, the submission, 9 paragraph 7889, said that in the first and second 10 statements there is a fundamental change. It was an 11 explanation that the recent fabrication, which is 12 a serious allegation. In his testimony Mr Leung was 13 confronted with this particular case. This is really 14 unfair to Mr Leung because there is no chance for 15 Mr Leung to explain what actually happened. 16 In the previous observation, the first and the 17 second statements are actually in response to different 18 questions. In the first witness statement, again 19 Mr Leung was responding to Lo & Lo's letter. The 20 question was -- it was actually a factual question. It 21 was trying to cover what actually happened at that time. 22 The question was who switched off the fire alarm system? 23 Mr Leung answered that it was not him who switched it 24 off. Although he did not offer any explanation or 25 justify what he did, he just said that it was not him	1 the Wang Fuk Court project. 2 The second allegation, paragraphs 26 to 27, Mr Ho 3 alleged that he did not receive any notice about the 4 switching off of the fire hydrant and the hose reel and 5 the FSD wasn't notified. Mr Leung made three responses. 6 First, in the quotation of China Status to Prestige, 7 it was pointed out that China Status will apply for the 8 shutdown notice, SDN. In the quotation, there is the 9 chop of -- the company's chop of Prestige, so there is 10 shutdown notice in the application. And the quotation 11 didn't mention any repair, maintenance and inspection. 12 So that's not in agreement with the allegation of Mr Ho. 13 In the same quotation, second point, there is 14 provision of 120 fire extinguishers. Why is there 15 a need for so many fire extinguishers? It's exactly 16 because the fire hydrant system was inoperative. That's 17 why there is this corresponding measure. So obviously 18 Prestige was aware that the fire hydrant system was 19 inoperative. 20 Third observation. China Status has been in 21 communication with Prestige through WhatsApp messages 22 and in the WhatsApp group we see that China Status kept 23 sending SDN applications and shutdown notices to 24 Prestige. If Prestige said it's not aware of the 25 shutting-off of any fire hydrant system, it's not

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1 convincing. 2 Another point is about division of responsibilities 3 in fire services works. Mr Keung, when he gave evidence 4 to the Committee, he agreed that this practice was 5 acceptable. Cap 95A of Hong Kong laws, that is Fire 6 Service (Installation Contractors) Regulations, 7 section 6(a)(iii), the wordings are such that it is 8 expected that one registered fire service installation 9 contractor may help another RFSIC to do some work. It's 10 presupposing one fire service contractor doing work for 11 another fire service contractor, it's a rather common 12 practice. 13 On FSD circular letter 1/2021, Mr Leung's position 14 is that in the current circumstances the reference value 15 of the circular is minimal because if there is more than 16 one fire service contractor involved in the same works, 17 this is not covered in the circular letter. So that's 18 why Mr Leung's position is that their circular letter 19 carries little significance. 20 Fourth point. China Status and its role in the 21 Wang Fuk Court works. As we consider the role of 22 China Status in the works, Mr Leung has seven 23 observations for your consideration. 24 First one, Mr Leung honestly believed that Prestige 25 is an RFSIC although eventually he found out that's not	1 Prestige on so many occasions, how come you cannot 2 provide any telephone call records? So that's why 3 Mr Leung then made a third witness statement. He 4 provided many telephone call records and showed that 5 between mid-March and November 2025, Mr Leung made 6 85 calls to Mr Cheung of Prestige. Mr Cheung was the 7 foreman of Prestige. 8 On the duration of the works, when Mr Keung of the 9 FSD gave evidence, he agreed that with the repair of FS 10 water tanks, that could take several months. That's why 11 Mr Leung didn't see any problem that the works lasted 12 several months, so there is no reason for Mr Leung to 13 suspect that Mr Cheung was cheating him or providing any 14 inaccurate information. 15 Prestige said it did not have sufficient manpower to 16 handle the 14-day extension application. Mr Leung 17 invited the Committee to consider this. At that moment, 18 Mr Leung had no reason to challenge this assertion. Of 19 course Prestige has won this bid valued at \$300 million. 20 How come they couldn't even have the manpower to handle 21 just a simple 14-day extension application? 22 At that time actually there was no reason for 23 Mr Leung to question Prestige's explanation. 24 Similarly, with the quotation, China Status received 25 a fixed amount of \$56,000 to assist Prestige with SDN
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1 the fact. Even though he found out it's not the fact, 2 there is basis for him to have this belief because, 3 firstly, Mr Ho has been telling Mr Leung all along that 4 Prestige is an RFSIC. 5 Secondly, when attending interviews, Mr Leung saw 6 documents saying that Prestige is an RFSIC. Mr Leung 7 also checked the list of registered fire service 8 installation contractors and he believed that Prestige 9 appeared on the list. Of course eventually he found 10 that the Prestige that appeared on the list is not the 11 same Prestige he's talking about. It's a company with 12 a highly similar name and he only found out later. 13 On Mr Leung's belief that Prestige was an RFSIC, he 14 was challenged when he gave evidence. He was repeatedly 15 challenged on that point but in his answer he made it 16 clear that he believed at the time that Prestige was an 17 RFSIC. 18 Second point, China Status and Prestige worked 19 together on other fire services works projects and 20 nothing went wrong, so that's why Mr Leung was led to 21 believe therefore there wouldn't be any problems with 22 the Wang Fuk Court project. 23 The Committee might recall that when Mr Leung gave 24 evidence, the counsel of the Independent Committee 25 challenged Mr Leung's assertion: if you've called	1 and FS251 applications. When Mr Leung gave evidence, he 2 said irrespective of the number of applications, the 3 amount will remain the same. That's a rather common 4 practice, to charge a fixed amount. It is nothing 5 special and it certainly does not suggest any improper 6 motive. 7 Last point, the fire alarm system. Mr Leung agrees 8 that if the fire alarm system was activated during the 9 fire, there is a chance of it reducing the number of 10 casualties or fatalities. But before we consider the 11 function or the use of the fire alarm system, Mr Leung 12 would like the Committee to consider a number of 13 factors. 14 In this tragedy -- that's the first point. There is 15 a very short window for safe egress. Take Wang Cheong 16 House as an example. There was less than 10 minutes of 17 safe egress time according to the expert report. That 18 is at 14:48 a security guard tried to set off the alarm 19 manually but she did not succeed, and 10 minutes later, 20 that means at 14:58, the staircases became untenable, 21 that means the staircases could no longer be used. So 22 that's why the inter-departmental task force believed 23 there was less than 10 minutes of escape window. 24 Our view is that in reality perhaps residents had 25 less than 10 minutes even.

Page 49 1 THE HON MR JUSTICE DAVID LOK: Don't tell me you say that 2 the fire safety alarm didn't matter. I see your point 3 that the escape window was short, but if you say that 4 fire safety alarm was pointless, then I would not agree 5 with you. I see the point, yes, maybe for the first one 6 or two blocks there's a short safety egress time, but 7 you are certainly not saying that the fire safety alarm 8 systems are for no purpose. 9 MR AARON CHAN: No, I'm definitely not saying that. In 10 fact, when Mr Leung gave evidence, he agreed that fire 11 safety alarm was useful in reducing casualties and 12 fatalities. It's just that when we consider the matter, 13 there are several factors we would like to raise for the 14 reference of the Committee. One is that there is a very 15 short evacuation time, or window, rather. In the 16 written closing submission I've given all the figures so 17 I don't propose to repeat them here. 18 Another observation is that the foam-covered 19 windows, our position is that if a resident hears the 20 fire alarm, of course he will consider if he should 21 escape, and maybe to do so he will check if there's any 22 smoke or fire. But then if the foam boards covered the 23 windows, it would disallow residents to do so. 24 THE HON MR JUSTICE DAVID LOK: Actually, in Wang Cheong and 25 Wang Tai Houses, there were people who succeeded in	Page 51 1 the Committee to find the facts. Thank you. 2 (11.55 am) 3 THE HON MR JUSTICE DAVID LOK: Because of the arrangement 4 today, we have heard the closing submissions of a number 5 of involved parties and it seems that they would just 6 target certain specific issues. 7 Tomorrow and the day after, the hearing will be much 8 longer. As you have mentioned, there is quoting of 9 1,500 paragraphs of the closing submission of the 10 Committee's counsel, so tomorrow and the day after will 11 probably be lengthier submissions. Counsel of the 12 Government and the Independent Committee will cover all 13 aspects, so that's why their submission will be 14 lengthier and so that's why tomorrow and the day after 15 we will need a full day to listen to their submissions. 16 Today we will end a bit earlier. Tomorrow we will 17 resume at 10 am. 18 Again, at 9.30 am tomorrow we will upload the 19 written closing submissions for tomorrow to our website, 20 so you can then find out about the written submission of 21 the counsel. So we will end now. Tomorrow we will 22 resume at 10.00 am. 23 (11.56 am) 24 (The hearing adjourned until 10.00 am 25 on Thursday, 16 July 2026)
Page 50 1 escaping. That is, if the fire alarm was sounded 2 earlier, maybe there would be at least two more floors 3 of residents who could escape. So the fire alarm did 4 serve a purpose. If you want to use this as a reason to 5 lower your liability, I really would find it rather 6 difficult to accept. 7 MR AARON CHAN: Yes, I get it. We are just offering this 8 for your reference. I just want to stress the point 9 that Mr Leung did say that fire alarm system was useful 10 in helping to reduce casualties and fatalities. That's 11 always been his position. 12 Finally, whether the fire services system worked. 13 In the post-fire investigation, it's found that the fire 14 alarm system would not be activated apart from 15 Wang Cheong House. Fuses were blown in the other 16 blocks. So the straightforward observation is the 17 Committee cannot assume that if the lever switch was on, 18 then during the fire, the fire alarm system would be 19 activated. Maybe you cannot make such a simple 20 assumption. 21 Finally, through me, Mr Leung would like to stress 22 that he very much regretted this incident. He offered 23 his apology and he hoped all those who were affected 24 would come out of the bereavement soon. The documents 25 and evidence provided by Mr Leung would hopefully help	