

Panel on Development

**Subcommittee on Redevelopment of Buildings
Developed under the Civil Servants' Co-operative Building Society Scheme**

**List of follow-up actions arising from the discussion
at the meeting on 25 January 2016**

At the meeting of the Subcommittee on Redevelopment of Buildings Developed under the Civil Servants' Co-operative Building Society Scheme held on 25 January 2016, the Administration was requested to provide the following information –

- (a) a list of sites/buildings under the Civil Servants' Co-operative Building Society ("CBS") Scheme/the Government Built Housing Scheme ("GBHS") which had yet to be redeveloped; for each of these sites, the location, the floor area and plot ratio of the CBS/GBHS building(s) at the site, the permissible floor area, the maximum plot ratio, the permissible development intensity (for example, whether it was high, medium or low), the plot ratios of the surrounding buildings; other major development parameters/restrictions, the Administration's analysis on its redevelopment potential, and whether the CBS/GBHS members had paid 1/3 or 1/2 of the land value when the land was granted to them for developing CBS/GBHS buildings;
- (b) written responses (with relevant documents if appropriate) in respect of the submissions from (i) The Incorporated Owners of the Thesaurus Court (LC Paper No. CB(1)467/15-16(01)); and (ii) Residents of GBHS Lung Cheung Court (LC Paper No. CB(1)458/15-16(01));
- (c) with respect to the views given in the submissions in (b) above that members of CBSs/GBHS had paid half of the land value as the premium in early years when the land was granted to them for developing CBS/GBHS buildings, why the Administration had claimed that CBS/GBHS members had paid only one-third of the land value; the contractual/supporting documents for the claim, including but not limited to specimens of leases of the land granted to CBSs and GBHS in early years for developing buildings, such as the buildings mentioned in the submissions in (b);
- (d) the principle/methods for assessing the land premium payable to the Government upon the sale of the flats or redevelopment of the buildings developed under the CBS Scheme and GBHS; whether the

principle/methods were the same for all CBS/GBHS sites/buildings; if no, the details; and

- (e) as regards the 12 CBSs which had their buildings redeveloped, the principles/methods for assessing the land premium payable to the Government upon the sale of the flats and/or redevelopment of these CBS sites/buildings; an analysis on the factors which contributed to the successful redevelopment of these buildings; whether these success factors could be of useful reference for facilitating the redevelopment of the CBS sites/buildings which had yet to be redeveloped; if yes, the details; if no, the reasons.

2. The information requested by the Subcommittee is set out in the following paragraphs.

(a) Basic Information and Key Parameters of the CBS/GBHS sites

Basic Information and Key Parameters of the Sites

3. A CBS site cannot be redeveloped unless the CBS concerned has been dissolved and the titles of the flats have been transferred to the owners. At present, there are a total of 174 dissolved but yet to be redeveloped CBSs (involving 179 sites). Similarly, a GBHS site cannot be redeveloped unless the GBHS concerned has transferred the legal titles of the flats to the underlessees. There is only one GBHS whose titles were transferred to underlessees. Basic information and key parameters of these CBS/GBHS sites are set out in the list at **Annex I**.

4. The list includes names and locations of the CBS/GBHS sites, and general planning parameters of these sites, such as –

- (a) the lot size according to the registered site areas set out in the records of the Land Registry (Column (A) of **Annex I**);

- (b) rough estimates of the gross floor area (“GFA”) of the sites (Column (B) of **Annex I**). Where available, the GFA as shown in the relevant General Building Plan (“GBP”) is set out. But for cases approved under the then “volume” regulation and/or with no GFA calculations, the as-built GFA figures are derived by broad-brush estimation based on information available in the approved records and such rough

estimated figures should not be taken as the GFA figures approved under the Buildings Ordinance;

— (c) rough estimates of the maximum permissible Plot Ratio (“PR”) of the sites (Column (C) of **Annex I**). Where available, the maximum domestic Plot Ratio (“PR”) or GFA prescribed in the relevant Outline Zoning Plan (“OZP”) is set out. If the maximum domestic PR or GFA is not prescribed in the OZP, the maximum permissible domestic PR is roughly estimated by making reference to relevant requirements of the Building (Planning) Regulations (“B(P)R”), the adopted relevant Layout Plan or the Hong Kong Planning Standards and Guidelines, taking into account the building height restriction stipulated in the relevant OZP; and

— (d) rough estimates of the maximum permissible GFA of the sites, which are derived by multiplying the estimated maximum permissible Plot Ratio (i.e. (c)) by the lot size (i.e. (a)) (Column (D) of **Annex I**). Such information should not be taken as the readily achievable floor area as the ultimate achievable floor area of each of the sites is subject to various factors including the physical constraints of individual sites (e.g. slope, irregular shape of the site, etc.), the lease conditions, the specific requirements under B(P)R, etc. In assessing the actual achievable floor area of individual sites, it would be necessary for the owners or developers to seek professional advice or assistance.

5. Since the permissible development density of a site is subject to various site specific controls as laid down in the statute and administrative measures, including B(P)R, the extant OZPs and the leases concerned, etc., it would be a very extensive and time consuming exercise to compile an exhaustive list of the actual density controls currently being imposed on each of the 180 sites. As such, only a rough estimate of the plot ratio based on the aforesaid methodology is set out in paragraph 4(c) above. Similarly, it would be a very extensive exercise to list out the density controls of the nearby sites.

Redevelopment Potential of the Sites

6. In our paper to the Legislative Council Panel on Development for discussion on 26 May 2015 (CB(1)860/14-15(06), we had estimated that around

half of the CBS sites would have potential for redevelopment¹. Our assessment at that time was based on a broad-brush desktop study which focused on estimating the additional aggregate floor space that could be released from all the dissolved CBSs upon their redevelopment (should redevelopment be viable). It aimed to allow us to assess whether there would be sufficient grounds to justify a deviation from Government's established policy of premium charging to facilitate redevelopment on the premise of increasing land supply.

7. For the purpose of the aforesaid desktop study, we had adopted a rough rule of thumb whereby a CBS site with a "redevelopment ratio" (defined as the ratio of the maximum permissible GFA to the as-built GFA of the CBS site) at two or above was generally assumed to have a higher potential of being financially viable for redevelopment since redeveloping the site would stand a better chance of breaking even, or, in some cases, yielding a surplus.

8. In order to apply "redevelopment ratio" as a methodology to achieve our aim of estimating the aggregate additional GFA that can be generated from the redevelopment of all the dissolved CBSs (should redevelopment be viable), we had made further estimation/generalisation by adopting information on the estimated GFA (as detailed in paragraph 4(b) above) as well as the estimated maximum permissible GFA (as detailed in paragraph 4(d) above) of the CBS sites.

9. It should be emphasised that the methodology involving "redevelopment ratio" is useful only for estimating the aggregate GFA yield from all the dissolved CBSs upon their redevelopment (should redevelopment be viable). Applying the concept of "redevelopment ratio" to an assessment of the redevelopment potential of individual sites could be unreliable or highly misleading. This is because "redevelopment ratio" is not the only factor that needs to be taken into account in assessing redevelopment potential of individual sites. Factors including the physical constraints of individual sites (e.g. the presence of slope, the shape of the site, etc.) would also affect the ultimate achievable floor area of the individual sites. Moreover, other site specific factors such as specific lease conditions, specific requirements under B(P)R, the attitudes of owners and developers, the prevailing market condition, the level of interest rates, the location of the property, positioning of the

¹ Paragraph 6 of CB(1)860/14-15(06)

redevelopment in the property market, etc., are all relevant factors in assessing the redevelopment potential of individual sites.

10. Therefore, a site with a “redevelopment ratio” at two or above does not necessarily imply that the site possesses potential for redevelopment. Similarly, there is no reason to suggest that a site with a “redevelopment ratio” of less than two would have no potential for redevelopment. To this end, the assessment result should not be treated as the actual redevelopment potential of these sites and the information contained in Annex I should not be used for any purpose other than this desktop study.

11. In view of the above, our previous assessment only represents a broad-brush analysis of the aggregate redevelopment potential of the CBS sites by employing the “redevelopment ratio” methodology, and has not taken into account the meticulous and detailed site-specific considerations of individual CBS sites. The redevelopment potential of any specific CBS site is subject to an array of site specific factors, and it would be inappropriate for the Administration to take a view on the issue.

(b) Responses to the Incorporated Owners of the Thesaurus Court and Residents of GBHS Lung Cheung Court

12. The Government’s responses to—

- (i) the submission from the Incorporated Owners of the Thesaurus Court (LC Paper No. CB(1)467/15-16(01)); and
- (ii) the submission from residents of GBHS Lung Cheung Court dated 16 January 2016 (LC Paper No. CB(1)458/15-16(01)), their later submission dated 24 January 2016 (LC Paper No. CB(1)514/15-16(01)) as well as the e-mail from Mr Henry S.S. TUNG dated 26 January 2016 forwarded to Mr PY WONG and copied to the Panel on Development and the Subcommittee (LC Paper No. CB(1)514/15-16(02))

— are attached at **Annex II** for Members’ reference.

(c) Land Premium Payment for CBS/GBHS Buildings

13. The CBS scheme was launched in 1952 with the main objective of providing accommodation to CBS members and their families. Under the scheme, CBSs formed by eligible civil servants (under the Co-operative Societies Ordinance, Cap. 33) were granted land by the Government at a concessionary premium, together with Government loans at preferential rates of interest, to enable them to build residential buildings for occupation by the CBS members and their families. The legal titles of the land and the residential buildings are held by the CBSs which were responsible for building management and maintenance. Pursuant to the respective underleases that the CBSs signed with their members, CBS members have a right to the exclusive use of the respective properties but do not possess legal titles to these properties. According to the land policy in the 1950s, the CBS sites were granted by private treaty at a concessionary rate of half of the upset price which was generally equivalent to one-third of the prevailing full market value of the sites.

14. The GBHS is a modified form of CBS scheme introduced in 1963. Under the GBHS, the Government, rather than CBS, built blocks of flats and leased them to eligible local civil servants. Land was granted at concessionary rates to the then Colonial Treasurer Incorporated (i.e. the Financial Secretary Incorporated) similar to the arrangements for CBS buildings, together with Government loans at preferential rates of interest. The Financial Secretary Incorporated holds the title to the flats. Two estates, namely, Lung Cheung Court and Hong Lee Court were built under this Scheme in 1969 and 1973 respectively.

15. In response to the requests of CBS members, the Government announced on 25 November 1985 the endorsement of a proposal to allow the transfer of the legal titles to the respective flats and land from the CBSs to individual CBS members, as well as the subsequent sale, letting or other disposal of such properties by CBS members, subject to their acceptance of certain conditions. The arrangement was optional in nature and was also applicable to Lung Cheung Court and Hong Lee Court under the GBHS. The Government promulgated the relevant guidelines in 1987², which specified the

² "Guidelines to be Followed to Achieve the Transfer of Title to Flats and Land from Civil Servants' Co-operative Building Societies and Government Built Housing Schemes to their Individual Members and Underlessees" (i.e. the Surrender and Regrant Approach). This approach, which required the consent of all the relevant members for the title transfer, was later replaced by the Modification of Lease Approach (requiring consent of 75% of the members) in 1993 to facilitate the process.

requirements for CBS members and GBHS underlessees to pay the outstanding land premium before they could acquire the title of CBS flats and were allowed to freely sell or buy such flats in the open market. The basis for calculating the outstanding land premium was set out in the relevant guidelines and modification letters to the leases entered between Government and CBSs for transferring the legal titles to the respective flats and land to individual CBS members. In addition, the said guidelines also stipulate that a further land premium payment would be required for redevelopment of the buildings so as to fully utilise the maximum development parameters permitted under the relevant OZPs.

16. The Administration has conveyed the above information to the concerned parties on various occasions, which was clearly documented in records which ex-CBS members should have access to. A list of the documents is set out below for Members' reference –

<u>Annex</u>	<u>Documents</u>	<u>Relevant Parts</u>
For CBS Scheme:		
III	Secretariat Temporary Circular No. 74 dated 10 December 1952 (as varied by Secretariat Standing Circular No. 9 dated 11 June 1956) – Housing Assistance towards Housing of Local Officers	Paragraph 3 of the former Circular and paragraph 2(b) of the latter one
IV	Note of a meeting held on 14 February 1967 of the Sub-Committee appointed by the Finance Committee of the then Legislative Council to discuss Item B.7 of the Agenda for the meeting on 15 February 1967 – Development Loan Fund – Housing Loans: Local Government Officers	Paragraph 2
V	Letter dated 25 November 1985 from the Secretary for the Civil Service to the Chairman, All Co-operative Societies and Others – Review of Civil Servants' Co-operative Housing	Paragraphs 2(c) and 2(d)

	Scheme to Permit the Transfer of Legal Title to Existing Flats and Land	
VI	Press Release on 28 November 1985 – Review of Civil Servants’ Co-operative Housing Scheme	Paragraphs 7(c) and 7(d)
VII	Chapter 1 of Guidelines to be Followed to Achieve the Transfer of Title to Flats and Land from Civil Servants’ Co-operative Building Societies to their Individual Members under the Modification of Lease Approach	Clause (2)(F) of the Second Schedule of Sample Modification Letter at Appendix V of Section 1 (<i>on pages 71 and 72</i>), paras. (e) and (f) of Section 3 (<i>on page 87</i>), Section 7 (<i>on pages 107 and 108</i>)
For GBHS (Lung Cheung Court):		
VIII	Agenda Item B.8 (deferred from the previous meeting) for the Finance Committee meeting of the then Legislative Council on 1 February 1967 – Development Loan Fund – Housing Loans: Local Government Officers	Paragraph 6(i)
IX	Note of a meeting with the Representatives of Successful Applicants for Flats at Lung Cheung Court on 13 June 1969	Paragraph (h)
X	Reply dated 17 July 1969 to the South China Morning Post on the Selling Price for Lung Cheung Court	Paragraphs (b) and (c)
XI	Letter dated 25 November 1985 from the Secretary for the Civil Service to the Chairman, Government Built Housing Schemes and Others – Review of Civil Servants’ Co-operative Housing Scheme to Permit the Transfer of Legal Title to Existing Flats and Land	Paragraphs 2(c) and 2(d)
XII	Notes of Twentieth Meeting with Staff Side of the Senior Civil Service	Paragraphs 10 to 12

	Council in Room 149, Government Secretariat on 14 January 1986 – Co-operative Housing Scheme for Civil Servants	
XIII	Guidelines to be Followed to Achieve the Transfer of Title to Flats and Land of Government Built Housing Scheme from Financial Secretary Incorporated to Individual Underlessees	Paragraph 5 of Chapter 1 (<i>on page 6</i>), paragraph 3 of Chapter 3 (<i>on page 10</i>) and paragraphs 1(f) and 1(g) of Chapter 4 (<i>on pages 13 and 14</i>)

(d) Principle/Methods for Assessing Land Premium Payable

17. As regards the principle/methods of assessing the land premium payable for removal of the alienation restrictions, the Lands Department (“LandsD”) confirmed that all the CBS and GBHS flats are subject to the same condition(s) for alienation restrictions, and hence the premium for removal of the said restrictions would be assessed under the same principle/methods in accordance with the lease conditions. As stated in paragraph 15 above, all modification letters to the leases entered between Government and the CBSs were drawn up based on the sample Modification Letter at Appendix V of Section 1 of Chapter 1 of the “Guidelines to be Followed to Achieve the Transfer of Title to Flats and Land from Civil Servants’ Co-operative Building Societies to their Individual Members under the Modification of Lease Approach” at **Annex VII**, and the provisions on the assessment of land premium payable was included in Clause (2)(F) of the Second Schedule of sample Modification Letter thereof, which specifies that –

‘Any owner (including the Owners’ Corporation but only in accordance with Clause (2)(C)(f) and Clause (2)(D) above) of a Relevant Interest in the said piece or parcel of ground may assign mortgage or charge underlet part with the possession of or otherwise dispose of or permit or suffer any other person to use or occupy such Relevant Interest if ...he/she/it shall have first paid to the Government either an amount equal to two-thirds of the existing use land value of the Relevant Interest or if the said piece or parcel of ground is economically suitable for re-development at the relevant date an amount equal to two-thirds of such sum as the Director shall on a fair and impartial valuation certify to be the full market value of such Relevant Interest at the said date it being agreed and

declared that upon payment of either of the amounts as hereinbefore provided in respect of any Relevant Interest the restriction on alienation contained in Clause (2) hereof shall be null and void and shall cease to have effect but only in so far as it relates to such Relevant Interest and no further.

IT IS FURTHER AGREED AND DECLARED THAT :-

- (1) For the purposes of the terms and conditions and covenants set forth in the Second Schedule to this Modification Letter:-
 - (a) the expression “Relevant Interest” means an undivided share in the said piece or parcel of ground and the building(s) erected thereon the owner of which share as between himself and the owners of other undivided shares in the said piece or parcel of ground is entitled under the terms of an instrument registered in the Land Registry to exclusive possession of premises in the building(s) erected thereon;
 - (b) the existing use land value means an amount equal to such sum as the Director shall on a fair and impartial valuation certify to be the full market value of the said piece or parcel of ground at the relevant date multiplied by such sum as the Director shall on a fair and impartial valuation having regard to the age and general condition of the building on the said piece or parcel of ground certify to be the full market value of the Relevant Interest at the same date divided by such sum as the Director shall on a fair and impartial valuation certify to be the full market value at the same date of a residential unit similar in gross floor area to the Relevant Interest in a building in a newly completed residential or partly residential development in the same locality as the said piece or parcel of ground;
 - (c) the said piece or parcel of ground shall be deemed to be economically suitable for re-development if in the opinion of the Director (whose decision shall be final and binding on an owner of a Relevant Interest) the land value of the said piece or parcel of ground is greater than the value of the building on the said piece or parcel of ground at the relevant date;

- (d) the expression “the relevant date” means the date on which any amount required to be paid under Clause (2)(F) above is assessed by the Director....’.

(e) Successful Cases for the Redevelopment of CBS

18. Based on information from LandsD, there are 12 CBSs (involving 13 CBS sites) which had their buildings redeveloped/with redevelopment works in progress as at 30 November 2015. Out of the 13 CBS sites, nine in which the land premium payable by the owners for removal of the alienation restrictions imposed on their flats were assessed on the basis of their ‘existing use land value’ (“EULV”). Two CBS sites in which the land premium payable by the owners for removal of the alienation restrictions imposed on their flats were assessed on the basis of their ‘redevelopment value’ (“RDV”). For the remaining two CBS sites, both EULV and RDV basis were adopted in assessing the land premium payable by the owners for removal of alienation restrictions, which were carried out at different points of time upon receipt of the respective applications from the owners.

19. For these 12 CBSs (involving 13 sites), it is observed that not all of them fall within areas zoned “R(A)”, but also within areas zoned “R(B)” and “R(C)” when they were under redevelopment. This demonstrates that sites falling within both high development density and low development density zones would have redevelopment potential. It is also observed that there were successful cases of redevelopment whereby the number of units/GFA is less than that before redevelopment. This demonstrates that gain in number of units/GFA is not necessarily prerequisites for redevelopment of CBS.

20. In view of the above, it appears that there are no obvious common factors contributing to the successful redevelopment of the buildings within these 13 CBS sites.

**Development Bureau
Civil Service Bureau
Lands Department**

February 2016

住宅(甲類) Residential (Group A)

	合作社名稱	Name of CBS	地址	Address	地區	District	地段面積 (平方米)(約) Lot Size (m ²) (about)	用地於現時 分區計劃大 綱圖的土地 用途地帶	Zoning of the Site on the extant Outline Zoning Plan	一項案頭研究採納的 估計現時總樓面面積 (平方米)(約) Estimated As-built Gross Floor Area (GFA) adopted in a desktop analysis (m ²)(about)	一項案頭研究採 納的最高容許地 積比率 Maximum Permissible Plot Ratio (PR) adopted in a desktop analysis	地段面積 x 最高容許地積比率 (最大總樓面面積) (平方米)(約) Lot Size x Maximum Permissible PR (Maximum GFA)(m ²) (A)x(C) (D) ⁴
							(A) ¹			(B) ²	(C) ³	(D) ⁴
A1	Argog House*	Argog House	九龍靠背壟道93-101號	93-101 Kau Pui Lung Road, Kln	九龍城區	Kowloon City	696.77	住宅(甲類)	R(A)	2,770	7.5	5,226
A2	Arts*	Arts	九龍詩歌舞街22號	22 Sycamore Street, Kln	油尖旺區	Yau Tsim Mong	252.70	住宅(甲類)	R(A)	820	7.5	1,895
A3	Belmont*	Belmont	九龍美善同道123-125號	123-125 Maidstone Road, Kln	九龍城區	Kowloon City	223.80	住宅(甲類)	R(A)	820	7.5	1,679
A4	Briar Caine (2)*	Briar Caine	香港堅道144號	144 Caine Road, HK	中西區	Central & Western	186.00	住宅(甲類)	R(A)	740	8	1,488
A5	Caron*	Caron	九龍江蘇街7-9號	7-9 Kiang Su Street, Kln	九龍城區	Kowloon City	250.84	住宅(甲類)	R(A)	1,010	7.5	1,881
A6	欣欣	Cheerful	九龍美善同道107-109號	107-109 Maidstone Road, Kln	九龍城區	Kowloon City	269.42	住宅(甲類)	R(A)	890	7.5	2,021
A7	民航	Civil Aviation	九龍美善同道38-44號	38-44 Maidstone Road, Kln	九龍城區	Kowloon City	557.42	住宅(甲類)	R(A)	1,660	7.5	4,181
A8	忠恆	Constancy	九龍美善同道94-96號	94-96 Maidstone Road, Kln	九龍城區	Kowloon City	278.70	住宅(甲類)	R(A)	1,000	7.5	2,090
A9	Dragon Phoenix*	Dragon Phoenix	九龍詩歌舞街64號	64 Sycamore Street, Kln	油尖旺區	Yau Tsim Mong	414.50	住宅(甲類)	R(A)	1,940	7.5	3,109
A10	萬壽松大廈	Evergreen Villa	九龍盛德街28-34號	28-34 Shing Tak Street, Kln	九龍城區	Kowloon City	582.50	住宅(甲類)	R(A)	1,840	7.5	4,369
A11	Everest*	Everest	九龍馬頭涌道55-61號	55-61 Ma Tau Chung Road, Kln	九龍城區	Kowloon City	490.50	住宅(甲類)	R(A)	1,630	7.5	3,679
A12	Fortunatus*	Fortunatus	九龍美善同道111-113號	111-113 Maidstone Road, Kln	九龍城區	Kowloon City	269.42	住宅(甲類)	R(A)	890	7.5	2,021
A13	家樂	Galaxy Mansion	九龍美善同道88-92號	88-92 Maidstone Road, Kln	九龍城區	Kowloon City	278.71	住宅(甲類)	R(A)	1,000	7.5	2,090
A14	Gaumont*	Gaumont	九龍美善同道115-117號	115-117 Maidstone Road, Kln	九龍城區	Kowloon City	269.42	住宅(甲類)	R(A)	890	7.5	2,021
A15	Government Teachers*	Government Teachers'	香港英皇道992-998號	992-998 King's Road, HK	東區	Eastern	929.02	住宅(甲類)	R(A)	1,810	8	7,432
A16	Grand View Court*	Grand View Court	九龍靠背壟道103-105號	103-105 Kau Pui Lung Road, Kln	九龍城區	Kowloon City	288.46	住宅(甲類)	R(A)	1,030	7.5	2,163
A17	Grandeur*	Grandeur	九龍馬頭涌道51-53號/馬頭角道4-4A號	51-53 Ma Tau Chung Road/4-4A Ma Tau Kok Road, Kln	九龍城區	Kowloon City	501.68	住宅(甲類)	R(A)	1,800	7.5	3,763
A18	Homer*	Homer	九龍靠背壟道115-115A號	115-115A Kau Pui Lung Road, Kln	九龍城區	Kowloon City	222.97	住宅(甲類)	R(A)	890	7.5	1,672
A19	合群	Hup Kwun	香港英皇道630號	630 King's Road, HK	東區	Eastern	1,340.96	住宅(甲類)	R(A)	10,590	8	10,728
A20	Kai Yip*	Kai Yip	九龍馬頭涌道71-73號	71-73 Ma Tau Chung Road, Kln	九龍城區	Kowloon City	337.24	住宅(甲類)	R(A)	1,010	7.5	2,529
A21	高山	Kosan	九龍江蘇街1-3號	1-3 Kiang Su Street, Kln	九龍城區	Kowloon City	222.97	住宅(甲類)	R(A)	860	7.5	1,672
A22	Liberty*	Liberty	九龍詩歌舞街42-44號	42-44 Sycamore Street, Kln	油尖旺區	Yau Tsim Mong	252.70	住宅(甲類)	R(A)	830	7.5	1,895
A23	樂廬	Lok Lo	九龍詩歌舞街56-58號	56-58 Sycamore Street, Kln	油尖旺區	Yau Tsim Mong	252.70	住宅(甲類)	R(A)	840	7.5	1,895
A24	Marigold*	Marigold	九龍靠背壟道153-155號	153-155 Kau Pui Lung Road, Kln	九龍城區	Kowloon City	278.71	住宅(甲類)	R(A)	1,110	7.5	2,090
A25	美江	Mei Kong	九龍江蘇街8-10號	8-10 Kiang Su Street, Kln	九龍城區	Kowloon City	334.45	住宅(甲類)	R(A)	1,120	7.5	2,508
A26	Merricourt (Scheme I)*	Merricourt (Scheme I)	九龍美善同道131-133號	131-133 Maidstone Road, Kln	九龍城區	Kowloon City	278.71	住宅(甲類)	R(A)	930	7.5	2,090
A27	Merricourt (Scheme II)*	Merricourt (Scheme II)	九龍美善同道59-65號	59-65 Maidstone Road, Kln	九龍城區	Kowloon City	560.39	住宅(甲類)	R(A)	2330	7.5	4,203
A28	Merricourt (Scheme III)*	Merricourt (Scheme III)	九龍美善同道67-69號	67-69 Maidstone Road, Kln	九龍城區	Kowloon City	281.31	住宅(甲類)	R(A)	1,110	7.5	2,110
A29	Moderate*	Moderate	九龍詩歌舞街18-20號	18-20 Sycamore Street, Kln	油尖旺區	Yau Tsim Mong	253.20	住宅(甲類)	R(A)	840	7.5	1,899
A30	Mount Parker Road*	Mount Parker Road	香港柏架山道2號	2 Mt. Parker Road, HK	東區	Eastern	1,182.66	住宅(甲類)	R(A)	2,810	8	9,461
A31	On Lok*	On Lok	九龍美善同道99-105號	99-105 Maidstone Road, Kln	九龍城區	Kowloon City	484.95	住宅(甲類)	R(A)	1,940	7.5	3,637
A32	Parker Court*	Parker Court	香港柏架山道10-12號	10-12 Mt. Parker Road, HK	東區	Eastern	533.26	住宅(甲類)	R(A)	1,000	8	4,266
A33	Parker View*	Parker View	香港柏架山道14-16號	14-16 Mt. Parker Road, HK	東區	Eastern	533.26	住宅(甲類)	R(A)	1,060	8	4,266
A34	Perfect Unity*	Perfect Unity	九龍馬頭涌道63-69號	63-69 Ma Tau Chung Road, Kln	九龍城區	Kowloon City	490.53	住宅(甲類)	R(A)	1,630	7.5	3,679
A35	Perpetual (Scheme I)*	Perpetual (Scheme I)	九龍新圍街10-16號	10-16 San Wai Street, Kln	九龍城區	Kowloon City	557.41	住宅(甲類)	R(A)	1,860	7.5	4,181

	合作社名稱	Name of CBS	地址	Address	地區	District	地段面積 (平方米)(約) Lot Size (m ²) (about)	用地於現時 分區計劃大 綱圖的土地 用途地帶	Zoning of the Site on the extant Outline Zoning Plan	一項案頭研究採納的 估計現時總樓面面積 (平方米)(約) Estimated As-built Gross Floor Area (GFA) adopted in a desktop analysis (m ²)(about)	一項案頭研究採 納的最高容許地 積比率 Maximum Permissible Plot Ratio (PR) adopted in a desktop analysis	地段面積 x 最高容許地積比率 (最大總樓面面積) (平方米)(約) Lot Size x Maximum Permissible PR (Maximum GFA)(m ²) (A)x(C) (D) ⁴
							(A) ¹			(B) ²	(C) ³	(D) ⁴
A36	Perpetual (Scheme II)*	Perpetual (Scheme II)	九龍馬頭圍道452-462號/ 天光道45-49號	452-462 Ma Tau Wai Rd./45-49 Tin Kowng Rd., Kln	九龍城區	Kowloon City	1,685.26	住宅(甲類)	R(A)	6,060	7.5	12,639
A37	Pine Court*	Pine Court	九龍詩歌舞街16號	16 Sycamore Street, Kln	油尖旺區	Yau Tsim Mong	214.80	住宅(甲類)	R(A)	1,030	7.5	1,611
A38	博愛	Pok Oi	九龍馬頭涌道75-77號	75-77 Ma Tau Chung Road, Kln	九龍城區	Kowloon City	245.20	住宅(甲類)	R(A)	980	7.5	1,839
A39	Poksmith Villa*	Poksmith Villa	香港蒲飛路40號	40 Pokfield Road, HK	中西區	Central & Western	884.20	住宅(甲類)	R(A)	3,910	8	7,074
A40	Prosperity*	Prosperity	九龍天光道31-37號	31-37 Tin Kwong Road, Kln	九龍城區	Kowloon City	367.15	住宅(甲類)	R(A)	1,560	7.5	2,754
A41	Ruby Court*	Ruby Court	香港英皇道614-628號	614-628 King's Road, HK	東區	Eastern	1,519.34	住宅(甲類)	R(A)	11,010	10	15,193
A42	San Wai*	San Wai	九龍新圍街4號	4 San Wai Street, Kln	九龍城區	Kowloon City	464.52	住宅(甲類)	R(A)	2,050	7.5	3,484
A43	Smithfield Garden*	Smithfield Garden	香港士美菲路50號	50 Smithfield Road, HK	中西區	Central & Western	809.19	住宅(甲類)	R(A)	2,830	9	7,283
A44	Standard*	Standard	九龍盛德街20-26號	20-26 Shing Tak Street, Kln	九龍城區	Kowloon City	490.50	住宅(甲類)	R(A)	1,820	7.5	3,679
A45	Sun Lok*	Sun Lok	九龍詩歌舞街52-54號	52-54 Sycamore Street, Kln	油尖旺區	Yau Tsim Mong	252.70	住宅(甲類)	R(A)	960	7.5	1,895
A46	Sunshine*	Sunshine	九龍美善同道127-129號	127-129 Maidstone Road, Kln	九龍城區	Kowloon City	222.97	住宅(甲類)	R(A)	820	7.5	1,672
A47	Tai On*	Tai On	九龍靠背壟道157-163號	157-163 Kau Pui Lung Road, Kln	九龍城區	Kowloon City	464.42	住宅(甲類)	R(A)	1,820	7.5	3,483
A48	Tai Tung*	Tai Tung	九龍高山道94-96號	94-96 Ko Shan Road, Kln	九龍城區	Kowloon City	166.11	住宅(甲類)	R(A)	1,040	7.5	1,246
A49	塘尾道	Tong Mi Road	九龍塘尾道185-191號	185-191 Tong Mi Road, Kln	油尖旺區	Yau Tsim Mong	572.28	住宅(甲類)	R(A)	2,280	7.5	4,292
A50	華閣	Viewcourt	九龍靠背壟道169-175號	169-175 Kau Pui Lung Road, Kln	九龍城區	Kowloon City	406.92	住宅(甲類)	R(A)	1,880	7.5	3,052
A51	Welcome*	Welcome	九龍美善同道102-104號	102-104 Maidstone Road, Kln	九龍城區	Kowloon City	278.71	住宅(甲類)	R(A)	1,090	7.5	2,090
A52	永逸	Wing Yat	九龍盛德街12-18號	12-18 Shing Tak Street, Kln	九龍城區	Kowloon City	490.50	住宅(甲類)	R(A)	1,640	7.5	3,679
A53	Winsome*	Winsome	九龍靠背壟道117-119號	117-119 Kau Pui Lung Road, Kln	九龍城區	Kowloon City	278.70	住宅(甲類)	R(A)	1,110	7.5	2,090
A54	永誠	Jasper	九龍靠背壟道187-189號	187-189 Kau Pui Lung Road, Kln	九龍城區	Kowloon City	278.71	住宅(甲類)	R(A)	1,090	7.5	2,090
A55	安寧	Awning	九龍江蘇街12-14號	12-14 Kiang Su Street, Kln	九龍城區	Kowloon City	222.97	住宅(甲類)	R(A)	1,010	7.5	1,672
A56	香港政府退休華員	H.K. Chinese Civil Service Pensioners'	九龍漆咸道395號	395 Chatham Road, Kln	九龍城區	Kowloon City	780.39	住宅(甲類)	R(A)	2,810	7.5	5,853
A57	Daniel House*	Daniel House	香港西灣河街172-174號	172-174 Sai Wan Ho Street, HK	東區	Eastern	226.96	住宅(甲類)2	R(A)2	740	8	1,816
A58	幸福	Fortuna	香港宏華街5-9號	5-9 Wang Wa Street, Kln	東區	Eastern	339.47	住宅(甲類)2	R(A)2	1,100	8	2,716
A59	Friendship*	Friendship	香港西灣河街152-154號	152-154 Sai Wan Ho Street, HK	東區	Eastern	223.80	住宅(甲類)2	R(A)2	740	8	1,790
A60	傑靈	Gayland	香港宏華街11-11A號	11-11A Wang Wa Street, HK	東區	Eastern	215.54	住宅(甲類)2	R(A)2	720	8	1,724
A61	Longview*	Longview	香港西灣河街156-162號	156-162 Sai Wan Ho Street, HK	東區	Eastern	446.49	住宅(甲類)2	R(A)2	1,450	9	4,018
A62	幸運	Lucky	香港西灣河街164-166號	164-166 Sai Wan Ho Street, HK	東區	Eastern	224.83	住宅(甲類)2	R(A)2	810	9	2,023
A63	Tai Hong*	Tai Hong	香港太樂街2-4號	2-4 Tai Lok Street, HK	東區	Eastern	154.20	住宅(甲類)2	R(A)2	750	9	1,388
A64	Tsung Man*	Tsung Man	香港崇文街23-25號	23-25 Tsung Man Street, HK	南區	Southern	255.48	住宅(甲類)2	R(A)2	850	9	2,299
A65	United*	United	香港西灣河街168-170號	168-170 Sai Wan Ho Street, HK	東區	Eastern	256.41	住宅(甲類)2	R(A)2	840	8	2,051
A66	福維	Forwell	香港宏華街15-17號	15-17 Wang Wa Street, HK	東區	Eastern	215.54	住宅(甲類)2	R(A)2	860	8	1,724
A67	宏華	Wang Wah	香港工廠街2-4號	2-4 Factory Street, HK	東區	Eastern	290.79	住宅(甲類)2	R(A)2	1,570	9	2,617
A68	寶蕊	Blossom	香港惠亨街19號	19 Wai Hang Street, HK	東區	Eastern	440.36	住宅(甲類)3	R(A)3	2,500	9	3,963
A69	嘉禮	Gala	香港太祥街1號	1 Tai Cheong Street, HK	東區	Eastern	373.47	住宅(甲類)3	R(A)3	1,360	9	3,361
A70	健康樓	Health Mansion	香港惠亨街37-39號	37-39 Wai Hang Street, HK	東區	Eastern	219.52	住宅(甲類)3	R(A)3	790	8	1,756
A71	Hoi An Terrace*	Hoi An Terrace	香港海晏街23號	23 Hoi An Street, HK	東區	Eastern	603.87	住宅(甲類)3	R(A)3	3,930	9	5,435
A72	景豐	King Fung	香港惠亨街21-23號	21-23 Wai Hang Street, HK	東區	Eastern	199.28	住宅(甲類)3	R(A)3	660	8	1,594
A73	Sai Wan Ho*	Sai Wan Ho	香港西灣河街143-145號	143-145 Sai Wan Ho Street, HK	東區	Eastern	516.63	住宅(甲類)3	R(A)3	800	9	4,650
A74	Saloon*	Saloon	香港太樂街9-11號	9-11 Tai Lok Street, HK	東區	Eastern	211.80	住宅(甲類)3	R(A)3	740	9	1,906
A75	Sunlight*	Sunlight	香港西灣河街35-37號	35-37 Sai Wan Ho Street, HK	東區	Eastern	252.60	住宅(甲類)3	R(A)3	1,020	8	2,021
A76	Tai Ning*	Tai Ning	香港太寧街2A-B號	2A-B Tai Ning Street, HK	東區	Eastern	211.80	住宅(甲類)3	R(A)3	890	9	1,906

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							(A) ¹			(B) ²	(C) ³	(D) ⁴
A77	美德園合作	Virtue Villa	香港海晏街50號	50 Hoi An Street, HK	東區	Eastern	567.64	住宅(甲類)3	R(A)3	3,050	9	5,109
A78	松坡	Pine Crest	九龍差館里55-59號	55-59 Station Lane, Kln	九龍城區	Kowloon City	335.19	住宅(甲類)4	R(A)4	1,340	7.5	2,514
A79	Bradford*	Bradford	九龍保安道345-347號	345-347 Po On Road, Kln	深水埗區	Sham Shui Po	222.97	住宅(甲類)8	R(A)8	820	7.5	1,672
A80	Chung Shun*	Chung Shun	九龍順寧道316-318號	316-318 Shun Ning Road, Kln	深水埗區	Sham Shui Po	278.71	住宅(甲類)8	R(A)8	930	7.5	2,090
A81	Happy Garden*	Happy Garden	九龍保安道349-351號	349-351 Po On Road, Kln	深水埗區	Sham Shui Po	222.97	住宅(甲類)8	R(A)8	740	7.5	1,672
A82	安興	On Hing	九龍保安道365-371號	365-371 Po On Road, Kln	深水埗區	Sham Shui Po	445.94	住宅(甲類)8	R(A)8	1,540	7.5	3,345
A83	Po On*	Po On	九龍保安道357-363號	357-363 Po On Road, Kln	深水埗區	Sham Shui Po	480.68	住宅(甲類)8	R(A)8	1,790	7.5	3,605
A84	Shunning*	Shunning	九龍順寧道320-328號	320-328 Shun Ning Road, Kln	深水埗區	Sham Shui Po	557.42	住宅(甲類)8	R(A)8	2,600	7.5	4,181
A85	翠華	Thesaurus	九龍順寧道330-336號	330-336 Shun Ning Road, Kln	深水埗區	Sham Shui Po	557.42	住宅(甲類)8	R(A)8	2,190	7.5	4,181

住宅(乙類) Residential (Group B)

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							(A) ¹			(B) ²	(C) ³	(D) ⁴
B1	雅苑	Arden Court	香港天后廟道96-102號	96-102 Tin Hau Temple Road, HK	東區	Eastern District	2,000.00	住宅(乙類)	R(B)	5,830	5	10,000
B2	Bonavista*	Bonavista	九龍公主道9-11號	9-11 Princess Margaret Road, Kln	九龍城區	Kowloon City	2,266.00	住宅(乙類)	R(B)	5,810	5	11,330
B3	Concord*	Concord	九龍常盛街55-57號	55-57 Sheung Shing Street, Kln	九龍城區	Kowloon City	982.90	住宅(乙類)	R(B)	2,660	5	4,915
B4	禮苑	Elite House	九龍亞皆老街234號	234 Argyle Street, Kln	九龍城區	Kowloon City	743.20	住宅(乙類)	R(B)	2,240	5	3,716
B5	Forward View*	Forward View	九龍公主道15-19號	15-19 Princess Margaret Road, Kln	九龍城區	Kowloon City	1,436.80	住宅(乙類)	R(B)	3,830	5	7,184
B6	雲景樓	Glen Circuit	香港雲景道41號	41 Cloud View Raod, HK	東區	Eastern	2,185.08	住宅(乙類)	R(B)	4,890	5	10,925
B7	Grace Mansion*	Grace Mansion	九龍敬德街2號	2 King Tak Street, Kln	九龍城區	Kowloon City	1,003.35	住宅(乙類)	R(B)	3,090	5	5,017
B8	Hacienda*	Hacienda	香港天后廟道88-94號	88-94 Tin Hau Temple Road, HK	東區	Eastern	1,596.08	住宅(乙類)	R(B)	4,890	5	7,980
B9	Harbour View*	Harbour View	香港天后廟道108-114號	108-114 Tin Hau Temple Road, HK	東區	Eastern	2,068.02	住宅(乙類)	R(B)	5,660	5	10,340
B10	永和	Harmony	九龍天光道4-12號	4-12 Tin Kwong Road, Kln	九龍城區	Kowloon City	1,354.53	住宅(乙類)	R(B)	2,540	5	6,773
B11	高瞻臺	High View	香港雲景道8-10號	8-10 Cloud View Road, HK	灣仔區	Wan Chai	1,254.00	住宅(乙類)	R(B)	4,140	5	6,270
B12	Hillview Garden*	Hillview Garden	香港山道72號	72 Hill Road, HK	中西區	Central & Western	2,581.10	住宅(乙類)	R(B)	6,000	8	20,649
B13	Homestead Mansion*	Homestead Mansion	香港雲景道39號	39 Cloud View Road, HK	東區	Eastern	1,097.00	住宅(乙類)	R(B)	3,010	5	5,485
B14	敬德	King Tak	九龍敬德街4號	4 King Tak Street, Kln	九龍城區	Kowloon City	973.25	住宅(乙類)	R(B)	2,680	5	4,866
B15	美家	Mega	香港雲景道12號	12 Cloud View Road, HK	灣仔區	Wan Chai	666.20	住宅(乙類)	R(B)	1,830	5	3,331
B16	Merrington Mansion*	Merrington Mansion	九龍敬德街1-3號	1-3 King Tak Street, Kln	九龍城區	Kowloon City	927.20	住宅(乙類)	R(B)	3,370	5	4,636
B17	楠道	Nairn Road	九龍公主道6-8號	6-8 Princess Margaret Road, Kln	九龍城區	Kowloon City	991.93	住宅(乙類)	R(B)	2,670	5	4,960
B18	Pentland Court*	Pentland Court	九龍品蘭街1A-B號	1A-B Pentland Street, Kln	九龍城區	Kowloon City	557.42	住宅(乙類)	R(B)	1,130	5	2,787
B19	嘉苑	Princess Court	九龍敬德街8號	8 King Tak Street, Kln	九龍城區	Kowloon City	1,215.20	住宅(乙類)	R(B)	5,470	5	6,076
B20	Sapphire*	Sapphire	九龍亞皆老街224號	224 Argyle Street, Kln	九龍城區	Kowloon City	734.21	住宅(乙類)	R(B)	2,380	5	3,671
B21	Shatin Lodge*	Shatin Lodge	新界沙田樂楓徑2號	2 Lok Fung Path, Shatin, NT	沙田區	Sha Tin	3,296.00	住宅(乙類)	R(B)	6,430	2.1	6,922
B22	大坑	Tai Hang	香港大坑道4-4C號	4-4C Tai Hang Road, HK	灣仔區	Wan Chai	1,946.04	住宅(乙類)	R(B)	3,010	5	9,730
B23	Tin Hau*	Tin Hau	香港天后廟道104-106號	104-106 Tin Hau Temple Road, HK	東區	Eastern	1,709.40	住宅(乙類)	R(B)	4,180	5	8,547

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							(A) ¹			(B) ²	(C) ³	(D) ⁴
B24	Venus*	Venus	九龍敬德街5-7號	5-7 King Tak Street, Kln	九龍城區	Kowloon City	1,121.99	住宅(乙類)	R(B)	3,060	5	5,610
B25	Welfare*	Welfare	香港跑馬地晉源街18-20號	18-20 Tsun Yuen Street, Happy Valley, HK	灣仔區	Wan Chai	260.31	住宅(乙類)	R(B)	1,040	8	2,082
B26	Pokfulam Heights*	Pokfulam Heights	香港薄扶林道86A-D號	86A-D Pokfulam Road, HK	中西區	Central & Western	2,649.00	住宅(乙類)	R(B)	2,620	5	13,245
B27	St. Luke's Garden*	St. Luke's Garden	九龍亞皆老街250號	250 Argyle Street, Kln	九龍城區	Kowloon City	1,120.04	住宅(乙類)	R(B)	2,510	5	5,600
B28	Fidelity*	Fidelity	九龍何文田街62-64號	62-64 Homantin Street, Kln	九龍城區	Kowloon City	512.50	住宅(乙類)1	R(B)1	2,310	3.3	1,691
B29	Hong Garden*	Hong Garden	九龍何文田街37-47號	37-47 Homantin Street, Kln	九龍城區	Kowloon City	1,825.17	住宅(乙類)1	R(B)1	3,970	3.3	6,023
B30	Valley View*	Valley View	香港黃泥峽道4A-D號	4A-D Wong Nei Chung Gap Road, HK	灣仔區	Wan Chai	4,224.77	住宅(乙類)1	R(B)1	6,350	3	12,674
B31	華員邨	Wah Yuen Chuen	九龍華景山路10號	10 Wah King Hill Road, Kln	葵青區	Kwai Tsing	35,070.00	住宅(乙類)4	R(B)4	41,620	1.15	40,331

住宅(丙類) Residential (Group C)

	合作社名稱	Name of CBS	地址	Address	地區	District	地段面積 (平方米)(約) Lot Size (m ²) (about)	用地於現時 分區計劃大 綱圖的土地 用途地帶	Zoning of the Site on the extant Outline Zoning Plan	一項案頭研究採納的 估計現時總樓面面積 (平方米)(約) Estimated As-built Gross Floor Area (GFA) adopted in a desktop analysis (m ²)(about)	一項案頭研究採 納的最高容許地 積比率 Maximum Permissible Plot Ratio (PR) adopted in a desktop analysis	地段面積 x 最高容許地積比率 (最大總樓面面積) (平方米)(約) Lot Size x Maximum Permissible PR (Maximum GFA)(m ²) (about) (A)x(C) (D) ⁴
							(A) ¹			(B) ²	(C) ³	(D) ⁴
C1	歐化	Alpha	香港大坑道95-99號	95-99 Tai Hang Road, HK	灣仔區	Wan Chai	966.10	住宅(丙類)	R(C)	1,410	2	1,932
C2	Fuk Kwan*	Fuk Kwan	香港大坑道53-55號	53-55 Tai Hang Road, HK	灣仔區	Wan Chai	846.50	住宅(丙類)	R(C)	1,400	2	1,693
C3	永善 (2)	Goodwill	香港大坑道89-93號	89-93 Tai Hang Road, HK	灣仔區	Wan Chai	1,021.93	住宅(丙類)	R(C)	1,840	2	2,044
C4	麗寧	Renown	香港大坑道101-111號	101-111 Tai Hang Road, HK	灣仔區	Wan Chai	1,721.12	住宅(丙類)	R(C)	4,530	2	3,442
C5	惠風	Sea Breeze	香港康福臺7A號	7A Comfort Terrace, HK	東區	Eastern	715.35	住宅(丙類)	R(C)	1,910	3.3	2,361
C6	信誠	Sincere	香港大坑道83-87號	83-87 Tai Hang Road, HK	灣仔區	Wan Chai	1,161.30	住宅(丙類)	R(C)	1,620	2	2,323
C7	Villa Piubello*	Villa Piubello	香港春磡角環角徑1-7號	1-7 Cape Drive, Chung Hum Kok, HK	南區	Southern	2,276.13	住宅(丙類)	R(C)	1,700	0.75	1,707
C8	震旦	Aurora	香港羅富國徑1-5號	1-5 Northcote Close, HK	南區	Southern	1,393.55	住宅(丙類)1	R(C)1	1,360	0.75	1,045
C9	Begonia Road*	Begonia Road	九龍海棠路40-46號	40-46 Begonia Road, Kln	深水埗區	Sham Shui Po	1,300.60	住宅(丙類)1	R(C)1	1,740	1.65	2,146
C10	Hoi Tong*	Hoi Tong	九龍海棠路58-60A號	58-60A Begonia Road, Kln	深水埗區	Sham Shui Po	1,128.77	住宅(丙類)1	R(C)1	1,520	1.65	1,862
C11	CBS of H.K. Technical College & the Victoria Technical School, Ltd.*	CBS of H.K. Technical College & the Victoria Technical School, Ltd.	九龍海棠路2-6號	2-6 Begonia Road, Kln	深水埗區	Sham Shui Po	1,207.74	住宅(丙類)1	R(C)1	1,570	1.65	1,993
C12	Mutual*	Mutual	九龍海棠路8-38號	8-38 Begonia Road, Kln	深水埗區	Sham Shui Po	4,087.00	住宅(丙類)1	R(C)1	5,660	1.65	6,744
C13	Unitpoly*	Unitpoly	九龍海棠路50-56A號	50-56A Begonia Road, Kln	深水埗區	Sham Shui Po	2,201.00	住宅(丙類)1	R(C)1	2,680	1.65	3,632
C14	Yee On*	Yee On	香港羅富國徑13-15號	13-15 Northcote Close, HK	南區	Southern	1,284.85	住宅(丙類)1	R(C)1	1,310	0.75	964
C15	Bella*	Bella	香港畢拉山道6-12號	6-12 Mt. Butler Road, HK	灣仔區	Wan Chai	3,530.32	住宅(丙類)2	R(C)2	2,950	0.75	2,648
C16	Blue Garden*	Blue Garden	香港藍塘道57號	57 Blue Pool Road, HK	灣仔區	Wan Chai	929.03	住宅(丙類)2	R(C)2	2,040	4.2	3,902
C17	Blue Pool Road*	Blue Pool Road	香港藍塘道111-117號	111-117 Blue Pool Road, HK	灣仔區	Wan Chai	962.76	住宅(丙類)2	R(C)2	1,380	4.2	4,044
C18	Broom Road*	Broom Road	香港蟠龍道16-20號	16-20 Broom Road, HK	灣仔區	Wan Chai	1,002.00	住宅(丙類)2	R(C)2	2,010	4.2	4,208
C19	Cooper Villa*	Cooper Villa	香港衛信道23-29號	23-29 Wilson Road, HK	灣仔區	Wan Chai	2,824.00	住宅(丙類)2	R(C)2	2,290	0.75	2,118
C20	Cypress Court*	Cypress Court	香港衛信道2-6A號	2-6A Wilson Road, HK	灣仔區	Wan Chai	3,576.77	住宅(丙類)2	R(C)2	3,570	0.75	2,683
C21	永善 (1)	Goodwill	香港藍塘道55號	55 Blue Pool Road, HK	灣仔區	Wan Chai	450.39	住宅(丙類)2	R(C)2	1,100	4.2	1,892

	合作社名稱	Name of CBS	地址	Address	地區	District	地段面積 (平方米)(約) Lot Size (m ²) (about)	用地於現時 分區計劃大 綱圖的土地 用途地帶	Zoning of the Site on the extant Outline Zoning Plan	一項案頭研究採納的 估計現時總樓面面積 (平方米)(約) Estimated As-built Gross Floor Area (GFA) adopted in a desktop analysis (m ²)(about)	一項案頭研究採 納的最高容許地 積比率 Maximum Permissible Plot Ratio (PR) adopted in a desktop analysis	地段面積 x 最高容許地積比率 (最大總樓面面積) (平方米)(約) Lot Size x Maximum Permissible PR (Maximum GFA)(m ²) (A)x(C) (D) ⁴
							(A) ¹			(B) ²	(C) ³	(D) ⁴
C22	翠屏邨	Greenside Villa	香港藍塘道77號	77 Blue Pool Road, HK	灣仔區	Wan Chai	3,325.93	住宅(丙類)2	R(C)2	6,030	4.2	13,969
C23	Mount Butler*	Mount Butler	香港衛信道14-20號	14-20 Wilson Road, HK	灣仔區	Wan Chai	2,601.00	住宅(丙類)2	R(C)2	2,600	0.75	1,951
C24	New Haven*	New Haven	香港衛信道1-11號	1-11 Wilson Road, HK	灣仔區	Wan Chai	3,170.78	住宅(丙類)2	R(C)2	2,500	0.75	2,378
C25	Pine Hill Villa*	Pine Hill Villa	香港衛信道8-12A號	8-12A Wilson Road, HK	灣仔區	Wan Chai	3,437.42	住宅(丙類)2	R(C)2	2,400	0.75	2,578
C26	Smiley*	Smiley	香港藍塘道41號	41 Blue Pool Road, HK	灣仔區	Wan Chai	1,012.60	住宅(丙類)2	R(C)2	2,130	4.2	4,253
C27	翠暉臺	Greenvale	香港摩星嶺道15-23號	15-23 Mt. Davis Road, HK	南區	Southern	4,245.67	住宅(丙類)3	R(C)3	3,180	0.75	3,184
C28	Serene Villa*	Serene Villa	香港白建時道41-45號	41-45 Perkins Road, HK	灣仔區	Wan Chai	1,849.00	住宅(丙類)3	R(C)3	1,670	1	1,849
C29	Laford*	Laford	九龍喇沙利道54-72號	54-72 La Salle Road, Kln	九龍城區	Kowloon City	3,915.90	住宅(丙類)4	R(C)4	4,810	1.8	7,049
C30	Olympus*	Olympus	香港蟠龍道15-21號	15-21 Broom Road, HK	灣仔區	Wan Chai	743.20	住宅(丙類)4	R(C)4	1,210	4.2	3,121
C31	Briar Avenue Housing*	Briar Avenue Housing	香港比雅道11-15號	11-15 Briar Avenue, HK	灣仔區	Wan Chai	1,472.00	住宅(丙類)5	R(C)5	3,110	3.3	4,858
C32	Briar Caine (1)*	Briar Caine	香港比雅道1-4號	1-4 Briar Avenue, HK	灣仔區	Wan Chai	1,350.00	住宅(丙類)5	R(C)5	2,080	3.75	5,063
C33	好景	Good View	香港比雅道5-8號	5-8 Briar Avenue, HK	灣仔區	Wan Chai	1,344.00	住宅(丙類)5	R(C)5	2,690	3.75	5,040
C34	Pine Gardens*	Pine Gardens	香港蟠龍道11A-D號	11A-D Broom Road, HK	灣仔區	Wan Chai	1,381.00	住宅(丙類)5	R(C)5	1,730	4.6	6,353
C35	Sanitarian*	Sanitarian	香港箕理坊20-30號	20-30 Green Lane, HK	灣仔區	Wan Chai	2,232.00	住宅(丙類)5	R(C)5	3,460	4.6	10,267
C36	Arcadia Gardens*	Arcadia Gardens	九龍義德道10號	10 Ede Road, Kln	九龍城區	Kowloon City	2,066.60	住宅(丙類)6	R(C)6	4,610	3	6,200
C37	Cornwall Street*	Cornwall Street	九龍歌和老街2E-2H號	2E-2H Cornwall Street, Kln	九龍城區	Kowloon City	2,192.00	住宅(丙類)6	R(C)6	3,590	3	6,576
C38	Dragon Heights*	Dragon Heights	九龍義本道12號	12 Eastbourne Road, Kln	九龍城區	Kowloon City	1,604.44	住宅(丙類)6	R(C)6	3,040	3	4,813
C39	Ede*	Ede	九龍義德道15號	15 Ede Road, Kln	九龍城區	Kowloon City	2,211.00	住宅(丙類)6	R(C)6	2,460	3	6,633
C40	Green Lane*	Green Lane	香港藍塘道130-140號	130-140 Blue Pool Road, HK	灣仔區	Wan Chai	1,528.00	住宅(丙類)6	R(C)6	3,000	4.3	6,570
C41	Happy Height*	Happy Height	香港箕理坊21-25號	21-25 Green Lane, HK	灣仔區	Wan Chai	859.70	住宅(丙類)6	R(C)6	1,930	4.3	3,697
C42	Hyde*	Hyde	九龍達之路32-34A號	32-34A Tat Chee Avenue, Kln	深水埗區	Sham Shui Po	956.90	住宅(丙類)6	R(C)6	2,120	3	2,871
C43	Jade Garden*	Jade Garden	九龍義德道6號	6 Ede Road, Kln	九龍城區	Kowloon City	2,036.44	住宅(丙類)6	R(C)6	4,630	3	6,109
C44	New Ede*	New Ede	九龍義德道4號	4 Ede Road, Kln	九龍城區	Kowloon City	2,073.20	住宅(丙類)6	R(C)6	4,080	3	6,220
C45	Orion Court*	Orion Court	九龍義德道17號	17 Ede Road, Kln	九龍城區	Kowloon City	1,858.00	住宅(丙類)6	R(C)6	1,910	3	5,574
C46	樂景	Rock View	九龍達之路36號	36 Tat Chee Avenue, Kln	深水埗區	Sham Shui Po	956.90	住宅(丙類)6	R(C)6	2,010	3	2,871
C47	柏苑	Verdun Villa	九龍義德道8號	8 Ede Road, Kln	九龍城區	Kowloon City	2,101.80	住宅(丙類)6	R(C)6	3,660	3	6,305
C48	港光	Port View	香港藍塘道141-143號	141-143 Blue Pool Road, HK	灣仔區	Wan Chai	884.62	住宅(丙類)8	R(C)8	1,140	5.4	4,777
C49	Clover*	Clover	九龍喇沙利道20-22號	20-22 La Salle Road, Kln	九龍城區	Kowloon City	1,883.10	住宅(丙類)9	R(C)9	2,730	3	5,649
C50	Dumbarton*	Dumbarton	九龍東寶庭道16-22號	16-22 Dumbarton Road, Kln	九龍城區	Kowloon City	1,128.80	住宅(丙類)9	R(C)9	2,220	3	3,386
C51	翠苑	Emerald	九龍衙前圍道158號	158 Nga Tsin Wai Road, Kln	九龍城區	Kowloon City	1,157.57	住宅(丙類)9	R(C)9	1,230	3	3,473
C52	Honour Terrace*	Honour Terrace	九龍衙前圍道184號	184 Nga Tsin Wai Road, Kln	九龍城區	Kowloon City	1,652.73	住宅(丙類)9	R(C)9	2,470	3	4,958
C53	Inverness*	Inverness	九龍延文禮士道1-7號	1-7 Inverness Road, Kln	九龍城區	Kowloon City	1,111.12	住宅(丙類)9	R(C)9	1,230	3	3,333
C54	La Salle Court*	La Salle Court	九龍衙前圍道202-208號	202-208 Nga Tsin Wai Road, Kln	九龍城區	Kowloon City	1,047.02	住宅(丙類)9	R(C)9	2,150	3	3,141
C55	Lancas*	Lancas	九龍蘭開夏道32-38號	32-38 Lancashire Road, Kln	九龍城區	Kowloon City	1,343.90	住宅(丙類)9	R(C)9	2,440	3	4,032
C56	Lancashire*	Lancashire	九龍蘭開夏道10-16號	10-16 Lancashire Road, Kln	九龍城區	Kowloon City	1,432.57	住宅(丙類)9	R(C)9	2,680	3	4,298
C57	Lanford Court*	Lanford Court	九龍蘭開夏道28-30號	28-30 Lancashire Road, Kln	九龍城區	Kowloon City	1,348.95	住宅(丙類)9	R(C)9	1,980	3	4,047
C58	Lannox Gardens*	Lannox Gardens	九龍蘭開夏道18-24號	18-24 Lancashire Road, Kln	九龍城區	Kowloon City	1,435.30	住宅(丙類)9	R(C)9	2,020	3	4,306
C59	衙前小築	Nga Tsin Villa	九龍衙前圍道154號	154 Nga Tsin Wai Road, Kln	九龍城區	Kowloon City	1,180.15	住宅(丙類)9	R(C)9	1,130	3	3,540
C60	Park View*	Park View	九龍衙前圍道186-200號	186-200 Nga Tsin Wai Road, Kln	九龍城區	Kowloon City	3,042.58	住宅(丙類)9	R(C)9	3,580	3	9,128
C61	Park's Drive*	Park's Drive	九龍衙前圍道160號	160 Nga Tsin Wai Road, Kln	九龍城區	Kowloon City	1,105.64	住宅(丙類)9	R(C)9	1,230	3	3,317
C62	Pleasant Villa*	Pleasant Villa	九龍衙前圍道156號	156 Nga Tsin Wai Road, Kln	九龍城區	Kowloon City	1,180.15	住宅(丙類)9	R(C)9	1,350	3	3,540
C63	Green Villa*	Green Villa	香港藍塘道155號	155 Blue Pool Road, HK	灣仔區	Wan Chai	1,511.00	住宅(丙類)10	R(C)10	2,640	4.4	6,648

*沒有中文名稱

已分契但未重建的1個政府為公務員興建樓宇計劃 (2015年11月30日的狀況)

One GBHS with titles transferred to underlessees but yet to be redeveloped (position as at 30 November 2015)

政府為公務員興建樓宇計劃名稱	Name of GBHS	地址	Address	地區	District	地段面積 (平方米) Lot Size (m ²) (about)	用地於現時分區計劃大綱圖的土地用途地帶	Zoning of the Site on the extant Outline Zoning Plan	估計現時總樓面面積 (平方米)(約) Estimated As-built Gross Floor Area (GFA) (m ²)(about)	最高容許地積比率 Maximum Permissible Plot Ratio (PR)	地段面積 x 最高容許地積比率 (最大總樓面面積) (平方米) Lot Size x Maximum Permissible PR (Maximum GFA)(m ²) (A)x(C)
						(A) ¹			(B) ²	(C) ³	(D) ⁴
龍翔苑	Lung Cheung Court	九龍廣播道15-37號	15 - 37 Broadcast Drive, Kln	九龍城	Kowloon City	29,703.08	住宅(丙類)10	R(C)10	34,407	3	89,109

注釋: 這些資料原本是為一項概略的案頭研究而準備的, 該項研究着眼於估算若重建這些用地, 整體上可釋放多少新增樓面面積。研究中的總樓面面積及地積比率均指住用總樓面面積及住用地積比率。若單憑這些資料去評估個別用地的重建潛力並不恰當, 原因是重建潛力乃視乎多項關乎該用地的特定因素, 包括用地本身的情況(如用地大小、斜坡)、地契條款、建築物(規劃)規例的特別規定、業主及發展商的取態、市場當前情況、利率水平、物業位置、重建項目在物業市場的定位等等。以上為評估個別用地重建潛力時的相關因素。若須精準地評估個別用地的重建潛力, 業主或發展商可考慮尋求專業意見或協助。

Note: The information was originally intended to support a broad-brush desktop analysis estimating the potential additional aggregate floor space that could be released from redeveloping these sites. The gross floor area and plot ratio in the analysis refer to those for domestic purpose. It would be inappropriate to rely solely on the information to assess the redevelopment potential of individual sites which is subject to an array of site specific factors including the condition of individual sites (e.g. site size, slope), lease conditions, specific requirements under the Building (Planning) Regulations (B(P)R), the attitudes of owners and developers, prevailing market condition, level of interest rates, location of the property, positioning of the redevelopment project in the property market, etc. All of these are relevant factors in assessing the redevelopment potential of individual sites. If detailed and accurate assessment of redevelopment potential of individual sites is required, the owners or developers may wish to consider seeking professional advice or assistance.

¹ 根據土地註冊處紀錄顯示的已註冊的地盤面積為基礎的地段面積

¹ according to the registered site areas set out in the records of the Land Registry

² 指有關建築圖則(圖則)上所示的總樓面面積; 就根據過去的"體積"規例批准及/或沒有總樓面面積計算的個案, 有關現時的總樓面面積是以批准記錄上有限的資料作概括估計, 該些估計數值並不能視為根據《建築物條例》批准的總樓面面積。

² the gross floor area (GFA) as shown in the relevant General Building Plan (GBP); for cases approved under the then "volume" regulation and/or with no GFA calculations, the as-built GFA figures are derived from broad-brush estimation based on the information available in the approved records and such estimated figures should not be taken as the GFA figures approved under the Buildings Ordinance.

³ 指有關的分區計劃大綱圖(大綱圖)容許的最高住用地積比率或總樓面面積; 如大綱圖無指定最高容許住用地積比率或總樓面面積, 則視乎大綱圖中的建築物高度限制, 根據建築物(規劃)規例、有關已採納的發展藍圖或香港規劃標準與準則估計出最高住用地積比率。

³ the maximum domestic Plot Ratio (PR) or GFA prescribed in the relevant Outline Zoning Plan (OZP); if the maximum domestic PR or GFA is not prescribed in the OZP, the maximum permissible domestic PR will be estimated from the B(P)R, the adopted relevant Layout Plan or the Hong Kong Planning Standards and Guidelines, taking into account the building height restriction stipulated in the relevant OZP.

⁴ 不應視這些數據為必可達致的樓面面積, 因每幅用地最終可興建的樓面面積都受到多項因素影響, 如用地本身的限制(如斜坡、不規則形狀等)、地契條款、建築物(規劃)規例的特別規定等。在評估個別用地的可興建樓面面積時, 業主或發展商可考慮尋求專業意見或協助。

⁴ the figure should not be taken as the readily achievable floor area as the ultimate achievable floor area of each of the sites is subject to various factors including physical constraints of individual sites (e.g. slope, irregular shape of the site, etc.), lease conditions, specific requirements under B(P)R, etc. In assessing the achievable floor area of individual sites, the owners or developers may wish to consider seeking professional advice or assistance.

免責聲明

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Panel on Development

**Subcommittee on Redevelopment of Buildings
Developed under the Civil Servants' Co-operative Building Society Scheme**

**Responses to Submissions from the
Incorporated Owners of the Thesaurus Court**

The Incorporated Owners of the Thesaurus Court requested that the Urban Renewal Authority (URA) be responsible for redevelopment of all the buildings under the Civil Servants' Co-operative Building Society (CBS) Scheme pursuant to its prevailing policy. According to the revised Urban Renewal Strategy promulgated in February 2011, redevelopment projects undertaken by URA may be initiated by URA itself or URA may respond to the requests of owners for redevelopment, that is, under its "demand-led" redevelopment scheme.

2. If a CBS is dissolved, its ex-members may consider applying to URA for redevelopment under the "demand-led" scheme after they have acquired the legal titles to their properties. Under URA's "demand-led" pilot scheme, URA will identify suitable redevelopment projects from applications received based on a uniform set of assessment criteria. Regardless of whether they are URA's self-initiated or "demand-led" redevelopment projects, the first and foremost consideration of URA is whether the buildings covered by the project are in seriously dilapidated condition and whether the living conditions of residents in these buildings are poor.

3. As for the land premium payable for removal of the alienation restriction on the flats of dissolved CBSs, the Lands Department will assess the outstanding land premium payable by the CBS flat owners concerned according to the formula specified in the lease conditions currently in force. It is clearly specified in the lease conditions that the amount will be calculated in two ways, i.e. according to the Existing Use Land Value or the Redevelopment Value to be assessed in accordance with the parameters listed in the land lease. The Government has not changed the principles or methods for assessing the land premium payable to the Government upon the sale of CBS flats or redevelopment of CBS buildings.

4. Likewise, the Government has not changed the assessment principles or methods for the so-called "second level premium payment", which is the required land premium payable to the Government for modification of the lease conditions to facilitate the redevelopment of CBS flats. As in any other

cases of lease modification applications to facilitate building redevelopment, the Government will continue to adopt the same assessment principles and methods.

5. The CBS scheme was launched in 1952 with the main objective of providing accommodation to the CBS members and their families. Under the scheme, eligible civil servants were granted land by the Government at a concessionary rate to enable them to build housing units by way of CBS. The legal title of the land and the buildings was held by the CBS which was responsible for building management and maintenance. Pursuant to the respective underleases executed between the CBS and its members, CBS members have the right to use the respective flats but they do not possess the legal titles to them. As for the actual premium paid by the CBSs back in time, based on the land policy at that time, land was granted at a concessionary rate of one-third of the prevailing full market value of the particular site under the CBS scheme.

6. Separately, paragraph 2 of the minutes of meeting of a subcommittee appointed by the Finance Committee of the then Legislative Council dated 14 February 1967, i.e. the “Note of a meeting held on 14th February, 1967, of the Sub-Committee appointed by Finance Committee to discuss Item B.7 of the Agenda for the meeting on 15th February, 1967 – Development Loan Fund – Housing Loans: Local Government Officers”, as extracted below, states that-

“2. [T]he meeting noted that the policy of offering Local Officers’ Co-operative Building Societies land at 1/3 the full market value applied also to private employers’ staff and workers’ housing schemes and to the Housing Authority, Housing Society and other non-profit organisations ... The present policy had been operative since 1953 when values were very much lower. It was also felt that, since Government stood in the position of employer vis a vis participants in the schemes, it was reasonable that the 1/3 f.m.v. condition should remain inviolate in so far as these schemes were concerned.”

7. Moreover, paragraph 10 of Annex B of the reply we submitted to the Panel on Development in August 2015, i.e. the “Notes of Twentieth Meeting with Staff Side of the Senior Civil Service Council in Room 149, Government Secretariat on Monday 14.1.86 at 2.30 p.m.”, as extracted below, states that :

“10. Mr. Kwok (Mr. KWOK Yuen-hon of HKCCSA) asked at what

concessionary rate land had been granted to Government built housing schemes. Mr. Pope (Mr. R.D. Pope, Government Land Agent/Valuation, L.D.) replied that, as for co-operative societies, land had been granted at one third full market value.”

8. The extracts above have clearly proved that all CBSs back in time were granted land at one-third of the full market value.

**Development Bureau
Civil Service Bureau
Lands Department**

February 2016

Panel on Development

Subcommittee on Redevelopment of Buildings
Developed under the Civil Servants' Co-operative Building Society Scheme

Responses to Submissions from Residents of Lung Cheung Court
under the Government Built Housing Scheme

Background of the "Government Built Housing Scheme"

Residents of Lung Cheung Court under the Government Built Housing Scheme (GBHS) wrote to express that GBHS and the Civil Servants' Co-operative Building Society (CBS) Scheme are two distinct schemes and should not be treated in the same light. In fact, the GBHS, which was introduced in 1963, was modelled on and derived from the CBS scheme.

2. The main objective of both the CBS scheme and the GBHS is to provide accommodation to eligible civil servants and their families. The two schemes are different in the sense that, under the GBHS it was the Government, rather than individual CBSs, which was responsible for developing housing units for accommodation of eligible civil servants.

3. Under the GBHS, the Financial Secretary Incorporated (FSI) owns the title to the buildings and grants underleases to eligible civil servants and their beneficial successors. **The underlessees do not own the title to the flats of the buildings**, and the relevant properties are subject to alienation restrictions under the Government lease conditions of the subject lot.

4. The GBHS was open to any eligible local civil servants aged 25 or above employed on pensionable terms (eligibility criteria roughly the same as those of the CBS scheme) for application. Successful applicants were required to repay the loans to the Government over 20 years by instalments (all underlessees have fully repaid their loans to the Government by now).

5. Under the GBHS, lands were granted on concessionary terms (usually at one-third of the full market value), with loans provided by the Government to underlessees at preferential rates of interest. For details, please refer to

paragraph (6)(i) of Agenda Item B.8 for Finance Committee meeting of the then Legislative Council (LegCo) dated 1 February 1967, as extracted below-

“6. Government-built flats

- (i) These will comprise three types, the cost of each flat (inclusive of land at one-third full market value) being roughly equivalent to two years' salary of an officer in the middle of the appropriate salary bracket...”

6. The residents of Lung Cheung Court pointed out that, according to the Secretariat Temporary Circular No. 74 and the Secretariat Standing Circular No. 9 dated 10 December 1952 and 11 June 1956 respectively, there were no provisions that required CBSs and their members to pay land premium prior to any freely disposal of their properties in the market. In addition, in the Establishment Circular No. 69/68 on the GBHS issued by the Government to all civil servants on 30 November 1968, it was specified that the sale price, to be paid in instalments, already included the land cost, and there was no mention of any future need of land premium payment. In this connection, the Circulars were made then to announce the details of the CBS scheme and GBHS, and to invite applications from those interested and eligible officers. The schemes' initial objectives were to provide accommodation to eligible civil servants and their families back then with no implications on the titles of the flats, therefore the Circulars were written in accordance with the then objective of the schemes.

Background for the Development of Lung Cheung Court

7. Lung Cheung Court (296 flats) and Hong Lee Court (431 flats) were built by the Government under the GBHS in 1969 and 1973 respectively. Due to high construction costs and difficulties in identifying suitable sites for development, the GBHS was terminated upon completion of Hong Lee Court in 1973.

8. Lung Cheung Court is located within the Remaining Portion of New Kowloon Inland Lot No. 5195 (the Lot). The Lot was granted to the then Colonial Treasury Incorporated (i.e. the present FSI) on 27 June 1969 at one-third of the full market value on the date of the lease for building 296 flat units, and allocating such flat units to eligible civil servants according to the terms and scoring criteria approved by the then Finance Committee of the then LegCo on 1 February 1967.

9. The residents of Lung Cheung Court pointed out that the occupation permit of Lung Cheung Court was issued on 14 April 1969 when the land lease of the Lot was yet to be executed. As such the validity of the said occupation permit and the safety of the buildings were in doubt. According to the information from the Lands Department (LandsD), the Colonial Treasury Incorporated had already obtained legal title to the Lot as at 19 January 1968 pursuant to the Conditions of Grant No. 9328, and had since proceeded with the development of the Lot. Subsequently, the formal land lease was signed and issued by the Government on 27 June 1969 in accordance with the General Condition No. 10(b). As such, there is no issue with the validity of the occupation permit and building safety of Lung Cheung Court.

10. The residents of Lung Cheung Court alleged that the Lot at which Lung Cheung Court is located was granted at the full market value on the date of the lease but such allegation is not true. According to paragraph (h) of the minutes of the meeting on 13 June 1969 between the Government and the representatives of the successful civil servant applicants for flats at Lung Cheung Court (i.e. the subsequent owners of Lung Cheung Court), it is clearly stated that purchasers of the flats only paid one-third of the land premium and hence the parties involved were well aware that the Lot was granted at one-third of the full market value on the date of the lease. This arrangement was in line with those of the former CBS scheme and the GBHS.

Arrangements for Transfer of Titles to the Flats and Land of Lung Cheung Court

11. Until 1980s, when some CBS members and the GBHS underlessees had fully repaid their respective loans, they began to seek permission to sell the flats under the CBS scheme and the GBHS. Having consulted the then Executive Council (ExCo), a standard letter was issued on 25 November 1985 to inform relevant civil servants of the ExCo's decision: i.e. permitting CBSs to transfer the titles to the respective flats and land to individual CBS members, and permitting the sale, letting or other disposal of such properties by CBS members, subject to their acceptance of certain conditions. It was an optional arrangement for CBS members and was also applicable to Lung Cheung Court and Hong Lee Court under the GBHS. After several rounds of discussions with relevant civil servant representatives, the Government issued the "Guidelines to be Followed to Achieve the Transfer of Title to Flats and Land from Civil Servants' Co-operative Building Societies and Government Built

Housing Schemes to their Individual Members and Underlessees” (i.e. the guidelines on Surrender and Regrant Approach) in 1987, which clearly stated that CBS members and GBHS underlessees were required to pay the land premium before they were allowed to freely sell or buy their flats in the open market. In addition, a further land premium payment would be required if applications for modification of the lease conditions is necessary to fully utilise the maximum development parameters upon redevelopment as permitted under the relevant outline zoning plans.

12. The Special Working Committee of Lung Cheung Court had appointed Cheng, Yeung & Co. in November 1994 to represent some underlessees of Lung Cheung Court to apply to the Government for the transfer of title to their respective flats. Subsequently, pursuant to the relevant policy and the "Guidelines to be Followed to Achieve Transfer of Title to Flats and Land of Government Built Housing Scheme from The Financial Secretary Incorporated to Individual Underlessees" issued in 1993, the Government entered into a modification letter with the FSI on 22 February 2002 such that the Government lease was modified to enable the owners of Lung Cheung Court to freely transfer the title to their flats in the property market subject to the payment of the outstanding land premium. The basis for calculating the outstanding land premium was set out in the relevant modified Government lease and the "Guidelines to be Followed to Achieve Transfer of Title to Flats and Land of Government Built Housing Scheme from The Financial Secretary Incorporated to Individual Underlessees".

13. The residents of Lung Cheung Court alleged that the owners of Lung Cheung Court were unaware that the LandsD and the FSI had entered into a modification letter on 22 February 2002 to modify the Government lease, and that the owners were forced to pay the outstanding land premium according to the modified Government lease prior to any freely transfer of the title of their flats in the property market. In fact, the then ExCo had approved in 1985 to permit CBS and GBHS buildings, including Lung Cheung Court, to undergo sale, letting or other disposal of such properties, subject to their acceptance of certain conditions, one of them being the required payment of land premium to the Government by the owners. Application was totally optional for CBS members. The said arrangement was announced at the time in the form of a press release.

14. In addition, prior to the LandsD and the FSI entered into a modification letter on 22 February 2002 to modify the Government lease, Cheng, Yeung & Co. had distributed the draft amendments to the Government

lease to all Lung Cheung Court underlessees, with Chinese translation available for easy reference. At the meeting on 26 August 2001 held at Lung Cheung Court, the Lung Cheung Court underlessees had approved in principle the acceptance of the draft amendments to the Government lease and the draft deed of mutual covenant. Based on the above-mentioned documentary evidence, there were no “secret agreement” between the Government departments and “forced acceptance” being imposed upon the owners of Lung Cheung Court.

15. The residents of Lung Cheung Court opined that the then District Lands Officer (DLO)/Kowloon East was not qualified to enter into the lease modification letter on 22 February 2002 to add the provision on land premium payment to the Government lease, it is important to note that the Director of Lands and all DLOs are authorised to handle all land matters, being responsible for land disposal (including land exchange and lease modification transactions) and acquisition, valuation of land and properties for various purposes, lease enforcement, land and squatter control, urban renewal and maintenance of man-made slopes on unallocated and unleased Government land. Accordingly, the legality of the modification letter signed on 22 February 2002 regarding the transfer of land title for Lung Cheung Court flats is undisputed.

Other Matters in Residents’ Submissions

16. The residents of Lung Cheung Court cited Chun Man Court in Ho Man Tin, which was put on sale in 1980 under the Home Ownership Scheme (HOS), as an example to illustrate that similar to Lung Cheung Court, land for Chun Man Court was granted at a concessionary rate for housing development but individual flat owners of Chun Man Court were not required to pay any land premium for subsequent transfers of property; and that it follows that the same policy should be applicable for the pre-1980’s civil servant housing schemes. We must make it clear that the civil servant housing schemes and the HOS are two separate types of schemes that fall within different policy areas. They are not the same in terms of the mode of development, eligibility criteria, pricing arrangements and regulations and restrictions imposed on beneficiaries; and different considerations have been taken into account in drawing up the schemes. As such the two types of schemes are not for comparison.

17. The residents of Lung Cheung Court also cited in their submission that both the Home Financing Scheme (HFS) and the Home Purchase Scheme (HPS) provide cash allowance to eligible civil servants to finance the purchase of their accommodation for self-occupation. However, unlike flats purchased

under the CBS scheme and the GBHS, properties purchased under these two schemes are not subject to land premium payment to the Government before resale. Therefore, they considered that civil servants participating in the CBS scheme and the GBHS are being treated unfairly. Furthermore, they also mentioned in their submission that the site for Wah Yuen Chuen at Wah King Hill Road, Kwai Chung was granted at a concessionary rate. However, the purchasers of Wah Yuen Chuen were allowed to apply for housing benefits with their flats under the HFS and the HPS. This, in their view, is a form of double housing benefits on the part of the civil servants concerned.

18. We must emphasize that civil service housing benefits are provided in accordance with the terms of appointment of the civil servants concerned, and the terms and conditions of the respective housing benefit schemes. Under the HFS and the HPS, residential properties of the applicants are not developed with loans provided by the Government on preferential rates of interest, and the form of housing benefit (paid in the form of a cash allowance) is also different from that of the CBS scheme and the GBHS. Therefore, these two types of schemes are completely different in nature and should not be treated in the same light. In the case of Wah Yuen Chuen, while the former Wah Yuen Chuen Co-operative Building Society was granted land at a concessionary rate for property development, it had not received loans from the Government on preferential rates of interest for such a purpose. Therefore, eligible civil servants may still apply for housing benefits under the HFS or the HPS with their flats in Wah Yuen Chuen.

**Development Bureau
Civil Service Bureau
Lands Department**

February 2016

Colonial Secretariat,
Hong Kong.

10th December, 1952.

RESTRICTED.

No. 5/611/54

SECRETARIAT TEMPORARY CIRCULAR NO. 74Government assistance towards housing of local officers.

A number of requests have recently been received by Government for financial assistance to non-expatriate officers who wish to provide themselves with housing.

2. Subject to the approval of the Secretary of State, it has been decided to set aside funds for this purpose, and applications for loans from these funds will now be received.
3. It is proposed that Crown land shall be made available at half the upset price, together with full crown rent, for approved scheme, and that the cost of forming the site and constructing the building shall be advanced to a maximum figure. The loan, which will include the half-value of the land, will bear interest at $3\frac{1}{2}$ per cent per annum payable every six months and must be repaid within a period normally of not more than twenty years. There will be a strict prohibition on sale or mortgage for a period of years or until the loan is repaid, and conditions adequate to ensure that the building is used only for the housing of Government servants.
4. Government is not prepared to deal with groups of less than ten officers. Accordingly any officers who wish to promote their own housing scheme should prepare their proposals and submit them for consideration, giving as many particulars as possible including the desired site, sketch plans, estimated costs and financial details of the scheme, and names and posts of the participants. Officers are particularly requested carefully to consider the important point of whether their means will be equal to the financial burden they propose to undertake, bearing in mind that outgoings on the completed building will include capital repayments, interest, Crown Rent, property tax, rates, and maintenance.
5. In view of the increasing shortage of building sites, no scheme will be accepted unless the land is to be developed to the fullest possible extent. In any case of doubt, the Director of Public Works may be consulted on this point, and he will also advise regarding sites and plans.
6. If a scheme is accepted, the sponsors will be required to form themselves into a co-operative society (or other corporate body) with which Government will thereafter deal. It is essential that the by-laws of the society provide that the flats to be built may be tenanted only by civil servants serving or retired. The Registrar of Co-operatives will advise on procedure and a set of model by-laws will be made available to sponsors by him.
7. The scheme applies only to non-expatriate officers on the pensionable establishment.
8. Applications should reach this Secretariat by 1st March, 1953.

By Command,

D.W.B. BARON,
Acting Deputy Colonial Secretary.

C O P Y

RESTRICTEDColonial Secretariat,
Hong Kong.

File No. 5/2321/56.

11th June, 1956.

SECRETARIAT STANDING CIRCULAR NO. 9
Government assistance in housing
non-expatriate officers.

As a result of the successful completion of several housing schemes by building co-operative societies, Government now proposes to extend its assistance beyond the limits set out in Secretariat Temporary Circular 74 of 10th December, 1952.

2. Funds will be made available to groups, numbering not less than ten members and consisting of officers on the pensioal establishment not eligible by their terms of service for Governme quarters. Groups must accept the following general conditions:

- (a) the sponsors to form themselves into a co-operative building society if their scheme is accepted
- (b) the Crown land, made available at half the upset price, to be developed to the fullest possible extent
- (c) the loan, for the purchase of the land and the construction of the building, and interest at 3½% per annum, payable every six months, to be repaid within a period of twenty years
- (d) a strict prohibition on sale or mortgage until the loan is repaid
- (e) accommodation for individual officers to be such that no officer will be involved in monthly payment to the co-operative society in excess of one quarter of total monthly emoluments.

3. Government will deal only with co-operative building societies and the sponsors of schemes must accept by-laws based on models available on application to the Registrar of Co-operatives.

4. Because of the shortage of building sites no scheme will be accepted unless the land is developed to the fullest extent possible. The Director of Public Works will advise on sites available and the extent to which they must be developed.

5. Sponsors of scheme must first apply to the Colonial Secretariat for formal permission to participate in the facilities now offered. Applications must provide a list of officers wishing to be associated in the scheme showing names, grades, and total emoluments, details of the proposed site, and a rough estimate of the loan required.

6. When formal permission is granted to initiate a scheme the sponsors will be required to take advantage of the facilities granted as soon as possible. Details of the financial and building procedures will be made available on application to the Colonial Secretariat.

By Command,

E. B. DAVID
Colonial Secretary.

Note of a meeting held on 14th February, 1967, of the Sub-Committee appointed by Finance Committee to discuss Item B.7 of the Agenda for the meeting on 15th February, 1967 - Development Loan Fund - Housing Loans: Local Government Officers.

Present:

Hon. K.A. Watson, OBE, JP - Convenor
Hon. Szeto Wai, JP
Hon. Wilfred Wong Sien-bing,
OBE, JP
Hon. Ellen LI Shu-pui, OBE, JP

In attendance:

Mr. S.T. Kidd - P.A.C.S.(L)
Mr. J.R. Firth - Commissioner of Housing
Mr. Donald Liao - Housing Architect, Housing Authority
Mr. D.J.C. Snoxall - Building & Ponds Branch, Colonial Secretariat
Mr. D.M.I. Thomas - Secretary, Finance Committee

The meeting first considered the three main points which had been raised in the discussion on this subject in previous meetings of Finance Committee, namely:

- (a) whether the degree of subsidisation offered by the terms of the scheme might be over-generous;
- (b) whether the leasing or purchasing by Government of existing, vacant, residential buildings would be more advantageous;
- (c) whether, in view of the restrictions on re-sale, the scheme would be sufficiently attractive in comparison to other private enterprise schemes available.

The meeting also took note of the attached brief which provided details of net floor area and a comparison with equivalent Government quarters.

2. In considering point (a), the meeting noted that the policy of offering Local Officers' Co-operative Building Societies land at 1/3 the full market value applied also to private employers' staff and workers' housing schemes and to the Housing Authority, Housing Society and other non-profit organisations. As this policy had been laid down by the Executive Council and any change would require a review of the whole policy, and not just as it applied to the housing of Government employees. After considering whether the degree of subsidisation remained realistic in view of reduced land values, it was thought that apart from forced sales, there did not appear to be any great decline in land values. The present policy had been operative since 1953 when values were very much lower. It was also felt that, since Government stood in the position of employer vis à vis participants in the schemes, it was reasonable that the 1/3 f.m.v. condition should remain inviolate in so far as these schemes were concerned. Consideration of the rate of interest and of repayment terms was left to be dealt with under point (c).

3. In so far as point (b) was concerned, it was not felt that the type of flat needed was available in any great quantity; the vacancies being usually of a more expensive type. The quality of such flats was, in

any case, thought to be generally poor and it would be difficult for Government to buy or lease a whole block; it being assumed that Government would not wish to become involved in multi-ownership of a building. The general consensus of opinion was that Government would not get the same value for money in purchasing an existing building as it would in building itself, and that the question of leasing was irrelevant since the purpose of the scheme was to permit of home-ownership.

4. In considering point (c), the Sub-Committee examined details of a recently advertised commercial development. They were informed that the Government scheme offered the following accommodation:

Type 1 flats - provided a living-room, 2 bedrooms, balcony, kitchen and a bathroom with w.c. The finish was comparable with that of Housing Authority standards, i.e. cement floors, plaster walls and metal window frames.

Type 2 flats - provided a living-room, 3 bedrooms, a balcony, a bathroom with w.c. with a separate toilet and a servant's quarter. The standard of finish was as with type 1 flats, but the equipment was slightly better.

Type 3 flats - these maisonettes provided a combined living-room and dining-room, 3 bedrooms, a utility-room, a bathroom with w.c., a separate toilet and a servant's quarter with toilet. The finish was to be an improvement on the other types having teak block flooring, glazed tiling in the kitchen and mosaic in the bathroom. Only 32 flats of this type were to be built under the present scheme since their duplex design was to fit a particular part of the Lung Chung Road site.

Type 3 + - these were in all respects similar to the type 3, but on one floor only.

All blocks would have lifts and were designed for the maximum permissible development of sites if sold commercially.

5. In the commercial development examined, there was a heavier density of site development and similarly priced flats were as follows:

(cash price)	\$27,000	net floor area	490 sq.ft.	(c.f. Type 1)
	\$36,000		600 sq.ft.	(c.f. Type 2)
	\$53,000		917 sq.ft.	(c.f. Type 3)

These particular flats were selected as they compared in their price ranges with the three types proposed in the Government scheme, the cost price and areas being as follows:-

		(land at 1/3 F.M.V.)
Type 1	\$22,000	565 sq.ft.
Type 2	\$34,000	808 sq.ft.
Type 3	\$53,000	1158 sq.ft.

It was not possible to compare standards of finish or detail of equipment. It was also noted that a 10% deposit was demanded and that repayment was to be within a period of $13\frac{1}{2}$ years. Monthly repayments (assuming for purposes of comparison a 10% deposit and repayment over 20 years for Government officers) would be:-

<u>Type</u>	<u>Government</u>	<u>Commercial</u>
1	£ 156 p.m.	£160 p.m. for 18 months, then £305 p.m. for 144 months.
2	£ 240 p.m.	£225 p.m. for 18 months, then £410 p.m. for 144 months.
3	£ 375 p.m.	£335 p.m. for 18 months, then £595 p.m. for 144 months.
3 +	£ 354	-

6. It was not possible for the Sub-Committee to say to what extent the restrictions to the Government scheme might render it less attractive; e.g. the restrictions on re-assignment, which could only be made to a beneficial successor, and the limitations on disposal on resignation from the scheme (in which case an officer could only expect a refund equivalent to his capital repayment). It was concluded, however, that these considerations would not weigh heavily with Government officers since the response by the Associations to the scheme had been most favourable and there was no doubt but that the flats would be very popular. These restrictions were, in any case, no greater than those imposed on existing schemes.

7. The Sub-Committee were satisfied that the scheme offered more financial attraction than that of any comparable commercial development.

8. The Sub-Committee also discussed the alternatives which it was proposed should be offered to the Associations and were of the opinion that alternative (B) would render the scheme more viable. Members felt that down-payment of 15% or 20% for types 2 and 3 flats would be excessive in relation to commercial practice which normally demand 10% and that it would generally be more equitable for the participants in the scheme if the longer repayment periods were selected. It was also considered that the rate of interest at 7% did not represent an undue degree of subsidisation beyond that which a good employer would charge in respect of a staff and workers housing scheme. Members agreed to recommend to Finance Committee that, rather than give an opportunity to the Associations to choose between the various alternatives, Finance Committee itself should approve the more favourable alternative (B).

Summary of Conclusions

9. It was concluded that:

- (a) the offer of land at 1/3 f.m.v. was not unreasonable;
- (b) that leasing or purchasing of existing vacant premises would not be appropriate, neither would it be an economic proposition;
- (c) that there were no comparable commercial schemes which were as financially attractive as the Government scheme;
- (d) that the scheme as proposed by Government should be endorsed and that a recommendation should be made to Finance Committee that alternative (B) should be selected.

Brief for Sub-Committee of Finance Committee

Local Officers Housing - New Scheme

1. Details of the three basic types of flat which have been designed for the New Scheme are as follows:

Type	Net Floor Area	Unit Cost per sq.ft. (gross)	Total Cost per flat
1	565 sq.ft.	\$20	\$22,000
2	808 sq.ft.	\$22	\$34,000
3	1158 sq.ft.	\$26	\$53,000
3+	1165 sq.ft.	\$26	\$50,000

2. These compare with the equivalent Government Quarters in terms of area and (on the assumption that the officers concerned were entitled to Government quarters) of salary entitlement as follows:

Type	Net area sq.ft.	Equivalent Govt. grade/type	Net area sq.ft.
1 (\$690 - \$1160)	565	'H' (\$1045 - \$1279)	525
2 (\$1161 - \$1900)	808	IV (\$1045 - \$2064)	983
3 (\$1901 - \$3010)	1158	III (\$2065 - \$3309)	1200
3+	1165		

Type 1 in fact falls between Government's Type IV (non-departmental) and grade 'H' (departmental) quarters. The salary range for which it caters covers also Government grade 'I' (\$650 - \$1044).

3. The standard of finish of the proposed flats is marginal higher than that of the equivalent Government types in that the servants' quarters will be finished to the same standard as the rest of the flat. This arises from a deliberate attempt to make use of as much of the available area as possible and recognises the fact that the practice of employing servants is declining. Construction costs compare favourably with those comparable Government quarters.

4. Both sites fall within Density Zone 2 and the proposed development represents the maximum permissible within the controls laid down for the sites in question, including, in the case of the Lung Chi Road site, the statutory Airport Height limitation.

布政司署
香港下亞厘畢道



GOVERNMENT SECRETARIAT
LOWER ALBERT ROAD
HONG KONG

本署檔號 OUR REF : SH 5/6-C

25 November 1985

來函檔號 YOUR REF :

Dear Sir,

Review of Civil Servants'
Co-operative Housing Schemes

I am writing to inform you that the Executive Council has recently considered the results of the Administration's review of civil servants' co-operative housing schemes. The Governor in Council has decided in principle to permit the transfer of the legal title to existing flats and land from civil servants' co-operative building societies to individual members, and to permit the sale, letting or other disposal of such properties thereafter, subject to certain conditions. This new facility will be optional, and any civil servants' co-operative building society (except Wah Yuen Chuen and Shatin Lodge) and Government built housing scheme management committee (i.e. at Lung Cheung Court and Hong Lee Court) may apply. The arrangements for Wah Yuen Chuen and Shatin Lodge will be considered separately in the next few months.

Conditions

2. The conditions under which the transfer of the legal title to flats and land, and the subsequent sale, letting and other disposal of such properties, may be permitted are as follows -

- (a) Provided that the Government loan has been fully repaid, the transfer will be effected voluntarily through the "surrender and re-grant" procedure, i.e. surrender of the existing Crown lease and regrant of a new Government lease.
- (b) The new Government lease will be granted in accordance with the current arrangements governing the surrender and regrant of land, which are in line with the provisions of Annex III to the Sino-British Joint Declaration -
 - (i) the term will not extend beyond 30 June 2047 or the original due date of expiry of the lease covering the surrendered lot if this date occurs before 2047;

- (ii) a premium and nominal rental will be payable until 30 June 1997. They will be small : \$1,000 per lot, and \$1,000 per annum per lot respectively are being envisaged by the Government; and
- (iii) after 30 June 1997 no additional premium will be payable but an annual rent equivalent to 3% of the rateable value of the property at that date, adjusted in step with changes in the rateable value thereafter, will be charged.
- (c) A restriction will be placed on future sale, letting or other disposal of the property until the flat owner has paid to the Government a land premium assessed at the "existing use value" of the land on which the property stands.
- (d) An additional modification premium will be charged at full market value on redevelopment over and above the existing development.
- (e) Once a society member has acquired legal title, he will no longer be eligible for other forms of civil service housing benefit (except for operational departmental quarters) even if he pays the premium referred to in (c) above and subsequently disposes of the property.
- (f) With effect from 27 November 1985, any incoming member of a civil servants' co-operative building society will be required to reside in the flat for a period of at least five years before he is permitted to pay the land premium referred to in (c) above, and to sell, let or otherwise dispose of the property unless he is a beneficial successor to the previous member who occupied the flat. (This condition may be waived by the Secretary for the Civil Service in special circumstances).

An elaboration of the above conditions is appended hereto.

/.....

Timing

3. Having specified the Government's intentions on this subject, I should point out that there are still a few legal and technical points which will need to be addressed in the near future. Please be assured that this exercise will be carried out expeditiously and completed in a few months' time.

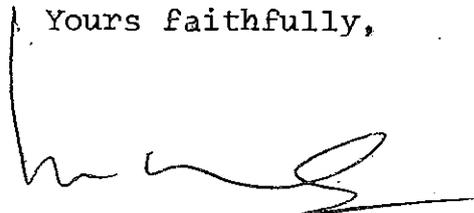
Further Explanation

4. Further meetings will be convened in the near future by the Civil Service Branch of the Government Secretariat with the Staff Side of the Senior Civil Service Council and the Hong Kong Local Civil Servants' Co-operative Building Societies Federation in order to explain the new arrangements more fully.

Enquiries

5. Any enquiries on the contents of this letter should be directed to Mrs. Jeanie Chung, Executive Officer or Mr. Ian B.I. Petersen, Assistant Secretary at telephone 5-260111.

Yours faithfully,



(Dominic S.W. Wong)
for Secretary for the Civil Service

Distribution

- Staff Side Secretary, Senior Civil Service Council
- Chairman, Hong Kong Chinese Civil Servants Association
- Chairman, Hong Kong Local Civil Servants Co-operative Building Societies Federation
- Chairmen, All Co-operative Societies, including Wah Yuen Chuen and Shatin Lodge
- Chairmen, Government Built Housing Schemes

Condition for Transfer of Legal
Title and Subsequent Disposal

Under condition (a), any society wishing to take advantage of the facility at any future point in time should first repay the outstanding balance of its loan to the Government. The society will then need to pass a resolution (by at least 75% of members) to the effect that the facility should be taken up. The society will then surrender all its interest in the property to the Government.

2. Preliminary consideration is now being given within the Administration to the possibility of making loans in hardship cases to individual society members who, having dissented from a transfer of title, are unable to repay their share of any outstanding Government loan.

3. Under condition (b), a new lease covering the existing level of development will be granted to the Financial Secretary Incorporated (FSI), and the flats and land will be further assigned by the FSI to individual members of the society concerned. Thereafter the society will cease to exist, and the title to each flat and proportionately to the land on which it is situated will be held by the flat owner in the same way as other jointly owned private developments.

4. The financial implications include -

- (i) fees to be charged by the Lands Department and the Registrar General's Department to cover the costs incurred by the Government in processing applications;
- (ii) stamp duty;
- (iii) until 30 June 1997 a premium at \$1,000 per lot and a nominal rental at \$1,000 per annum per lot will be charged;
- (iv) after 30 June 1997 an annual rent of 3% of the rateable value of the property will be charged. The actual amount cannot be anticipated.

5. Under condition (c), the flat owner will not be permitted to sell, let or otherwise dispose of the flat and land until a land premium has been paid to the Government. This premium will be equivalent to, generally, two-thirds of the "existing use value" of the land on which the property stands. (In some cases this may be one-half). In assessing the "existing use value" of the land element, account will be taken of such factors as the current sale value of the property in the open market and the quality, age and condition of the existing building. The "existing use value" of the land element as a proportion of the current sale value of the property will vary from site to site. (As an indication, a recent survey of a few sites shows that two-thirds of the "existing use value" is in the region of one-quarter of the current sale value of the property).

6. Under condition (d), as with any property in joint ownership in the private sector, the consent of all owners will be required before any redevelopment can take place.

7. As regards condition (e), the other forms of civil service housing benefit which will be forfeited include, for example, Non-departmental Quarters, non post-tied Departmental Quarters, Private Tenancy Allowances, House Allowances, Home Purchase Allowances and Housing Loans. If a member is not prepared to forfeit the eligibility for such housing benefits, he should resign from the society under the existing arrangements prior to the transfer of the legal title.

8. As regards condition (f), some circumstances under which the Secretary for the Civil Service may waive the condition include -

- (i) the member has gained membership by direct succession;
- (ii) the member falls into genuine financial difficulties and needs to liquidate his assets including the flat;
- (iii) the member retires and wishes to emigrate;
- (iv) as a result of a member being prevented by condition (f) from selling his flat, a co-operative building society is unable to take up an offer for redevelopment of the whole site, even though all members are in favour of it.

Each case will be considered on its own merits.

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本署檔號 OUR REF: SH 5/6-C

來函檔號 YOUR REF:

公務員建屋合作社計劃檢討

敬啓者：

我現在寫信通知你，行政局最近曾考慮當局檢討公務員建屋合作計劃的結果。港督會同行政局已經決定，原則上准許合作社將現有單位及土地的合法業權轉讓予個別社員，並准許社員其後在接受若干條件之情況下，將該等物業售賣、出租或以其他方式處理。這是一項供社員選擇的安排，任何公務員建屋合作社（華員邨及沙田山莊除外）及政府為本地公務員所興建樓宇（即龍翔苑和康利苑）的管理委員會均可申請。至於華員邨及沙田山莊的安排，將會在未來數個月另作考慮。

條件

一 社員若接受下列條件，可獲准轉讓有關單位及土地之合法業權，以及其後將該等物業售賣、出租或以其他方式處理

(甲) 社員若已將政府的貸款完全清還，便可選擇進行「交回及重批土地契約」程序，即是說交回現有之官地契約，而獲得重批新的政府土地契約。

(乙) 新的政府土地契約的批約方式，將會按照目前交回及重批土地契約的安排處理，而這些安排均符合中英聯合聲明附件三の規定

(i) 批出契約的年期不超過二〇四七年六月三十日，倘若該交回地段的契約原本在二〇四七年之前屆滿，則不超過該屆滿日期；

(ii) 在一九九七年六月三十日之前，須要繳付地價及一筆象徵式的租金。這兩筆費用的數目將會很少；政府打算每一地段收取地價一千元，而每一地段的年租亦為一千元。

(iii) 一九九七年六月三十日之後無須補地價，但須繳納相當於當日該物業應課差餉租值百分之三的租金，此後並隨應課差餉租值的改變而調整租金。

(丙) 日後將單位售賣、出租或以其他方式處理將受限制，除非有關單位業主已向政府補繳地價，而該地價則由政府按該物業所座落土地的「現時運用價值」而加以評估。

(丁) 如將現時的樓宇重建，須額外付給政府十足市值的附加修訂地價。

(戊) 社員一旦獲得合法業權，即使他付出上文(丙)段所述的地價及其後把該物業以其他方式處理，他仍不再有資格享用其他的公務員房屋福利（因工作需要而入住部門宿舍者除外）。

(己) 由一九八五年十一月二十七日起，任何新加入公務員建屋合作社的社員，除非本身是有關單位以前住戶的受益人，否則他須在入住該單位至少五年後，才可獲准付出上文(丙)段所述的地價，以及將該單

位售賣、出租或以其他方式處理。(在特殊情形下，銓叙司可放寬這項條款。)

有關上述條款的具體說明，請參閱隨函附錄。

時間安排

現將政府對此事的意向闡明後，我須指出，現仍有一些法律和技術性的問題，須在短期內進行研究。不過，當局定會迅速處理，並會在幾個月內完成有關工作。

進一步的闡釋

布政司署銓叙科短期內將會與高級公務員評議會及香港政府公務員建屋合作社有限責任聯會召開會議，向他們詳細解釋這項新安排。

查詢

如對本信內容有任何疑問，可致電五十二六〇一一向行政主任鍾郭翠珍女士或助理銓叙司白廸新先生查詢。

銓叙司 霍德

(黃星華代行)

一九八五年十一月二十五日

本函分別致送

高級公務員評議會會員方秘書

香港政府華員會主席

香港政府公務員建屋合作社有限公司聯會主席

所有建屋合作社（包括華員邨及沙田山莊）各主席

政府為本地公務員興建樓宇計劃各主席

有關轉讓合法業權及其後處理業權的條件

按照條件(甲)，任何合作社倘擬在日後任何時間將合法業權轉讓予社員，必須首先將欠款餘額付還政府，然後通過一項決議（必須獲得百分之七十五或以上的社員贊成），議定將業權轉讓予社員。合作社隨即將該社在有關物業中享有的一切權益交回政府。

二 政府現正初步考慮可否發放貸款，對不贊成上述業權轉讓且因經濟拮据而無法將欠款餘額付還政府的個別社員，給予援助。

三 按照條件(乙)，政府將會授予財政司立案法團一份新的契約，這份契約只適用於保持現時發展狀況的有關物業。然後，財政司立案法團會將有關單位和土地重行授予有關的個別社員。此後，有關合作社即不再存在，每個單位和該物業所佔土地按比例攤分的所有權，均歸於業主，正如其他共同擁有的私人物業一樣。

四 上述業權轉讓牽涉的費用包括：

(i) 為彌補政府處理有關申請時耗費的金錢，地政署和註冊總署必須收取費用；

(ii) 印花稅；

(iii) 一九九七年六月三十日之前，每一地段收取地價一千元，每一地段每年收取象徵式租金一千元；

(iv) 一九九七年六月三十日以後，每年必須繳納相當於有關物業應課差餉租值百分之三的租金，確實數額現時無法預計。

五 按照條件(丙)，業主必須向政府補繳地價，然後方可售賣、出租或以其他方式處理有關單位及土地。補繳的數額一般相等於該物業所佔土地的「現時運用價值」的三分之二（有些情況會是二分之一）。評估該塊土地的「現時運用價值」時，考慮的因素包括該物業當時的售賣價值，以及質素、落成年數及狀況等。有關土地的「現時運用價值」與有關物業的當時售賣價值比例，各塊土地均不相同。（近日調查若干塊土地的結果顯示，「現時運用價值」的三分之二，大約相等於有關物業當時售賣價值的四分之一。）

六 按照條件(丁)，如欲重新發展有關樓宇，其做法正如重新發展共同擁有的私人物業一般，必須取得所有業主的同意方可進行。

七 關於條件(戊)所述的規定，所喪失的公務員房屋福利包括：高級公務員宿舍、非按職責需要而編配的部門宿舍、自行租屋津貼、私有房屋津貼、自置居所津貼及購屋貸款。倘若社員不願意放棄上述房屋津貼的申請資格，則必須在轉讓合法業權之前，根據現行的安排退出合作社。

八 有關條件(己)的規定，銓叙司在下列情況下，可豁免新加入的社員遵守有關的規定：

- (1) 直接承繼社籍的社員；
- (2) 有關的社員因經濟拮据而須要變賣資產，包括變賣有關的單位；
- (3) 有關的社員退休，並計劃移民海外；
- (4) 其他所有社員均贊成重新發展樓宇，但礙於條件(己)的規定，有關的社員不得售賣其單位，建屋合作社因而無法進行重建計劃。

當局對上述情況會予以個別考慮。

Press Release (28 November 1985 at 2 p.m.)

Civil Servants' Co-operative Housing Schemes

Members of co-operative housing schemes for civil servants will soon be able to obtain legal title to the flats they now occupy, under revised conditions announced by the Government today.

2. The acquisition of legal title is voluntary, involving the payment of a small premium and nominal rental.

3. Subject to the payment of a further premium and the compliance with other conditions, members of these building societies will have the option to sell, let or otherwise dispose of their properties.

4. A spokesman for the Civil Service Branch of the Government Secretariat said, "The decision has been taken by the Government after an extensive review of these schemes which were first introduced more than 30 years ago."

5. There are 5,042 flats built by 236 civil servants' co-operative building societies between 1952 and 1962, and 727 similar flats at Lung Cheung Court and Hong Lee Court built by the Government between 1969 and 1973.

6. The Police Local Inspectors Association's Shatin Lodge and the Hong Kong Chinese Civil Servants Association's Wah Yuen Chuen are not included in the arrangements announced today because they were set up under different terms and will be dealt with separately.

7. The main conditions governing the transfer of legal title to flats from civil servants' co-operative building societies to individual members are -

- (a) any outstanding loans from the Government must be fully repaid;
- (b) a small premium of \$1,000 per lot and a nominal rental will be charged;
- (c) before the flat can be sold, let or otherwise disposed of, the owner must pay to the Government a land premium equivalent to, generally, two-thirds of the "existing use value" of the land on which the property stands;
- (d) an additional modification premium will be charged at full market value on redevelopment over and above the existing development. The consent of all owners will be required before any redevelopment proposal can proceed;
- (e) once a society member has acquired legal title, he will no longer be eligible for other forms of civil service housing benefit, except for operational departmental quarters.

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8. The spokesman added, "All the affected societies and committees have been informed of the new arrangements which are expected to be implemented in a few months' time. The new arrangements are merely a facility. It would be up to individual societies and committees to determine whether they wish to take advantage of it."

IMPORTANT NOTE

This manual contains guidelines only and societies or persons intending to seek transfer of title should seek their own independent legal advice and Government shall not be liable in anyway for any loss or damages or expenses arising from or in connection with anything contained in this manual.

SSH0013

Guidelines to be Followed to Achieve the Transfer of Title
to Flats and Land from Civil Servants' Co-operative
Building Societies to their Individual Members under
the Modification of Lease Approach

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<u>General Guidelines, Conditions, Financial Arrangements and Supplementary Information</u>	
1. <u>General Guidelines to be Followed to Achieve the Transfer of Title</u>	7
This summarizes the steps and procedures to be followed in order to achieve the transfer of title.	
2. <u>Flowchart Summarizing Procedures for Achieving the Transfer of Title</u>	81
This supplements the General Guidelines.	
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This sets out the conditions under which the transfer of title may be permitted.	
4. <u>Order under Section 54 of the Co-operative Societies Ordinance (Chapter 33)</u>	95
This Order made by the Governor modifies the Ordinance as applied to civil servants' co-operative building societies in order to enable the transfer of title to take place.	
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This lists out for reference purposes the fees payable by a society and its members seeking transfer of title.	

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<p>This defines the circumstances under which stamp duty is payable on transfer of title and illustrates the calculation of the stamp duty.</p>	
7. <u>Definition of Existing Use Value Land Premium Payable to Remove the Restriction on Alienation</u>	107
<p>This defines the land premium payable after an owner has gained title to his flat, if he wishes to sell, let or otherwise dispose of it.</p>	
8. <u>Notice of Special General Meeting</u>	109
<p>This is a sample notice of a special general meeting, which would need to be convened by a society to decide whether or not to seek dissolution for the purpose of the transfer of title.</p>	
9. <u>Application for Dissolution of Society</u>	120
<p>This is a set of forms which must be completed by any society applying for dissolution for the purpose of transfer of title.</p>	
10. <u>Procedures for the Full Discharge by a Society of its Outstanding Government Loan</u>	133
<p>This sets out the procedures for discharging outstanding Government loan by a society as a prerequisite to its applying for dissolution and transfer of title.</p>	

Chapter II

Liquidation and Formation of Multi-Storey Owners Corporations

11. <u>Guidelines for Liquidators Appointed by the Registrar of Co-operative Societies</u>	138
<p>This sets out the procedures to be followed by liquidators in order to comply with the requirements set out in the Co-operative Societies Ordinance (Chapter 33) for the liquidation of societies. It also explains how a Deed of Mutual Covenant may be drawn up and a Multi-Storey Owners Corporation formed.</p>	

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|--|-------------|
| 12. <u>How Owners of Flats in a Multi-Storey Building Can Form Themselves into a Corporation</u> | 146 |
| <p>This is a reproduction of the Government's standard guide on the formation of a Multi-Storey Owners Corporation.</p> | |
| 13. <u>Receipt and Indemnity Form</u> | 153 |
| <p>This form must be completed by the Multi-Storey Owners Corporation, when the liquidation is concluded, and contemporaneously with the handing over of the assets and liabilities of the society to the Corporation.</p> | |
| 14. <u>Deed of Mutual Covenant</u> | 156 |
| <p>This is a specimen deed of mutual covenant for reference purposes. It will require adaptation to suit the needs of any particular group of owners and the layout of their buildings and land.</p> | |

Chapter III

Sample Conveyancing Documents

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| 15. <u>Assignment Form A1</u> | 180 |
| <p>This will be used to assign flats and land from the liquidator to consenting ex-members with restricted title until such time as they pay the full amount of outstanding land premia on their properties.</p> | |
| 16. <u>Assignment Form A2</u> | 187 |
| <p>This will be used by the liquidator to assign flats and land of non-consenting ex-members to the owners corporation subject to the conditions in the Letter of Modification of Lease including restrictions on alienation.</p> | |

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17. <u>Assignment Form A3</u>	195
<p>This will be used to assign flats and land from an owners corporation to non-consenting ex-members, their assignees or their beneficial successors who subsequently choose to take title, with restricted title until such time as they pay the full amount of outstanding land premia on their properties.</p>	
18. <u>Legal Charge Form</u>	203
<p>This will be used, in conjunction with Assignment Form A1, A2 or A3, to ensure that the outstanding land premia are paid prior to the sale, letting, sub-letting or other disposal of the flats and land so assigned.</p>	
19. <u>Receipt on Discharge of Legal Charge Form</u>	210
<p>This will be used to acknowledge the discharge in full of the legal charge. Discharge of the legal charge will have the effect of lifting the restriction on the title to the relevant flats and land and allowing the owners to sell, let, sub-let or otherwise dispose of them as they wish.</p>	

Civil Service Branch
January 1993

SSH0089M

Chapter I

General Guidelines, Conditions, Financial Arrangements
and Supplementary Information

1. General Guidelines to be Followed to Achieve the Transfer of Title
2. Flowchart Summarizing Procedures for Achieving the Transfer of Title
3. Conditions for Transfer of Title and Subsequent Disposal
4. Order under Section 54 of the Co-operative Societies Ordinance (Chapter 33)
5. Legal and Administrative Fees Payable on Transfer of Title
6. Stamp Duty Payable on Transfer of Title
7. Definition of Existing Use Value Land Premium Payable to Remove the Restriction on Alienation
8. Notice of Special General Meeting
9. Application for Dissolution of Society
10. Procedures for the Full Discharge by a Society of its Outstanding Government Loan

1. General Guidelines to be Followed to Achieve the Transfer of Title

This summarizes the steps and procedures to be followed in order to achieve the transfer of title.

General Guidelines to be Followed to Achieve the Transfer of Title to Flats and Land

For the purpose of the transfer of title under the Modification of Lease Approach, each flat will have allocated to it a certain number of undivided shares. Ex-members who decide not to take title and whose undivided shares have been assigned to the owners corporation ("OC") will be known as non-consenting ex-members. Other ex-members will be known as consenting ex-members.

2. Prior to the holding of a special general meeting in accordance with the provisions in the Co-operative Societies Ordinance and Rules and the society's by-laws where applicable, regarding the convening and holding of such a meeting, to consider the resolutions at para. 5 below, the society should draw up a scheme of distribution of assets in accordance with the guidelines from the Registrar of Co-operative Societies ("RCS") (see Appendix I to Part 8 of this manual) and inform all members of the assignment arrangements in respect of the title of consenting and non-consenting members, the estimated liquidation costs and other expenses. The society should stress the forfeiture of the eligibility for further civil service housing benefits for members who vote in favour of the resolutions but subsequently do not take title to their flats (and car parking spaces as the case may be) within 12 months of the dissolution or within such further period as RCS may direct to take title and the requirement for non-consenting members to pay stamp duty and reimburse their share of expenses for liquidation and other costs if they subsequently choose to take title from the OC (no stamp duty will be payable on assignments executed by the liquidator in favour of ex-members or the OC).

3. The society is advised to allow a reasonable period of time, say at least a month, for members to decide if they wish to take title which shall involve repayment of any outstanding Government loan, payment of legal and administration fees, liquidation and other necessary costs and giving up their eligibility for further civil service housing benefits **and civil service housing related benefits**. On the other hand, those taking title will become owners of their flats (and car parking spaces as the case may be) and be able (upon payment of premium) to sell them or, with the agreement of the co-owners, to redevelop. Those not taking title will not be allowed to resell but will continue as underlessees/licensees as before although if they have previously voted for dissolution, they shall not be entitled to any further civil service housing benefits **and civil service housing related benefits**.

4. Also prior to the **dissolution**, the society may, if it so wishes, approach the **Director of Lands ("D of L")** once on the likely amount of premium that ex-members would subsequently be required to pay, after dissolution and transfer of title, to discharge the legal charge and remove the alienation restriction applicable to their flats (and car parking spaces as the case may be) prior to their sale, letting or other

disposal. These figures would only be estimates based on property values at that time. The exact figures will depend on property values prevailing at the time of applications by individuals when an official offer of premium is made by **D of L**. The society may also approach the Director of Accounting Services (“DAS”) to ascertain the amount payable to discharge its outstanding Government loan.

5. The four resolutions to be discussed and decided at the special general meeting shall be :

Resolution 1

That the society be voluntarily dissolved and liquidated in accordance with the provisions of the Co-operative Societies Ordinance, (Cap. 33) as modified by the Governor’s order of 27th October 1992 and applies to RCS (with a copy to the Secretary for the Civil Service (‘SCS’) and DAS) in order to gain the transfer, to individual ex-members, of title to flats and land which they occupy, through the Modification of Lease Approach, the details of which have been announced by SCS.

Resolution 2

That members consent to the adoption of the Modification of Lease Approach for the transfer of title to flats and land to individual members and consent to the scheme of distribution.

(Note 1 : A simple majority is required to pass Resolutions 1 and 2. However when the society applies to RCS for dissolution and to **D of L** for modification of the Crown lease, its application must be supported by the signatures and written agreements of at least 75% of its members in order to comply with the provisions of the Co-operative Societies Ordinance, (Cap. 33) as modified by the Governor’s order of 27th October 1992. Also, at least 75% of its member must agree to the proposed scheme of distribution.)

Resolution 3

That the society collects sufficient funds from its members and places those funds on deposit to cover payment of all necessary legal, administrative, liquidation and any other costs in connection with the transfer of title. In the event that non-consenting members do not pay their share of the necessary expenses now, they shall be required to repay their share of the expenses when they subsequently decide to request the transfer to them of title to their flats (and car parking spaces as the case may be).

(Note 2 : The costs recovered from non-consenting ex-members who subsequently request the transfer to them of title to their flats (and car parking spaces as the case may be) will be reimbursed pro-rata to ex-members who have paid the expenses on their behalf.)

Resolution 4 -

That the society nominates and recommends **either a lawyer or public accountant** as liquidator for appointment by RCS to wind up the affairs of the society in compliance with the Governor's order of 27th October 1992, the Letter of Modification of ~~Crown~~-Lease and the Co-operative Societies Ordinance, (Cap. 33).

(Note 3 : A skilled liquidator in the private sector should be nominated. It will be in the interest of the society to negotiate with the proposed liquidator the costs he would charge. RCS may appoint the society's nominee as liquidator under Section 41 of the Co-operative Societies Ordinance, (Cap. 33) if he considers that the proposed liquidator is fit for appointment. RCS reserves the right to reject or dismiss any liquidator so nominated or appointed and to appoint another liquidator if necessary.)

6. If the four resolutions referred to above are passed by the requisite majorities and if 75% or more of the members are in favour of seeking dissolution for the purpose of transfer of title, the society should first arrange with DAS for repayment of any outstanding Government loan together with interest due thereon. If there are any members who have not entered into underleases with the society, they must enter into one of the standard forms of underlease at Appendices I to IV. Even if members are parties to a form of licence with the society, they should execute underleases in one of the standard forms or other forms as may be approved by SCS. Once this has been done, the society can make a formal application to RCS (with a copy to SCS and DAS) (see Part 9 of this manual) and nominate to RCS someone who is a skilled liquidator in the private sector to liquidate the society in accordance with Part VII of the Co-operative Societies Ordinance, (Cap. 33) and the Governor's order of 27th October 1992. **Copy of the application to SCS should be accompanied by the executed underleases which will be returned to the society after scrutiny by SCS.** When lodging its application, the society should also apply to D of L for a modification of its Crown lease (with a copy to SCS). It must also continue to run its affairs until the date on which the order for cancellation of its registration takes effect (i.e. when the liquidator takes over the management and assets of the society).

7. Upon approval of the Modification of ~~Crown~~ lease, D of L will offer basic terms on the lease modification to the society and will inform SCS upon receipt of confirmation of acceptance of basic terms by the society.

8. DAS will inform SCS, RCS and D of L that the Government loan granted to the society is settled. Meanwhile SCS and RCS will check the names of all the consenting and non-consenting members on the application form for dissolution to ensure that all current members and no others are listed, that at least 75% of them have clearly indicated through signatures on the application that they support the **dissolution**. Signatures of non-consenting members are not required on the application form.

9. If RCS considers it necessary, he may forward the proposed scheme of distribution of the society's assets to SCS and the Legal Advisory and Conveyancing Office of the **Lands Department** ("LACO") and/or the ~~Attorney General's Chambers~~ ^{Department of Justice} for comments and advice. RCS may then issue an order for the cancellation of the registration of the society, after satisfying himself that the application for dissolution is in order. D of L will prepare a Letter of Modification of the ~~Crown~~ Lease incorporating provisions to allow for transfer of title and up-dated lease conditions where necessary. A sample Modification Letter is at Appendix V. The First Schedule to this letter contains merely an example of the restriction in the lease to the society to be deleted. The wording of that restriction will vary from lease to lease. That part of the lease to be inserted in the First Schedule will be the restriction in the lease on the use of the premises for the purposes of providing residential accommodation for Government officers on local terms of service and the prohibition against selling, assigning, mortgaging and charging or underletting or parting with possession except for the purpose of granting underleases/licences to members of the society. The wording of the form of Letter of Modification at Appendix V (except in relation to the First Schedule) cannot be varied except with the approval of D of L.

10. If there is an appeal within 2 months from the date of the order for cancellation and if the appeal is successful, the dissolution exercise will have no effect and the society will continue as before. If the Government loan has been fully discharged, the society will have the option of applying to SCS for reinstatement, on the original terms of repayment, of the outstanding portion of the Government loan which has been repaid by the society in advance of the normal schedule of repayment in anticipation of the transfer of title exercise going ahead, or alternatively not requiring reinstatement of the loan. When a Government loan is reinstated, it will be subject to the condition that the society will, in turn, return the money to its members who will then need to make payment to the society according to the original schedules specified in their underleases/licences. The society will have to repay this reinstated

portion of the loan to the Government, by instalments, according to the schedule specified in its original Government loan agreement.

11. If there is no appeal or if subsequent to such an appeal the order for cancellation of the registration of the society is confirmed, RCS will appoint a liquidator having regard to the nomination by the society. Societies are advised that **either a lawyer or public accountant** from the private sector should be nominated as liquidator. The society should provide the liquidator with a copy of this manual.

12. The liquidator will, under the control of RCS :

- (a) take possession of the assets of the dissolved society;
- (b) manage the land and building(s);
- (c) execute the Letter of Modification of ~~Crown~~-Lease which LACO will then arranged to be registered under the Land Registration Ordinance;

and subsequent to (c)

- (d) draw up and execute a Deed of Mutual Covenant (DMC) : the DMC will also be executed by the first ex-member who takes an assignment of the legal title to his flat;
- (e) execute assignments of individual flats and land to consenting ex-members and arrange execution of Legal Charge in favour of FSI by consenting ex-members securing payment of premium and deliver the executed assignments and legal charges to LACO/FSI for safe custody;
- (f) assist consenting ex-members in setting up an OC under the Multi-Storey Buildings (Owners Incorporation) Ordinance, (Cap. 344) within 12 months from the date of dissolution of the society or any further period as RCS may direct and inform SCS and LACO/FSI of the date of formation of OC;
- (g) execute the assignments of flats and land of non-consenting ex-members to the OC and inform SCS and LACO/FSI of the names, ID numbers and the addresses of the flats (and car parking spaces as the case may be) pertaining to the non-consenting ex-members;
- (h) hand over the management of the land and building(s) to the OC;

- (i) hand over the remaining assets and liabilities to the OC upon the approval of RCS (whereupon the OC will be required to sign a Receipt and Indemnity Form for RCS); and
- (j) continue with the liquidation until completion.

(Note : Detailed guidelines for liquidator(s) are provided at Part 11 of this manual.)

13. SCS will take appropriate action to ensure that society ex-members who have voted for dissolution but change their minds subsequently and those who have taken title and their respective spouses will not receive further civil service housing benefits **and civil service housing related benefits**.

14. The following will not be debarred from receiving further civil service housing benefits **and civil service housing related benefits** :

- (a) ex-members of Wah Yuen Chuen Co-operative Building Society, Ltd. and Shatin Lodge Co-operative Building Society, Ltd. who have voted for dissolution of their societies and take title without revoking their decision to dissolve their societies for the purpose of transfer of title;
- (b) ex-members who acquire their underleases/licences through beneficial succession and who have voted for dissolution of their societies and take title without revoking their decision to dissolve their societies for the purpose of transfer of title; and
- (c) ex-members who have not voted for dissolution of their societies and do not seek transfer of title (Note : these ex-members will not be eligible for further civil service housing benefits **and civil service housing related benefits** once they take title from either the liquidator or the OC, unless they have acquired their underleases/licences through beneficial succession.)

15. At any time after taking title and provided that an OC has been set up, individual owners of the flats may apply to D of L for assessment of the land premium which has to be paid for discharge of the legal charge and removal of the restriction on alienation. This must be paid prior to or concurrently with the sale, letting or other disposal of the properties. In the event that the owners wish to pay the land premium contemporaneously with the signing of sale and purchase agreements, the payment must be made not later than the 5th month from the date of offer so that DAS, LACO and the District Land Offices of the **Lands Department** can complete the confirmation of payment and documentation within the 6th month. Non-completion

of the transaction within 6 months from the date of offer for any reasons will result in withdrawal of the terms and re-assessment of the premium.

16. For non-consenting ex-members whose legal title is assigned to the OC, they may request the OC to enter into variation agreements to the effect that, among other things, the OC will have no right under the underleases/licences to re-enter the premises upon their ceasing to be members of their societies on account of dissolution of the societies or their death, and to ensure that their underleases/licences are extended in the event of renewal or extension of the ~~Crown~~-lease. However, to obtain these benefits, it will also be necessary for them to agree to restrict their right to assign their underleases/licences to one assignee("assign") **who must be an eligible civil servant. (For eligibility, please refer to the Civil Service Regulation 809(6).)** The sample variation agreement at Appendix VI has been prepared on the basis of the standard forms of underlease at Appendices I to IV. If other forms of underlease are accepted by SCS or if SCS accepts that licences can be used (i.e. that if members are holding their flats from the on-going society under licences and SCS, in his sole discretion, decides not to require their execution of new underleases) then the variation agreement may need to be amended in order to achieve the purposes set out at paras. 4 to 12 of the Elaboration of the Conditions for Transfer at the Appendix to Part 2 of this manual.

17. It should be noted that although an ex-member may have voted against or abstained from supporting resolutions outlined in these guidelines, he may take an assignment of the undivided shares assignable to him from the liquidator or from the OC following assignment of the undivided shares to the OC. Such an ex-member, his assign, beneficial successor or successor in title may at any time call upon the OC to assign legal title to him, subject to the payment of stamp duty, the costs incurred in the liquidation of the society and the formation of OC, his share of expenses borne by other ex-members and the costs of the assignment and legal charge to secure payment of premium. As with all ex-members taking assignments of their undivided shares, a legal charge to secure payment of premium will have to be executed. **OC should arrange to let LACO/FSI have assignments and legal charges executed by non-consenting ex-members for safe custody.**

18. In the event that all owners of a society have taken title and agree to redevelop their lot, and in the event that a lease modification such as increasing the permitted level of redevelopment is required, a joint application should be made by them to D of L in the same way as for any private development. A premium would be payable for such a modification.

Civil Service Branch
August 1996

Sample Underlease Form A

Form to be used in all cases except where the
underlessee is the beneficial successor of
a former member or a person acting on
behalf of a beneficial successor

THIS UNDERLEASE is made between the CO-OPERATIVE BUILDING SOCIETY, LIMITED, whose registered office is situate at in ~~the Colony of~~ Hong Kong (hereinafter referred to as "the Lessor" which expression shall where the context so admits include the person for the time being entitled to the reversion immediately expectant on the determination of the term hereby created) of the one part and of a member of the Lessor (hereinafter referred to as "the Tenant") of the other part :
 WHEREAS -

(a) The Lessor is the registered owner of and as such is entitled to a ~~Crown~~ Lease of all that piece or parcel of ground situate lying and being at

in ~~the Colony of~~ Hong Kong and registered in the Land Office as Lot No. ^{Registry} for the term (hereinafter referred to as "the Head Term") of years from + subject to the terms and conditions contained in certain Conditions of Grant deposited and registered in the Land Office ^{Registry} as Conditions of Grant No. (hereinafter referred to as "the Conditions of Grant");

See Note 1

(b) The Lessor has erected on the said piece or parcel of ground a block of flats known as (hereinafter referred to as "the said block of flats") and has agreed to grant to the Tenant as a member of the Lessor an underlease in manner hereinafter appearing :
 Now in consideration of the payments hereinafter reserved and of the covenants by the Tenant herein contained THIS UNDERLEASE WITNESSETH and it is hereby declared as follows -

1. The Lessor hereby assigns unto the Tenant equal undivided part or share of and in the said piece or parcel of ground registered in the Land Office ^{Registry} as Lot No. with the exclusive right to the use and occupation of All Those the rooms, bathrooms, servants' quarters and lavatory on the Floor of the said block of flats as delineated on the Plan annexed hereto and thereon coloured and also with the exclusive right to the use and occupation of All That the car parking space delineated on the said Plan annexed hereto and thereon coloured (which premises hereby assigned are hereinafter

referred to as "the said premises") Together with the right in common with the Lessor and the tenants of the other flats in the said block of flats and all others having the like right to use for the purposes only of access to and egress from the said premises the entrance hall staircases landings and lifts (if any) in the said block of flats and such of the passages therein as are not included in any of the other flats And Together with the right in common with the Lessor and tenants of other flats in the said block of flats and all others having the like right to use the roof thereof and the space reserved as open space under the requirement of the Building Ordinance 1955 any regulations made thereunder and any amending legislation TO HOLD the said premises unto the Tenant for the residue of the Head Term less the last three days thereof determinable nevertheless as hereinafter mentioned.

See Note 2 (YIELDING AND PAYING therefor (Firstly) the monthly capital sum as specified in the Second Table contained in the Schedule to this Underlease (which monthly capital sum is the amount agreed as the monthly instalment required to pay off in 20 years from the total capital sum of \$ _____ at which the said premises have been assessed by the Lessor and (Secondly) the monthly rent by way of interest on the said total capital sum as specified in the First Table contained in the Schedule to this Underlease, the first payment of the said monthly capital sum and the said monthly rent to be made on or before the _____ day of _____ 19 _____, and thereafter each payment of the monthly capital sum and the monthly rent to be made on or before the _____ day of each and every succeeding months until the said total capital sum of \$ _____ and interest thereon have been paid.)

See Note 3 ((YIELDING AND PAYING therefor : (Firstly) the sum of (\$ _____) (receipt of which is hereby acknowledged by the Lessor) as a contribution towards the funds of the Lessor and being the amount due in accordance with the Lessor's By-laws to be refunded by the Lessor to the preceding tenant of the said premises as representing the said preceding tenant's interest or share in the Lessor; and

(Secondly) (I) the monthly capital sum as specified in the Second Table in the Schedule to this Underlease (which monthly capital sum is the amount specified in the Underlease by the Lessor in favour of

dated _____ 19 _____, and registered in the Land ~~Office~~^{Registry} by Memorial No. _____, being the first Underlease of the said premises after completion of the construction thereof, as being the amount agreed as the monthly instalment required to pay off in 20 years from the total capital sum of \$ _____ also specified in the said first Underlease of the said premises); and

(II) the monthly rent by way of interest on the said total capital sum as specified in the First Table in the Schedule to this Underlease and as also specified in the said first Underlease of the said premises;

the first payment of the said monthly capital sum and the said monthly rent to be made on or before the day of 19 and thereafter each payment of the said monthly capital sum and the said monthly rent to be made on or before the day of each and every month until the outstanding balance of the said total capital sum of \$ and the interest thereon has been paid.))

AND FURTHER YIELDING AND PAYING the annual rent of \$ being the proportion payable out of the said premises of the ~~Crown~~ *Government* Rent of \$ payable under the said Conditions of Grant, by equal half yearly payments of \$ on the day of and day of each year of the term hereby granted.

2. The Tenant hereby covenants with the Lessor that the Tenant will pay the capital sum and the rents hereby reserved at the time and in the manner aforesaid : AND also will at all times during the term hereby granted observe and perform all the General and Special Conditions contained in the Conditions of Grant and all the covenants and conditions in the Crown Lease to be issued hereafter and on the Lessee's part to be observed and performed (except the covenant for payment of the rent thereby reserved) and will save harmless and keep indemnified the Lessor from and against the said covenants and conditions and all proceedings costs claims and demands in respect thereof : AND in particular will at the expiration or sooner determination of the term hereby granted deliver up the said premises to the Lessor in the same state and condition as the same ought to be in at the end of the Head Term under the covenant entered into by the Lessor in the Conditions of Grant and the ~~Crown~~ Lease to be issued hereafter so that no money shall be payable by the Lessor to the ~~Crown~~ *(*)* under such covenant and no loss or injury be suffered by the Lessor on account of repairs or dilapidations : AND also will at all time during the term hereby granted strictly conform to and obey the By-laws of the Lessor.

3. The Tenant further covenants with the Lessor as follows -

() Government of the Hong Kong Special Administrative Region*

- (a) To keep all the interior of the said premises including the flooring and interior plaster or other finishing material or rendering on walls floors and ceilings and the Lessor's fixtures therein including all doors windows electrical installations and wiring in good clean tenantable substantial and proper repair and condition and properly preserved and painted as may be appropriate when from time to time required.

The Tenant particularly covenants -

- (i) to replace all broken and damaged windows whether the same be broken or damaged by the negligence of the Tenant or owing to circumstances beyond the control of the Tenant.
- (ii) to repair or replace if so required by the appropriate Supply Company Statutory Undertaker or Authority as the case may be under the terms of any Electricity Supply Ordinance for the time being in force or any Orders in Council or Regulations made thereunder, all the electrical installations within the said premises and the wiring from the Tenant's Meter or Meters to and within the same.
- (iii) to take all reasonable precautions to protect the interior of the said premises from damage threatened by an approaching storm or typhoon.
- (iv) to be wholly responsible for any damage or injury caused to any other person whomsoever directly or indirectly through the defective or damaged condition of any part of the said premises and to make good the same by payment or otherwise and to indemnify the Lessor against all claims demands actions and legal proceedings whatsoever made upon the Lessor by any person in respect thereof.

- (b) To keep jointly with the tenants of the other flats in the said block of flats the external parts of the said block of flats, the roof thereof, the staircases and passages leading to the said premises and all other common parts of the said block of flats in good repair and to keep the said staircases and passages cleaned and properly lighted and to pay his share of the expense of such repairs and maintenance in accordance with the provisions of the Lessor's By-laws.

- (c) Not to add to or remove from the said premises without the previous written consent of the Lessor and in particular not to put up any fixtures, partition or other erection on any part of the said premises.

- (d) To permit the Lessor and the ~~Crown~~ ^{Government of the Hong Kong Special Administrative Region} and its or their respective agents surveyors and works people to enter upon the said premises at all reasonable times for the purpose of viewing the state thereof AND forthwith to make good at the Tenant's own expenses any defects for which he is liable found upon the said premises or the said block of flats of which notice in writing shall be given by or on behalf of the Lessor.

- (e) To permit the Lessor with workmen and others to enter upon the said premises and repair in accordance with the General and Special Conditions of the Conditions of Grant and the covenants and provisions of the ~~Crown~~ Lease to be issued hereafter and so far as any defects remedied by the Lessor may be included in the Tenant's covenants to repair hereinbefore contained forthwith to repay the costs of remedying such defects to the Lessor as a liquidated debt.

- (f) To pay a due proportion of the premia payable by the Lessor for the purpose of insuring the said premises against loss or damage by fire in the full insurable value thereof and punctually to pay such proportion of all premia payable for such insurance when due and on demand of the Lessor AND that if default shall be made in paying such proportion of the premia the Lessor may make such payment and that all moneys expended by the Lessor for the purposes aforesaid together with interest thereon at the rate of \$ per \$ per annum from the time of the same having been expended shall on demand be paid to the Lessor by the Tenant as a liquidated debt.

- (g) Not to do anything whereby any insurance of the said premises against fire may be rendered void or voidable or whereby the premium for any such insurance may be liable to be increased and to indemnify the Lessor against any increased or additional premia which by reason of any act or default of the Tenant may be required for effecting or keeping up ~~and~~ such insurance and that in the event of the said premises or the said block of flats or any part thereof being damaged or destroyed by fire at any time during the term hereby created and the insurance money being wholly or partially irrecoverable by reason solely or in part of any act of default of the Tenant then and in every such case the Tenant will forthwith (in addition to the said capital sum and rents) pay to the Lessor the whole or (as the case may require) a fair proportion of the cost of completely re-building and reinstating the same, any dispute as to the proportion to be so contributed by the Tenant or otherwise in respect of or arising out of this provision to be referred to the Registrar of Co-operative Societies under the Co-operative Societies Ordinance (Cap. 33) or any further enactment in substitution thereof or amendment thereto.
- (h) Not without the previous consent in writing of the Lessor and the ~~Governor of the Colony~~ ^{Chief Executive of the Hong Kong Special Administrative Region} to use the said premises or any part thereof otherwise than as a private residence for himself, his spouse (lawfully married whether in accordance with Chinese law and custom or otherwise), his lawful children, his parents and the parents of his spouse; and to accept as final the decision of the said ~~Governor~~ ^{Chief Executive of the Hong Kong Special Administrative Region} on any question which may arise concerning alleged breaches of this covenant.
- (i) Not to assign mortgage charge sublet take in lodgers or paying guests or otherwise part with the possession of the said premises or any part or parts thereof or any interest therein without the previous written consent of the Lessor and of the ~~Governor~~ ^{Chief Executive of the Hong Kong Special Administrative Region}; Provided, however, that this covenant shall not apply to any subletting to another civil servant or leaving in the care of a caretaker in accordance with the provisions of the By-laws of the Lessor.

⊗ Chief Executive of the Hong Kong Special Administrative Region

- (j) To pay all existing and future taxes (including property tax under the Inland Revenue Ordinance (Chapter 112) or any Ordinance amending or replacing the same) rates assessments and outgoings of every description for the time being payable in respect of the said premises including all lighting and heating and water charges.
- (k) To pay all subscriptions towards provision of social medical educational and recreational amenities, and all other dues for which the Tenant is liable under the By-laws of the Lessor or these presents.
- (l) Not to affix or display anything outside the said premises except the Tenant's name in a manner approved by the Lessor.
- (m) Not to do, permit or suffer anything to be done set up or used upon the said premises or any part thereof which shall be noxious noisy or offensive or may be or become or cause a nuisance annoyance or disturbance or cause damage or inconvenience to the tenants and occupiers of premises adjoining or near thereto and to accept as final the decision of the Lessor regarding any alleged breach of this covenant.
- (n) Not to bring nor permit to be brought to the said premises any merchandise, arms, ammunition, gunpowder, fireworks or other explosives.
- (o) Not to commit nor suffer the commission upon the said premises of any offence against the Dangerous Drugs Ordinance (Cap. 134) or against the Protection of Women and Juveniles Ordinance, 1951.

4. PROVIDED ALWAYS and it is hereby agreed as follows -

See
Note 2

- (a) [In case the Tenant pays off in 20 years from the date hereof or earlier the total capital sum of \$ and the monthly rent reserved and specified in the First Table of the Schedule to this Underlease.]

See
Note 3

((In case the Tenant pays off all the outstanding instalments of monthly capital sum as specified in the Second Table in the Schedule to this Underlease and of monthly rent as specified in the First Table in the said Schedule.))

and continues to observe and perform the covenants and conditions herein contained, and on the part of the Tenant to be observed and performed, the Lessor further covenants with the Tenant that, as from the date of such paying off, the Tenant shall and may peaceably and quietly possess and enjoy the said premises during the remainder of the said term hereby granted free of the said monthly capital sum and of the said monthly rent and without any lawful interruption from or by the Lessor or any person rightfully claiming from or under him.

- (b) If the Tenant shall cease to be a member of the Lessor it shall be lawful for the Lessor at any time thereafter to re-enter upon the said premises or any part thereof in the name of the whole and thereupon this Underlease shall absolutely cease and determine but without prejudice to the right of action of the Lessor in respect of any antecedent breach of the Tenant's covenants herein contained; provided, however, that where the cause of cessation of membership is the death of the Tenant then where the Tenant has appointed a beneficial successor in accordance with the terms of the Lessor's By-laws, such beneficial successor or the person entitled under the Lessor's By-laws, to act on his behalf, shall be entitled subject to the Lessor's By-laws to claim membership of the Lessor and a new underlease of the said premises for the remainder of the unexpired term at the same payment of capital sum, monthly rent and annual rent (if such capital sum and monthly rent still remain payable) as is herein reserved and subject in all respects to the same covenants and conditions, in so far as still subsisting and applicable, as are herein contained.
- (c) On the termination of this Underlease either :-
- (i) the Tenant, or

(ii) the person who is entitled to claim the Tenant's share or interest in the Lessor under the Co-operative Societies Ordinance (Cap. 33) and the Lessor's By-laws and who is either not entitled to claim membership of the Lessor and a new underlease of the said premises in accordance with Clause 4(b) of this Underlease or is so entitled but has elected not to so claim but instead to take the payment in respect of the Tenant's interest or share in the Lessor as hereinafter specified,

shall be made a payment in respect of the Tenant's interest or share in the Lessor which payment shall consist of a sum equal to the total of -

See
Note 2

[The monthly capital payments made by the Tenant during the period of his tenancy of the said premises towards the liquidation of the total capital sum payable by him in respect of the said premises as specified in Clause 1 of this Underlease.]

See
Note 3

((Firstly) the sum specified (firstly) in Clause 1 of this Underlease as the Tenant's contribution towards the funds of the Lessor and being the amount due to be refunded by the Lessor to the preceding tenant of the said premises; and

(Secondly) the total of the monthly capital payments made by the Tenant during the period of his tenancy of the said premises towards the liquidation of the total capital sum payable by him in respect of the said premises as specified in Clause 1 of this Underlease.))

and which shall be paid over in the manner and at the times specified in the Lessor's By-laws; for removing doubts it is hereby declared that the payment made hereunder shall not include any element in respect of payments of monthly rent by way of interest on such capital sum in accordance with the First Table contained in the said Schedule. Provided that if the Lessor has found it necessary to undertake legal proceedings of any nature whatsoever against any party in order to obtain vacant possession of the said premises

- Note 1 : If the lot is a New Kowloon Inland Lot, please consult Registrar of Co-operative Societies regarding the term to be inserted here and consequential amendments.
- Note 2 : If this is the first Underlease of the said premises after completion of the construction thereof complete this clause enclosed within square brackets and delete the immediately following clause enclosed within double brackets.
- Note 3 : If this is not the first Underlease of the said premises, complete this clause enclosed within double brackets and delete the immediately preceding clause enclosed within square brackets.

(U936A/0003c)

Sample Underlease Form B

Form to be used only where the underlessee is a beneficial
successor of a former member. ~~If the underlessee is a~~
~~person acting on behalf of a beneficial successor, please~~
~~consult the Registrar of Co-operative Societies regarding~~
~~the form of underlease to be used.~~

THIS UNDERLEASE is made between the CO-OPERATIVE BUILDING SOCIETY, LIMITED, whose registered office is situate at ~~in the Colony of~~ Hong Kong (hereinafter referred to as "the Lessor" which expression shall where the context so admits include the person for the time being entitled to the reversion immediately expectant on the determination of the term hereby created) of the one part and of a member of the Lessor (hereinafter referred to as "the Tenant") of the other part :
WHEREAS -

- (a) The Lessor is the registered owner of and as such is entitled to a ~~Crown~~ Lease of all that piece or parcel of ground situate lying and being at

in the ~~Colony of~~ Hong Kong and registered in the Land ~~Office~~ ^{Registry} as Lot No. for the term (hereinafter referred to as "the Head Term") of years from + subject to the terms and conditions contained in certain Conditions of Grant deposited and registered in the Land ~~Office~~ ^{Registry} as Conditions of Grant No. (hereinafter referred to as "the Conditions of Grant");

See Note

- (b) The Lessor has erected on the said piece or parcel of ground a block of flats known as (hereinafter referred to as "the said block of flats");
- (c) By an Underlease by the Lessor in favour of (hereinafter referred to as "the former tenant") dated ^{Registry} and registered in the Land ~~Office~~ ^{Registry} on by Memorial No. , the Lessor underlet the premises hereinafter described to the former tenant for the period and subject to the terms and conditions therein specified;
- (d) The former tenant ceased to be a member of the Lessor on ;
- (e) The former tenant had appointed the Tenant to be his beneficial successor and the Lessor has in accordance with its By-laws agreed to grant to the Tenant as such beneficial successor and as a member of the Lessor an underlease in manner hereinafter appearing; Now in consideration of the former tenant having appointed the Tenant as his beneficial successor as aforesaid and of the payments hereinafter reserved and of the covenants by the Tenant hereinafter contained THIS UNDERLEASE WITNESSETH and it is hereby declared as follows -

1. The Lessor hereby assigns unto the Tenant equal undivided part or share of and in the said piece or parcel of ground registered in the Land Office^{Registry} as Lot No. with the exclusive right to the use and occupation of All Those the rooms, bathrooms, servants' quarters and lavatory on the Floor of the said block of flats as delineated on the Plan annexed hereto and thereon coloured and also with the exclusive right to the use and occupation of All That the car parking space delineated on the said Plan annexed hereto and thereon coloured (which premises hereby assigned are hereinafter referred to as "the said premises") Together with the right in common with the Lessor and the tenants of the other flats in the said block of flats and all others having the like right to use for the purposes only of access to and egress from the said premises the entrance hall staircases landings and lifts (if any) in the said block of flats and such of the passages therein as are not included in any of the other flats And Together with the right in common with the Lessor and tenants of other flats in the said block of flats and all others having the like right to use the roof thereof and the space reserved as open space under the requirement of the Building Ordinance 1955 any regulations made thereunder and any amending legislation TO HOLD the said premises unto the Tenant for the residue of the Head Term less the last three days thereof determinable nevertheless as hereinafter mentioned.

YIELDING AND PAYING therefor :

- (Firstly) the monthly capital sum as specified in the Second Table in the Schedule to this Underlease (which monthly capital sum is the amount specified in the Underlease by the Lessor in favour of dated ^{Registry} 19 and registered in the Land Office by Memorial No. being the first underlease of the said premises after completion of the construction thereof, as being the amount agreed as the monthly instalment required to pay off in 20 years from the total capital sum of \$ also specified in the said first underlease of the said premises); and
- (Secondly) the monthly rent by way of interest on the said total capital sum as specified in the First Table in the Schedule to this Underlease and as also specified in the said first underlease of the said premises;

the first payment of the said monthly capital sum and the said monthly Rent to be made on or before the _____ day of _____ 19____ and thereafter each payment of the said monthly capital sum and the said monthly rent to be made on or before the _____ day of _____ each and every month until the outstanding balance of the said total capital sum of \$ _____ and the interest thereon has been paid.

AND FURTHER YIELDING AND PAYING the annual rent of \$ _____ being the proportion payable out of the said premises of the ~~Crown~~ ^{Government} Rent of \$ _____ payable under the said Conditions of Grant, by equal half yearly payments of \$ _____ on the _____ day of _____ of each year of the term hereby granted.

2. The Tenant hereby covenants with the Lessor that the Tenant will pay the capital sum and the rents hereby reserved at the time and in the manner aforesaid : AND also will at all times during the term hereby granted observe and perform all the General and Special Conditions contained in the Conditions of Grant and all the covenants and conditions in the ~~Crown~~ Lease to be issued hereafter and on the Lessee's part to be observed and performed (except the covenant for payment of the rent thereby reserved) and will save harmless and keep indemnified the Lessor from and against the said covenants and conditions and all proceedings costs claims and demands in respect thereof : AND in particular will at the expiration or sooner determination of the term hereby granted deliver up the said premises to the Lessor in the same state and condition as the same ought to be in at the end of the Head Term under the covenant entered into by the Lessor in the Conditions of Grant and the ~~Crown~~ Lease to be issued hereafter so that no money shall be payable by the Lessor to the ~~Crown~~ under such covenant and no loss or injury be suffered by the Lessor on account of repairs or dilapidations: AND also will at all time during the term hereby granted strictly conform to and obey the By-laws of the Lessor.

3. The Tenant further covenants with the Lessor as follows -

- (a) To keep all the interior of the said premises including the flooring and interior plaster or other finishing material or rendering on walls floors and ceilings and the Lessor's fixtures therein including all doors windows electrical installations and wiring in good clean tenantable substantial and proper repair and condition and properly preserved and painted as may be appropriate when from time to time required.

(X) Government of the Hong Kong Special Administrative Region

The Tenant particularly covenants -

- (i) to replace all broken and damaged windows whether the same be broken or damaged by the negligence of the Tenant or owing to circumstances beyond the control of the Tenant.
 - (ii) to repair or replace if so required by the appropriate Supply Company Statutory Undertaker or Authority as the case may be under the terms of any Electricity Supply Ordinance for the time being in force or any Orders in Council or Regulations made thereunder, all the electrical installations within the said premises and the wiring from the Tenant's Meter or Meters to and within the same.
 - (iii) to take all reasonable precautions to protect the interior of the said premises from damage threatened by an approaching storm or typhoon.
 - (iv) to be wholly responsible for any damage or injury caused to any other person whomsoever directly or indirectly through the defective or damaged condition of any part of the said premises and to make good the same by payment or otherwise and to indemnify the Lessor against all claims demands actions and legal proceedings whatsoever made upon the Lessor by any person in respect thereof.
- (b) To keep jointly with the tenants of the other flats in the said block of flats the external parts of the said block of flats, the roof thereof, the staircases and passages leading to the said premises and all other common parts of the said block of flats in good repair and to keep the said staircases and passages cleaned and properly lighted and to pay his share of the expense of such repairs and maintenance in accordance with the provisions of the Lessor's By-laws.

(c) Not to add to or remove from the said premises without the previous written consent of the Lessor and in particular not to put up any fixtures, partition or other erection on any part of the said premises.

(d) To permit the Lessor and the ^{Government of the Hong Kong Special Administrative Region} ~~Crown~~ and its or their respective agents surveyors and works people to enter upon the said premises at all reasonable times for the purpose of viewing the state thereof AND forthwith to make good at the Tenant's own expenses any defects for which he is liable found upon the said premises or the said block of flats of which notice in writing shall be given by or on behalf of the Lessor.

(e) To permit the Lessor with workmen and others to enter upon the said premises and repair in accordance with the General and Special Conditions of the Conditions of Grant and the covenants and provisions of the ~~Crown~~ Lease to be issued hereafter and so far as any defects remedied by the Lessor may be included in the Tenant's covenants to repair hereinbefore contained forthwith to repay the costs of remedying such defects to the Lessor as a liquidated debt.

(f) To pay a due proportion of the premia payable by the Lessor for the purpose of insuring the said premises against loss or damage by fire in the full insurable value thereof and punctually to pay such proportion of all premia payable for such insurance when due and on demand of the Lessor AND that if default shall be made in paying such proportion of the premia the Lessor may make such payment and that all moneys expended by the Lessor for the purposes aforesaid together with interest thereon at the rate of \$ per \$ per annum from the time of the same having been expended shall on demand be paid to the Lessor by the Tenant as a liquidated debt.

(g) Not to do anything whereby any insurance of the said premises against fire may be rendered void or voidable or whereby the premium for any such insurance may be liable to be increased and to indemnify the Lessor

against any increased or additional premia which by reason of any act or default of the Tenant may be required for effecting or keeping up ~~and~~ such insurance and that in the event of the said premises or the said block of flats or any part thereof being damaged or destroyed by fire at any time during the term hereby created and the insurance money being wholly or partially irrecoverable by reason solely or in part of any act or default of the Tenant then and in every such case the Tenant will forthwith (in addition to the said capital sum and rents) pay to the Lessor the whole or (as the case may require) a fair proportion of the cost of completely re-building and reinstating the same, any dispute as to the proportion to be so contributed by the Tenant or otherwise in respect of or arising out of this provision to be referred to the Registrar of Co-operative Societies under the Co-operative Societies Ordinance (Cap. 33) or any further enactment in substitution thereof or amendment thereto.

- (h) Not without the previous consent in writing of the Lessor and the ~~Governor of the Colony~~ to use the said premises or any part thereof otherwise than as a private residence for himself, his spouse (lawfully married whether in accordance with Chinese law and custom or otherwise), his lawful children, his parents and those of his spouse and the following other persons who had lawfully resided with the former tenant :

<u>Name in full</u>	<u>Relationship to former tenant</u>	<u>Relationship to Tenant</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

And to accept as final the decision of the said ~~Governor~~ on any question which may arise concerning alleged breaches of this covenant.

⊗ Chief Executive of the Hong Kong Special Administrative Region

- (i) Not to assign mortgage charge sublet take in lodgers or paying guests or otherwise part with the possession of the said premises or any part thereof or any interest therein without the previous written consent of the Lessor and of the ^{of} ~~the~~ Governor; Provided, however, that this covenant shall not apply to any subletting to another civil servant or leaving in the care of a caretaker in accordance with the provisions of the By-laws of the Lessor.
- (j) To pay all existing and future taxes (including property tax under the Inland Revenue Ordinances (Chapter 112) or any Ordinance amending or replacing the same) rates assessments and outgoings of every description for the time being payable in respect of the said premises including all lighting and heating and water charges.
- (k) To pay all subscriptions towards provision of social medical educational and recreational amenities, and all other dues for which the Tenant is liable under the By-laws of the Lessor or these presents.
- (l) Not to affix or display anything outside the said premises except the Tenant's name in a manner approved by the Lessor.
- (m) Not to do, permit or suffer anything to be done set up or used upon the said premises or any part thereof which shall be noxious noisy or offensive or may be or become or cause a nuisance annoyance or disturbance or cause damage or inconvenience to the tenants and occupiers of premises adjoining or near thereto and to accept as final the decision of the Lessor regarding any alleged breach of this covenant.
- (n) Not to bring nor permit to be brought to the said premises any merchandise, arms, ammunition, gunpowder, fireworks or other explosives.

ⓧ Chief Executive of the Hong Kong Special Administrative Region

- (c) Not to commit nor suffer the commission upon the said premises of any offence against the Dangerous Drugs Ordinance (Cap. 134) or against the Protection of Women and Juveniles Ordinance, 1951.

4. PROVIDED ALWAYS and it is hereby agreed as follows -

- (a) In case the Tenant pays off all the outstanding instalments of monthly capital sum as specified in the Second Table in the Schedule to this Underlease and of monthly rent as specified in the First Table in the said Schedule and continues to observe and perform the covenants and conditions herein contained, and on the part of the Tenant to be observed and performed, the Lessor further covenants with the Tenant that, as from the date of such paying off, the Tenant shall and may peaceably and quietly possess and enjoy the said premises during the remainder of the said term hereby granted free of the said monthly capital sum and of the said monthly rent and without any lawful interruption from or by the Lessor or any person rightfully claiming from or under him.

- (b) If the Tenant shall cease to be a member of the Lessor it shall be lawful for the Lessor at any time thereafter to re-enter upon the said premises or any part thereof in the name of the whole and thereupon this Underlease shall absolutely cease and determine but without prejudice to the right of action of the Lessor in respect of any antecedent breach of the Tenant's covenants herein contained; provided, however, that where the cause of cessation of membership is the death of the Tenant then where the Tenant has appointed a beneficial successor in accordance with the terms of the Lessor's By-laws, such beneficial successor or the person entitled under the Lessor's By-laws to act on his behalf, shall be entitled subject to the Lessor's By-laws to claim membership of the Lessor and a new underlease of the said premises for the remainder of the unexpired term at the same payment of capital sum, monthly rent and annual rent (if such capital sum and monthly rent still remain payable) as is herein reserved and subject in all respects to the same covenants and conditions, in so far as still subsisting and applicable, as are herein contained.

(c) On the termination of this Underlease either -

- (i) the Tenant, or
- (ii) the person who is entitled to claim the Tenant's share or interest in the Lessor under the Co-operative Societies Ordinance (Cap. 33) and the Lessor's By-laws and who is either not entitled to claim membership of the Lessor and a new underlease of the said premises in accordance with Clause 4(b) of this Underlease or is so entitled but has elected not to so claim but instead to take the payment in respect of the Tenant's interest or share in the Lessor as hereinafter specified,

shall be made a payment in respect of the Tenant's interest or share in the Lessor which payment shall consist of a sum equal to the total of -

(Firstly) the sum of (\$) being the total of the monthly capital payments made by the former tenant during the period of his tenancy of the said premises towards the liquidation of the total ^{capital} sum payable in respect of the said premises; and

(Secondly) the total of the monthly capital payments made by the Tenant during the period of his tenancy of the said premises towards the liquidation of the said total capital sum payable in respect of the said premises as referred to in Clause 1 of this Underlease,

and which shall be paid over in the manner and at the times specified in the Lessor's By-laws; for removing doubts it is hereby declared that the payment made hereunder shall not include any element in respect of payments of monthly rent by way of interest on such capital sum in accordance with the First Table contained in the said Schedule.

Provided that if the Lessor has found it necessary to undertake legal proceedings of any nature whatsoever against any party in order to obtain vacant possession of the said premises and the expenses of such proceedings cannot be recovered from the said party, then the Society shall be entitled to deduct such expenses from the said payment in respect of the interest or share of the Tenant in the Lessor if such proceedings were rendered necessary by the acts or default of the Tenant or the person entitled to such payment. Provided further that the Lessor shall also be entitled to deduct from the said payment any sums owed by the Tenant to the Lessor whether under these presents or otherwise.

5. The Lessor hereby covenants with the Tenant that the Lessor will at all times pay the yearly ~~Crown~~^{government} rent as specified in the Conditions of Grant No. and to be reserved by the ~~Crown~~ Lease to be issued hereafter and keep the Tenant indemnified therefrom and from all proceedings costs claims and demands in respect thereof; AND also that the Tenant paying the rent hereby reserved and observing and performing the covenants and conditions herein contained, and on the part of the Tenant to be observed and performed, shall and may peaceably and quietly possess and enjoy the said premises during the said term without any lawful interruption from or by the Lessor or any person rightfully claiming from or under him.

6. The Lessor hereby acknowledges the right of the Tenant to production and delivery of copies of the Conditions of Grant No. and the ~~the Crown~~ Lease to be issued hereafter and undertakes for the safe ~~of~~ custody thereof.

Sample Underlease Form C

Form to be completed by a new member
admitted to a co-operative building society which
has fully repaid Government loan

THIS UNDERLEASE is made between the
CO-OPERATIVE BUILDING SOCIETY, LIMITED, whose registered office is
situate at
in ~~the Colony of~~ Hong Kong (hereinafter referred to as "the Lessor"
which expression shall where the context so admits include the person
for the time being entitled to the reversion immediately expectant on
the determination of the term hereby created) of the one part
and
of a member
of the Lessor (hereinafter referred to as "the Tenant") of the other
part :
WHEREAS -

- (a) The Lessor is the registered owner of and as such
is entitled to a ~~Crown~~ Lease of all that piece or
parcel of ground situate lying and being
at
in ~~the Colony of~~ Hong Kong and registered in the
Land Office ^{Registry} as Lot No. for
the term (hereinafter referred to as "the Head
Term") of years from +
subject to the terms and conditions contained in
certain Conditions of Grant deposited and
registered in the Land Office ^{Registry} as Conditions of
Grant No. (hereinafter
referred to as "the Conditions of Grant");
- (b) The Lessor has erected on the said piece or parcel
of ground a block of flats known as
(hereinafter referred to as "the said block of
flats") and has agreed to grant to the Tenant as a
member of the Lessor an underlease in manner
hereinafter appearing : Now in consideration of
the payments hereinafter reserved and of the
covenants by the Tenant herein contained THIS
UNDERLEASE WITNESSETH and it is hereby declared as
follows -

1. The Lessor hereby assigns onto the Tenant equal
undivided part or share of, and in the said piece or parcel of
ground registered in the Land Office ^{Registry} as
Lot No. with the exclusive right to the use and occupation of
All Those the rooms, bathrooms, servants' quarters and lavatory on
the Floor of the said block of flats as delineated on the
Plan annexed hereto and thereon coloured and also with the
exclusive right to the use and occupation of All That the car parking
space delineated on the said Plan annexed hereto and thereon
coloured (which premises hereby assigned are hereinafter
referred to as "the said premises") Together with the right in common
with the Lessor and the tenants of the other flats in the said block
of flats and all other having the like right to use for the purposes
only of access to and egress from the said premises the entrance hall

staircases landings and lifts (if any) in the said block of flats and such of the passages therein as are not included in any of the other flats And Together with the right in common with the Lessor and tenants of other flats in the said block of flats and all others having the like right to use the roof thereof and the space reserved as open space under the requirement of the Building Ordinance 1955 any regulations made thereunder and any amending legislation TO HOLD the said premises unto the Tenant for the residue of the Head Term less the last three days thereof determinable nevertheless as hereinafter mentioned.

HAVING YIELDED AND PAID therefor :

The capital sum of \$ (which capital sum is the amount specified in the Underlease by the Lessor in favour of dated 19 , and registered in the Land Registry Office by Memorial No. , being the first underlease of the said premises after completion of the construction thereof, as being the amount agreed as the total of monthly instalment required to pay off in 20 years from the total capital sum of \$ also specified in the said first underlease of the said premises).

AND FURTHER YIELDING AND PAYING the annual rent of \$ being the proportion payable out of the said premises of the ~~Crown~~ ^{Government} Rent of \$ payable under the said Conditions of Grant, by equal half yearly payments of \$ on the day of of and day of of each year of the term hereby granted.

2. The Tenant hereby covenants with the Lessor that the Tenant will pay the annual rent hereby reserved at the time and in the manner aforesaid : AND also will at all times during the terms hereby granted observe and perform all the General and Special Conditions contained in the Conditions of Grant and all the covenants and conditions in the ~~Crown-lease~~ ^{Lease} and on the Lessee's part to be observed and performed (except the covenant for payment of the rent thereby reserved) and will save harmless and keep indemnified the Lessor from and against the said covenants and conditions and all proceedings costs claims and demands in respect thereof : AND in particular will at the expiration or sooner determination of the term hereby granted deliver up the said premises to the Lessor in the same state and condition as the same ought to be in at the end of the Head Term under the ~~governant~~ ^{governant} entered into by the Lessor in the Conditions of Grant and the ~~Crown~~ ^{Crown} Lease so that no money shall be payable by the Lessor to the ~~Crown~~ ^{Crown} under such covenant and no loss or injury be suffered by the Lessor on account of repairs or dilapidations : AND also will at all time during the term hereby granted strictly conform to and obey the By-laws of the Lessor.

3. The Tenant further covenants with the Lessor as follows -

⊗ Government of the Hong Kong Special Administrative Region

- (a) To keep all the interior of the said premises including the flooring and interior plaster or other finishing material or rendering on walls floors and ceilings and the Lessor's fixtures therein including all doors windows electrical installations and wiring in good clean tenantable substantial and proper repair and condition and properly preserved and painted as may be appropriate when from time to time required.

The Tenant particularly covenants -

- (i) to replace all broken and damaged windows whether the same be broken or damaged by the negligence of the Tenant or owing to circumstances beyond the control of the Tenant.
- (ii) to repair or replace if so required by the appropriate Supply Company Statutory Undertaker or Authority as the case may be under the terms of any Electricity Supply Ordinance for the time being in force or any Orders in Council or Regulations made thereunder, all the electrical installation within the said premises and the wiring from the Tenant's Meter or Meters to and within the same.
- (iii) to take all reasonable precautions to protect the interior of the said premises from damage threatened by an approaching storm or typhoon.
- (iv) to be wholly responsible for any damage or injury caused to any other person whomsoever directly or indirectly through the defective or damaged condition of any part of the said premises and to make good the same by payment or otherwise and to indemnify the Lessor against all claims demands actions and legal proceedings whatsoever made upon the Lessor by any person in respect thereof.
- (b) To keep jointly with the tenants of the other flats in the said block of flats the external parts of the said block of flats, the roof thereof, the staircases and passages leading to the said premises and all other common parts of the said block of flats in good repair and to keep the said staircases and passages cleaned and properly lighted and to pay his share of the expense of such repairs and maintenance in accordance with the provisions of the Lessor's By-laws.

(c) Not to add to or remove from the said premises without the previous written consent of the Lessor and in particular not to put up any fixtures, partition or other erection on any part of the said premises.

(d) To permit the Lessor and the ~~Crown~~ ^{Government of the Hong Kong Special Administrative Region} and its or their respective agents surveyors and works people to enter upon the said premises at all reasonable times for the purpose of viewing the state thereof AND forthwith to make good at the Tenant's own expenses any defects for which he is liable found upon the said premises or the said block of flats of which notice in writing shall be given by or on behalf of the Lessor.

(e) To permit the Lessor with workmen and others to enter upon the said premises and repair in accordance with the General and Special Conditions of the Conditions of Grant and the covenants and provisions of the ~~Crown~~ Lease to be issued hereafter and so far as any defects remedied by the Lessor may be included in the Tenant's covenants to repair hereinbefore contained forthwith to repay the costs of remedying such defects to the Lessor as a liquidated debt.

(f) To pay a due proportion of the premia payable by the Lessor for the purpose of insuring the said premises against loss or damage by fire in the full insurable value thereof and punctually to pay such proportion of all premia payable for such insurance when due and on demand of the Lessor AND that if default shall be made in paying such proportion of the premia the Lessor may make such payment and that all moneys expended by the Lessor for the purposes aforesaid together with interest thereon at the rate of \$ per per annum from the time of the same having been expended shall on demand be paid to the Lessor by the Tenant as a liquidated debt.

(g) Not to do anything whereby any insurance of the said premises against fire may be rendered void or voidable or whereby the premium for any such insurance may be liable to be increased and to indemnify the Lessor against any increased or additional premia which by reason of any act or default of the Tenant may be required for effecting or keeping up ~~and~~ such insurance and that in the event of the said premises or the said block of flats or any part thereof being damaged or destroyed by fire at any time during the term hereby created and the insurance money being wholly or partially irrecoverable by reason solely

or in part of any act or default of the Tenant then and in every such case the Tenant will forthwith (in addition to the said capital sum and rents) pay to the Lessor the whole or (as the case may require) a fair proportion of the cost of completely re-building and reinstating the same, any dispute as to the proportion to be so contributed by the Tenant or otherwise in respect of or arising out of this provision to be referred to the Registrar of Co-operative Societies under the Co-operative Societies Ordinance (Cap. 33) or any further enactment in substitution thereof or amendment thereto.

(h) Not without the previous consent in writing of the Lessor and the ~~Governor of the Colony~~[⊗] to use the said premises or any part thereof otherwise than as a private residence for himself, his spouse (lawfully married whether in accordance with Chinese law and custom or otherwise), his lawful children, his parents and the parents of his spouse; and to accept as final the decision of the said ~~Governor~~[⊗] on any question which may arise concerning alleged breaches of this covenant.

(i) Not to assign mortgage charge sublet take in lodgers or paying guests or otherwise part with the possession of the said premises or any part or parts thereof or any interest therein without the previous written consent of the Lessor and of the ~~Governor~~[⊗]; Provided, however, that this covenant shall not apply to any subletting to another civil servant or leaving in the care of a caretaker in accordance with the provisions of the By-laws of the Lessor.

(j) To pay all existing and future taxes (including property tax under the Inland Revenue Ordinance (Chapter 112) or any ordinance amending or replacing the same) rates assessments and outgoings of every description for the time being payable in respect of the said premises including all lighting and heating and water charges.

(k) To pay all subscriptions towards provision of social medical educational and recreational amenities, and all other dues for which the Tenant is liable under the By-laws of the Lessor or these presents.

(l) Not to affix or display anything outside the said premises except the Tenant's name in a manner approved by the Lessor.

⊗ Chief Executive of the Hong Kong Special Administrative Region

- (m) Not to do, permit or suffer anything to be done set up or used upon the said premises or any part thereof which shall be noxious noisy or offensive or may be or become or cause a nuisance annoyance or disturbance or cause damage or inconvenience to the tenants and occupiers of premises adjoining or near thereto and to accept as final the decision of the Lessor regarding any alleged breach of this covenant.
- (n) Not to bring nor permit to be brought to the said premises any merchandise, arms, ammunition, gunpowder, fireworks or other explosives.
- (o) Not to commit nor suffer the commission upon the said premises of any offence against the Dangerous Drugs Ordinance (Cap. 134) or against the Protection of Women and Juveniles Ordinance (Cap. 213).

4. PROVIDED ALWAYS and it is hereby agreed as follows -

- (a) In case the Tenant continues to observe and perform the covenants and conditions herein contained, and on the part of the Tenant to be observed and performed, the Lessor further covenants with the Tenant that the Tenant shall and may peaceably and quietly possess and enjoy the said premises during the remainder of the said term hereby granted without any lawful interruption from or by the Lessor or any person rightfully claiming from or under him.
- (b) If the Tenant shall cease to be a member of the Lessor it shall be lawful for the Lessor at any time thereafter to re-enter upon the said premises or any part thereof in the name of the whole and thereupon this Underlease shall absolutely cease and determine but without prejudice to the right of action of the Lessor in respect of any antecedent breach of the Tenant's covenants herein contained; provided, however, that where the cause of cessation of membership is the death of the Tenant then where the Tenant has appointed a beneficial successor in accordance with the terms of the Lessor's By-laws, such beneficial successor or the person entitled under the Lessor's By-laws to act on his behalf, shall be entitled subject to the Lessor's By-laws to claim membership of the Lessor and a new underlease of the said premises for the remainder of the unexpired term at the same payment of annual rent as is herein reserved and subject in all respects to the same covenants and conditions, in so far as still subsisting and applicable, as are herein contained.

(c) On the termination of this Underlease either -

(i) the Tenant, or

(ii) the person who is entitled to claim the Tenant's share or interest in the Lessor under the Co-operative Societies Ordinance (Cap. 33) and the Lessor's By-laws and who is either not entitled to claim membership of the Lessor and a new Underlease of the said premises in accordance with Clause 4(b) of this Underlease or is so entitled but has elected not to so claim but instead to take the payment in respect of the Tenant's interest or share in the Lessor as hereinafter specified, shall be made a payment in respect of the Tenant's interest or share in the Lessor which payment shall include a sum of \$ being the total of the capital payments made by the Tenant during the period of his tenancy of the said premises towards the liquidation of the total capital sum payable in respect of the said premises and which shall be paid over in the manner and at the times specified in the Lessor's By-laws; for removing doubts it is hereby declared that the payment made hereunder shall not include any element in respect of payments of monthly rent paid by way of interest on such capital sum. Provided that if the Lessor has found it necessary to undertake legal proceedings of any nature whatsoever against any party in order to obtain vacant possession of the said premises and the expenses of such proceedings cannot be recovered from the said party, then the Society shall be entitled to deduct such expenses from the said payment in respect of the interest or share of the Tenant in the Lessor if such proceedings were rendered necessary by the acts or default of the Tenant or the person entitled to such payment. Provided further that the Lessor shall also be entitled to deduct from the said payment any sums owed by the Tenant to the Lessor whether under these presents or otherwise.

Sample Underlease Form D

Form to be completed by the beneficial successor of
a former member of a co-operative building society which has fully
repaid Government loan

THIS UNDERLEASE is made between the CO-OPERATIVE BUILDING SOCIETY, LIMITED, whose registered office is situate at ~~in the Colony of~~ Hong Kong (hereinafter referred to as "the Lessor" which expression shall where the context so admits include the person for the time being entitled to the reversion immediately expectant on the determination of the term hereby created) of the one part and _____ of _____ a member of the Lessor (hereinafter referred to as "the Tenant") of the other part :
WHEREAS -

- (a) The Lessor is the registered owner of and as such is entitled to a ~~Crown~~ Lease of all that piece or parcel of ground situate lying and being at

in ~~the Colony of~~ Hong Kong and registered in the Land ~~Office~~ as Lot No. _____ ^{Registry} for the term (hereinafter referred to as "the Head Term") of _____ years from _____ subject to the terms and conditions contained in certain Conditions of Grant deposited and registered in the Land ~~Office~~ as Conditions of Grant No. _____ ^{Registry} (hereinafter referred to as "the Conditions of Grant");

- (b) The Lessor has erected on the said piece or parcel of ground a block of flats known as _____ (hereinafter referred to as "the said block of flats");

- (c) By an Underlease by the Lessor in favour of _____ (hereinafter referred to as "the former tenant") dated _____ and registered in the Land ~~Office~~ ^{Registry} on _____ by Memorial No. _____, the Lessor underlet the premises hereinafter described to the former tenant for the period _____ and subject to the terms and conditions therein specified;

- (d) The former tenant ceased to be a member of the Lessor on _____ ;

- (e) The Tenant being the beneficial successor of the former tenant and the Lessor has in accordance with its By-laws agreed to grant to the Tenant as such beneficial successor and as a member of the Lessor an underlease in manner hereinafter appearing; Now in consideration of the Tenant being a beneficial successor and member as aforesaid and of the payments hereinafter reserved and of the covenants by the Tenant hereinafter contained THIS UNDERLEASE WITNESSETH and it is hereby declared as follows -

1. The Lessor hereby assigns unto the Tenant equal undivided part or share of and in the said piece or parcel of ground registered in the Land Office Registry as Lot No. with the exclusive right to the use and occupation of All Those the rooms, bathrooms, servants' quarters and lavatory on the Floor of the said block of flats as delineated on the Plan annexed hereto and thereon coloured and also with the exclusive right to the use and occupation of All That the car parking space delineated on the said Plan annexed hereto and thereon coloured (which premises hereby assigned are hereinafter referred to as "the said premises") Together with the right in common with the Lessor and the tenants of the other flats in the said block of flats and all others having the like right to use for the purposes only of access to and egress from the said premises the entrance hall staircases landings and lifts (if any) in the said block of flats and such of the passages therein as are not included in any of the other flats And Together with the right in common with the Lessor and tenants of other flats in the said block of flats and all others having the like right to use the roof thereof and the space reserved as open space under the requirement of the Building Ordinance 1955 any regulations made thereunder and any amending legislation TO HOLD the said premises unto the Tenant for the residue of the Head Term less the last three days thereof determinable nevertheless as hereinafter mentioned.

HAVING YIELDED AND PAID therefor :

The capital sum of \$ (which capital sum is the amount specified in the Underlease by the Lessor in favour of

dated Registry 19 ,and registered in the Land Office by Memorial No. , being the first underlease of the said premises after completion of the construction thereof, as being the amount agreed as the total of monthly instalment required to pay off in 20 years from the total capital sum of \$ also. specified in the said first underlease of the said premises).

AND FURTHER YIELDING AND PAYING the annual rent of \$ being the proportion payable out of the said premises of the ~~Crown~~ Government Rent of \$ payable under the said Conditions of Grant, by equal half yearly payments of \$ on the day of and day of of each year of the term hereby granted.

2. The Tenant hereby covenants with the Lessor that the Tenant will pay the annual rent hereby reserved at the time and in the manner aforesaid : AND also will at all times during the term hereby granted observe and perform all the General and Special Conditions contained in the Conditions of Grant and all the covenants and conditions in the ~~Crown~~ Lease and on the Lessee's part to be observed and performed (except the covenant for payment of the rent thereby reserved) and will save harmless and keep indemnified the Lessor from and against the said covenants and conditions and all proceedings costs claims and demands in respect thereof : AND in particular will at the expiration or sooner determination of the term hereby granted deliver up the said premises to the Lessor in the same state and condition as the same ought to be in at the end of the Head Term under the covenant entered into by the Lessor in the Conditions of Grant and the ~~Crown~~ Lease so that no money shall be payable by the Lessor to the ~~Crown~~ under such covenant and no loss or injury be suffered by the Lessor on account of repairs or dilapidations : AND also will at all time during the term hereby granted strictly conform to and obey the By-laws of the Lessor.

3. The Tenant further covenants with the Lessor as follows -

- (a) To keep all the interior of the said premises including the flooring and interior plaster or other finishing material or rendering on walls floors and ceilings and the Lessor's fixtures therein including all doors windows electrical installations and wiring in good clean tenantable substantial and proper repair and condition and properly preserved and painted as may be appropriate when from time to time required.

The Tenant particularly covenants -

- (i) to replace all broken and damaged windows whether the same be broken or damaged by the negligence of the Tenant or owing to circumstances beyond the control of the Tenant.
- (ii) to repair or replace if so required by the appropriate Supply Company Statutory Undertaker or Authority as the case may be under the terms of any Electricity Supply Ordinance for the time being in force or any Orders in Council or Regulations made thereunder, all the electrical installations within the said premises and the wiring from the Tenant's Meter or Meters to and within the same.

⊗ Government of the Hong Kong Special Administrative Region

- (iii) to take all reasonable precautions to protect the interior of the said premises from damage threatened by an approaching storm or typhoon.
 - (iv) to be wholly responsible for any damage or injury caused to any other person whomsoever directly or indirectly through the defective or damaged condition of any part of the said premises and to make good the same by payment or otherwise and to indemnify the Lessor against all claims demands actions and legal proceedings whatsoever made upon the Lessor by any person in respect thereof.
- (b) To keep jointly with the tenants of the other flats in the said block of flats the external parts of the said block of flats, the roof thereof, the staircases and passages leading to the said premises and all other common parts of the said block of flats in good repair and to keep the said staircases and passages cleaned and properly lighted and to pay his share of the expense of such repairs and maintenance in accordance with the provisions of the Lessor's By-laws.
- (c) Not to add to or remove from the said premises without the previous written consent of the Lessor and in particular not to put up any fixtures, partition or other erection on any part of the said premises.
- (d) To permit the Lessor and the ^{Government of the Hong Kong Special Administrative Region} ~~Crown~~ and its or their respective agents surveyors and works people to enter upon the said premises at all reasonable times for the purpose of viewing the state thereof AND forthwith to make good at the Tenant's own expenses any defects for which he is liable found upon the said premises or the said block of flats of which notice in writing shall be given by or on behalf of the Lessor.
- (e) To permit the Lessor with workmen and others to enter upon the said premises and repair in accordance with the General and Special Conditions of the Conditions of Grant and the covenants and provisions of the ~~Crown~~ Lease to be

issued hereafter and so far as any defects remedied by the Lessor may be included in the Tenant's covenants to repair hereinbefore contained forthwith to repay the costs of remedying such defects to the Lessor as a liquidated debt.

(f) To pay a due proportion of the premia payable by the Lessor for the purpose of insuring the said premises against loss or damage by fire in the full insurable value thereof and punctually to pay such proportion of all premia ~~payable~~^{payable} for such insurance when due and on demand of the Lessor AND that if default shall be made in paying such proportion of the premia the Lessor may make such payment and that all moneys expended by the Lessor for the purposes aforesaid together with interest thereon at the rate of \$ per \$ per annum from the time of the same having been expended shall on demand be paid to the Lessor by the Tenant as a liquidated debt.

(g) Not to do anything whereby any insurance of the said premises against fire may be rendered void or voidable or whereby the premium for any such insurance may be liable to be increased and to indemnify the Lessor against any increased or additional premia which by reason of any act or default of the Tenant may be required for effecting or keeping up ~~and~~ such insurance and that in the event of the said premises or the said block of flats or any part thereof being damaged or destroyed by fire at any time during the term hereby created and the insurance money being wholly or partially irrecoverably by reason solely or in part of any act or default of the Tenant then and in every such case the Tenant will forthwith (in addition to the said capital sum and rents) pay to the Lessor the whole or (as the case may require) a fair proportion of the cost of completely re-building and reinstating the same, any dispute as to the proportion to be so contributed by the Tenant or otherwise in respect of or arising out of this provision to be referred to the Registrar of Co-operative Societies under the Co-operative Societies Ordinance (Cap. 33) or any further enactment in substitution thereof or amendment thereto.

(h) Not without the previous consent in writing of the Lessor and the ~~Governor of the Colony~~^{Chief Executive of the Hong Kong Special Administrative Region} to use the said premises or any part thereof otherwise than as a private residence for himself, his spouse (lawfully married whether in accordance with Chinese law and custom or otherwise), his lawful children, his parents and those of his spouse and the following other persons who had lawfully resided with the former tenant :

⊗ Chief Executive of the Hong Kong Special Administrative Region

<u>Name in full</u>	<u>Relationship to former tenant</u>	<u>Relationship to Tenant</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

And to accept as final the decision of the said ^(X)
~~Governor~~ on any question which may arise
concerning alleged breaches of this covenant.

- (i) Not to assign mortgage charge sublet take in lodgers or paying guests or otherwise part with the possession of the said premises or any part or parts thereof or any interest therein without the previous written consent of the Lessor and of the ^(X)
~~Governor~~; Provided, however, that this covenant ^(X) shall not apply to any subletting to another civil servant or leaving in the care of a caretaker in accordance with the provisions of the By-laws of the Lessor.
- (j) To pay all existing and future taxes (including property tax under the Inland Revenue Ordinance (Chapter 112) or any Ordinance amending or replacing the same) rates assessments and outgoings of every description for the time being payable in respect of the said premises including all lighting and heating and water charges.
- (k) To pay all subscriptions towards provision of social medical educational and recreational amenities, and all other dues for which the Tenant is liable under the By-laws of the Lessor or these presents.

(X) Chief Executive of the Hong Kong Special Administrative Region

- (l) Not to affix or display anything outside the said premises except the Tenant's name in a manner approved by the Lessor.
- (m) Not ~~do~~^{to} do, permit or suffer anything to be done set up or used upon the said premises or any part thereof which shall be noxious noisy or offensive or may be or become or cause a nuisance annoyance or disturbance or cause damage or inconvenience to the tenants and occupiers of premises adjoining or near thereto and to accept as final the decision of the Lessor regarding any alleged breach of this covenant.
- (n) Not to bring nor permit to be brought to the said premises any merchandise, arms, ammunition, gunpowder, fireworks or other explosives.
- (o) Not to commit nor suffer the commission upon the said premises of any offence against the Dangerous Drugs Ordinance (Cap. 134) or against the Protection of Women and Juveniles Ordinance (Cap. 213).

4. PROVIDED ALWAYS and it is hereby agreed as follows -

- (a) In case the Tenant continues to observe and perform the covenants and conditions herein contained, and on the part of the Tenant to be observed and performed, the Lessor further covenants with the Tenant that the Tenant shall and may peaceably and quietly possess and enjoy the said premises during the remainder of the said term hereby granted without any lawful interruption from or by the Lessor or any person rightfully claiming from or under him.
- (b) If the Tenant shall cease to be a member of the Lessor it shall be lawful for the Lessor at any time thereafter to re-enter upon the said premises or any part thereof in the name of the whole and thereupon this Underlease shall absolutely cease and determine but without prejudice to the right of action of the Lessor in respect of any antecedent breach of the Tenant's covenants herein contained; provided, however, that where the cause of cessation of membership is the death of the Tenant then where the Tenant has a beneficial

appointed

successor in accordance with the terms of the Lessor's By-laws, such beneficial successor or the person entitled under the Lessor's By-laws to act on his behalf, shall be entitled subject to the Lessor's By-laws to claim membership of the Lessor and a new underlease of the said premises for the remainder of the unexpired term at the same payment of annual rent as is herein reserved and subject in all respects to the same covenants and conditions, in so far as still subsisting and applicable, as are herein contained.

(c) On the termination of this Underlease either -

(i) the Tenant, or

(ii) the person who is entitled to claim the Tenant's share or interest in the Lessor under the Co-operative Societies Ordinance (Cap. 33) and the Lessor's By-laws and who is either not entitled to claim membership of the Lessor and a new underlease of the said premises in accordance with Clause 4(b) of this Underlease or is so entitled but has elected not to so claim but instead to take the payment in respect of the Tenant's interest or share in the Lessor as hereinafter specified, shall be made a payment in respect of the Tenant's interest or share in the Lessor which payment shall include a sum of \$ being the total of the capital payments made by or credited to the former tenant during the period of his tenancy of the said premises towards the liquidation of the total capital sum payable in respect of the said premises, and which shall be paid over in the manner and at the times specified in the Lessor's By-laws; for removing doubts it is hereby declared that the payment made hereunder shall not include any element in respect of payments of monthly rent paid by way of interest on such capital sum. Provided that if the Lessor has found it necessary to undertake legal proceedings of any nature whatsoever against any party in order to obtain vacant possession of the said premises and the expenses of such proceedings cannot be recovered from the said party, then the Society shall be

entitled to deduct such expenses from the said payment in respect of the interest or share of the Tenant in the Lessor if such proceedings were rendered necessary by the acts or default of the Tenant or the person entitled to such payment. Provided further that the Lessor shall also be entitled to deduct from the said payment any sums owed by the Tenant to the Lessor whether under these presents or otherwise.

5. The Lessor hereby covenants with the Tenant that the Lessor will at all times pay the yearly ~~Crown~~^{Government} rent as specified in the Conditions of Grant No. and reserved by the ~~Crown~~ Lease and keep the Tenant indemnified therefrom and from all proceedings costs claims and demands in respect thereof; AND also that the Tenant paying the rent hereby reserved and observing and performing the covenants and conditions herein contained, and on the part of the Tenant to be observed and performed, shall and may peaceably and quietly possess and enjoy the said premises during the said term without any lawful interruption from or by the Lessor or any person rightfully claiming from or under him.

6. The Lessor hereby acknowledges the right of the Tenant to production and delivery of copies of the Conditions of Grant No. and the ~~Crown~~ Lease and undertakes for the safe custody thereof.

IN WITNESS WHEREOF the Lessor and the Tenant have hereunto set their hands and seals this day of 19 .

SEALED with the seal of the Lessor)
and SIGNED and DELIVERED by)
)
 and)
)
the Chairman and the Secretary)
respectively thereof in the)
presence of :)
)
)
Hong Kong.)
)
SIGNED SEALED and DELIVERED by)
the Tenant in the presence of :)
)
Hong Kong.

BY RECORDED DELIVERY

To :

Dear Sirs;

(Lot No. and Address)

I have to inform you that in consideration of your payment to the Government of Hong Kong (hereinafter referred to as "the Government") of \$ (the receipt whereof is hereby acknowledged), the Government, acting in accordance with the provisions of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong, has approved a modification of the Lease (hereinafter referred to as "the Lease"), under which the above-mentioned lot is held, in manner hereinafter appearing subject to the following conditions and to your acceptance thereof in the manner stated in Paragraph 2 hereof :-

- (1) With effect from the date of this letter, the terms, conditions and covenants in the Lease and as set forth in the ~~First~~ Schedule hereto shall be deemed to be and shall be void and of no effect and the Lease shall be deemed to include and be read and construed as if there were included therein in lieu of the covenants set forth in the said First Schedule the covenants set forth in the Second Schedule annexed hereto.

(2) Except as hereby modified, all the terms and covenants contained in the Lease shall remain in full force and effect.

(3) You shall, if required by the Director of Lands so to do, execute a formal instrument incorporating all the conditions herein contained in such form as he may require.

(4) The provision for re-entry on the breach, non-observance or non-performance of any of the covenants contained in the Lease shall extend to the breach, non-observance or non-performance of any of the substituted terms, conditions and covenants set forth in the Second Schedule hereto.

If the foregoing conditions are acceptable to you, I shall be glad if you will signify your acceptance by executing, under seal, the docket on both copies of the letter. After execution, please return to me both copies of this letter whereupon the modification will be recorded by an appropriate endorsement on the copy of the Lease retained in Land Registry/District Land Registry, and this letter will be registered by memorial. On completion the original of this letter will be returned to you for retention. You may attach it for record purpose to the other land documents in your possession.

When returning both copies of this ~~letter~~, please also forward to me (a) the original or a certified copy of the order of the Registrar of Co-operative Societies appointing you as liquidator(s) of [insert name of

society}, (b) the memorial thereof and (c) a crossed cheque in favour of
the Hong Kong Government in the sum of \$ _____ being the
registration fee of the order. I shall arrange for the order to be
registered simultaneously with this letter.

Yours faithfully,

()

First Schedule

["AND that the said Lessee will not erect or maintain or allow to be erected or maintained on the said piece or parcel of ground or any part thereof any building or buildings other than a building or buildings containing not less than flats with garages and outbuildings pertaining thereto for the purpose of providing residential accommodation for Government servants on local terms of service in accordance with the objects for which the said Lessee has been registered as specified in its by-laws and will not use or allow to be used the building or buildings erected thereon for any other purpose"

"AND will be entitled to grant sub-leases of the individual flats in the said building or buildings to members of the said Lessee on such conditions and subject to such restrictions and in such form as may from time to time be approved by the Government of Hong Kong for the term hereby granted less the last three days thereof AND except as aforesaid the said Lessee its sub-lessees or other its successors in title will not sell assign mortgage charge underlet or part with the possession of the said piece or parcel of ground or any part thereof or any building or buildings erected thereon or any part of such building or buildings or enter into any agreement so to do without the consent in writing of the Governor given in respect of each and every such disposition (it being agreed and declared that where his consent is required under the foregoing covenant the Governor shall have full power as a condition of granting such consent to impose such restrictions terms and conditions whether in respect of the amount of the sale price or the amount to be raised on mortgage or the rent as the case may be or in respect of the form of any assignment mortgage charge sub-lease tenancy agreement or other deed or document by which such transaction is effected or otherwise as he may think fit)"

[Note : this is merely an example of the form of restriction to be deleted; this will vary depending upon the wording of the Lease.]

Second Schedule

AND that the said Lessee doth hereby covenant with the Government of Hong Kong (hereinafter referred to as "the Government") by these presents as follows : -

- (1) (a) Subject to the terms and covenants herein contained the said Lessee will not use or permit or suffer to be used the said piece or parcel of ground or any part thereof or any building or buildings erected or to be erected thereon or any part or parts of such building or buildings for any purpose other than private residential purposes

- (b) The total gross floor area of any building or buildings erected or to be erected on the said piece or parcel of ground shall not exceed square metres

- (c) For the purposes of this Lease the expression "gross floor area" means the area contained within the external faces of the external walls (or in the absence of such walls the external perimeters) of any building or buildings erected or to be erected on the said piece or parcel of ground measured at each floor level (including any floor below the level of the ground), together with the area of each balcony in such building or buildings, which shall be calculated from the overall dimensions of the balcony (including the thickness of the sides thereof)

- (d) Notwithstanding sub-clause (c) of this clause the Director of Lands (hereinafter referred to as "the Director") at his sole discretion may in determining the gross floor area of

any building or buildings erected or to be erected on the said piece or parcel of ground exclude, any floor space that he is satisfied is constructed or intended to be used solely for the parking or for the loading or unloading of motor vehicles or occupied solely by machinery or equipment for any lift, air-conditioning or heating system or any similar service, or any floor space which the Building Authority may permit to be excluded through modifications of the provisions of the Buildings Ordinance

(e) For the purpose of determining the permissible plot ratio of the building or buildings erected or to be erected on the said piece or parcel of ground in accordance with this Lease, and notwithstanding the definition of "gross floor area" contained in Regulation 23(3)(a) of the Building (Planning) Regulations there shall be included in the calculation of gross floor area, in the case of a floor not having external walls, the area contained within the external perimeters of such floor and the Lessee shall make no objection or claim on this account

(2) the said piece or parcel of ground having been granted on concessionary terms as to premium the said Lessee will not except as hereinafter provided : -

(a) assign underlet or part with the possession of or otherwise dispose of the said piece or parcel of ground or any interest therein whether by way of direct or indirect reservation including the grant of any right of first refusal option or power of attorney in favour of any person firm company corporation or group or by way of any other method arrangement or document of any description or enter into any agreement so to do or

- (b) solicit or accept (whether directly or indirectly or through a solicitor agent contractor or trustee or through a corporation in which the said Lessee is the owner of shares) any money or money's worth or other valuable consideration of any description in respect of the said piece or parcel of ground or any interest therein or in respect of or in connection with or under or pursuant to any transaction present or future conditional or unconditional whereby the said piece or parcel of ground or any interest therein is or may be sold assigned underlet or otherwise affected or enter into agreement to do any of the things before mentioned or
- (c) mortgage or charge the said piece or parcel of ground or any interest therein or enter into any agreement so to do

SAVE AND EXCEPT THAT : -

- (A) the licences/underleases of premises in the building or buildings erected on the said piece or parcel of ground that were granted by the Former Society to the Former Members prior to [date of the modification letter] shall not be a breach of the restriction in clause 2(a) hereof
- (B) the said Lessee may assign unto the Former Members undivided shares in the said piece or parcel of ground together with the right to the exclusive possession of premises in the building or buildings erected thereon subject to and together with the benefit of a deed of mutual covenant on condition that each of the Former Members on taking such assignment shall execute a First Legal Charge in a form approved by the Director on his Relevant Interest (as hereinafter defined) in favour of the Financial Secretary Incorporated for securing the

payment to the Government of the amount (hereinafter more particularly specified in clause (F) below) for the removal of the restriction on alienation contained in clause (2) hereof so far as that restriction is a restriction on alienation of those undivided shares the subject of each such First Legal Charge. The condition contained in this clause shall run with the said piece or parcel of ground and be binding on the said Lessee's successors in title and assigns

- (C) in the event that any of the Former Members do not claim or are not assigned undivided shares assignable to him under the scheme of distribution of the Former Society authorized by the Registrar of Co-operative Societies pursuant to Section 43(f) of the Co-operative Societies Ordinance (and which said scheme is hereinafter referred to as "the Scheme of Distribution") within 12 months from the date of dissolution of the Former Society or within such further period of time that the Registrar of Co-operative Societies may direct (such Former Members and their successors in title being hereinafter referred to as "the Non-consenting Members") the said Lessee may and shall assign such undivided shares to a corporation to be incorporated under the Building Management Ordinance (hereinafter referred to as "the Owners' Corporation") for the management of the common parts and building or buildings erected on the said piece or parcel of ground and in such event the Owners' Corporation shall take an assignment thereof from the said Lessee and contemporaneously with such assignment the Owners' Corporation shall execute an undertaking (in terms to be approved by the Director) in writing and under seal in favour of the Government whereby the Owners' Corporation shall undertake to observe and comply with all the terms, conditions and covenants in clause (2) hereof and shall acknowledge that the ~~Government may re-enter~~ the said piece or parcel of ground or part thereof in the event of any breach by the Owners' Corporation of the said terms, conditions and covenants. The assignment shall be subject inter alia to the following terms, conditions and covenants : -

- (a) except in accordance with clause (C) (f) or (g) below the Owners' Corporation shall not assign or otherwise deal with the undivided shares or any part thereof or enter into any agreement so to do;
- (b) the assignment shall be subject to all the existing licences/underleases of premises in the building or buildings erected on the said piece or parcel of ground and made between the Former Society and each of the Non-consenting Members in so far as the terms and conditions therein contained are subsisting and capable of taking effect;
- (c) each of the Non-consenting Members and their assignees shall be entitled to the exclusive possession of the premises the subject matter of the licences/underleases mentioned in (b) above subject to the observance and compliance with the terms and conditions of their respective licences/underleases;
- (d) each of the Non-consenting Members shall (subject to the terms of his licence/underlease and him having entered into an agreement in the terms of clause (2)(C)(e) hereof) be entitled to nominate a person or persons to take an assignment of his licence/underlease and to enter into such an assignment. In the event of such an assignment the assignee shall enjoy the same rights and benefits and shall suffer the same burden and obligations as did the Non-consenting Member under, and by virtue of, his licence/underlease as varied by the agreement in the terms of clause (2)(C)(e) hereof. Such assignee and his successors in title are hereinafter referred to as "assign";

(e) if a Non-consenting Member requests the Owners' Corporation so to do the Owners' Corporation and the Non-consenting Member shall enter into an agreement by Deed varying the terms of his licence/underlease to the effect that (i) there shall be no right of re-entry on account of a Non-consenting Member ceasing to be a member of the Former Society; (ii) a beneficial successor may claim a new underlease from the Owners' Corporation; (iii) ambiguities and uncertainties in the wording of his licence/underlease resulting from dissolution of the Former Society shall be avoided; (iv) any assign of a Non-consenting Member under an assignment as provided for in (d) above shall not have the right to nominate and/or assign his licence/underlease as provided in (d) above or otherwise; (v) the Non-consenting Member or his assign or beneficial successor shall be entitled to the refund as referred to in clause 2(D) below in the event of termination of his licence/underlease and (vi) the Owners' Corporation shall extend the term of his licence/underlease by the same period as the period of any renewal or extension of this Lease less the last three days. A Non-consenting Member and the Owners' Corporation shall not be entitled to enter into an agreement as herein provided for unless such agreement contains provisions incorporating (i), (ii), (iii), (iv), (v) and (vi) in this sub-sub clause;

(f) upon occurrence of any of the events particularly set out in clause (2)(D) below, the Owners' Corporation on executing a First Legal Charge as hereinafter defined in the said clause (2)(D) may at any time thereafter exercise any rights it may have to re-enter the premises and may assign the undivided shares as mentioned in the said clause (2)(D) subject to the conditions and provisos therein contained;

- (g) the Owners' Corporation shall when called upon by any of the Non-consenting Members or his assign or beneficial successor so to do assign the undivided shares assignable to such Non-consenting Member under the Scheme of Distribution to such Non-consenting Member or his assign or beneficial successor (as the case may be) subject to a First Legal Charge as hereinafter defined in clause (2)(E) below being executed by such Non-consenting Member or his assign or beneficial successor and subject also to the provisos and payment of all the expenses more particularly described in clause (2)(E).
- (D) if any Non-consenting Member or his assign or beneficial successor shall fail to observe and comply with any of the terms and conditions contained in his licence/underlease referred to in clause (2)(C)(b) above or if the licence/underlease is otherwise lawfully terminated (save and except lawfully terminated (i) as a result of merger upon the assigning of undivided shares to the Non-consenting Member or his assign or beneficial successor or (ii) by effluxion of time when the licence/underlease expires) and upon the Owners' Corporation executing a First Legal Charge in a form approved by Director on the Relevant Interest (as hereinafter defined) of the said Non-consenting Member or his assign or beneficial successor in favour of the Financial Secretary Incorporated for securing the payment to the Government of the amount (hereinafter more particularly specified in clause (F) below) for the removal of the restriction on alienation contained in clause (2) hereof, the Owners' Corporation may at any time thereafter re-enter the premises and thereupon the licence/underlease the subject of his licence/underlease shall absolutely determine and the Owners' Corporation may assign the undivided shares assignable to him under the Scheme of Distribution to any person or body corporate provided that upon vacant possession of the premises being given to the Owners' Corporation and upon completion of such assignment such Non-consenting Member or his assign or beneficial successor shall be entitled to a refund from the said consideration of the contribution(s) (if any) of the Non-consenting Member or his assign or beneficial successor to the capital sum referred to in his licence/underlease less any sum(s) outstanding to the Former Society and/or the Owners' Corporation

(E) the Owners' Corporation shall when called upon by any of the Non-consenting Members or his assign or beneficial successor so to do assign the undivided shares assignable to such Non-consenting Member under the Scheme of Distribution to the Non-consenting Member or his assign or beneficial successor (as the case may be) subject to : -

(a) the amount equivalent to his share of the expenses incurred in the liquidation of the Former Society (as to which amount the decision of the Registrar of Co-operative Societies shall be final) and in incorporating the Owners' Corporation and of the management, maintenance and other expenses which would have been payable by the Non-consenting Member or assign or beneficial successor as owner of the undivided shares assignable to him under the Scheme of Distribution had he taken an assignment of such shares 12 months from the date of dissolution of the Former Society being paid by such Non-consenting Member or assign or beneficial successor to the Owners' Corporation which shall distribute pro rata such amount to those Former Members who had paid such expenses

(b) a First Legal Charge in a form approved by the Director on his Relevant Interest being executed by such Non-consenting Member or assign in favour of The Financial Secretary Incorporated for securing the payment to the Government of the amount (hereinafter more particularly specified in clause (F) below) for the removal of the restriction on alienation contained in clause (2) hereof and

(c) all legal, conveyancing and other expenses of and incidental to the preparation execution and registration of the assignment and First Legal Charge being paid by such Non-consenting Member or assign or beneficial successor

PROVIDED that a Non-consenting Member or his assign or beneficial successor shall not be entitled to call upon the Owners' Corporation to assign undivided shares assignable to him under the Scheme of Distribution in the event that the Owners' Corporation has lawfully re-entered the premises the subject of the underlease/licence of that Non-consenting Member or his assign or beneficial successor and that re-entry remains in effect or the underlease/licence has otherwise lawfully been terminated but the right to call upon the Owners' Corporation to assign as aforesaid shall not be precluded by termination of the underlease/licence where such termination is in consequence of re-entry by the Owners' Corporation upon the death of a Non-consenting Member or his assign or beneficial successor or (where an agreement has been entered into as provided for in clause (2)(C)(e) hereof) of an application of a beneficial successor to the Owners' Corporation for a new underlease of the premises.

AND FURTHER PROVIDED that if a Non-consenting Member has assigned his licence/underlease as provided for in clause (2)(C)(d) hereof, such Non-consenting Member shall not be entitled to call upon the Owners' Corporation to assign undivided shares assignable to him under the Scheme of Distribution to himself.

- (d) The conditions and covenants contained in this clause shall run with the said piece or parcel of ground and be binding on the Owners' Corporation's successors in title and assigns
- (F) any owner (including the Owners' Corporation but only in accordance with clauses (2)(C)(f) and clause 2(D) above) of a Relevant Interest in the said piece or parcel of ground may assign mortgage or charge underlet part with the possession or otherwise dispose of or permit or suffer any other person to use or occupy such Relevant Interest if : -

- (a) in the event of there being any Non-consenting Member the Owners' Corporation has been incorporated under the Building Management Ordinance; and

- (b) he/she/it shall have first paid to the Government either an amount equal to two-thirds of the existing use land value of the Relevant Interest or if the said piece or parcel of ground is economically suitable for re-development at the relevant date an amount equal to two-thirds of such sum as the Director shall on a fair and impartial valuation certify to be the full market value of such Relevant Interest at the said date it being agreed and declared that upon payment of either of the amounts as hereinbefore provided in respect of any Relevant Interest the restriction on alienation contained in clause (2) hereof shall be null and void and shall cease to have effect but only in so far as it relates to such Relevant Interest and no further

IT IS FURTHER AGREED AND DECLARED THAT : -

- (1) for the purposes of the terms and conditions and covenants set forth in the Second Schedule-to-this-Modification Letter : -
 - (a) the expression "Relevant Interest" means an undivided share in the said piece or parcel of ground and the building(s) erected thereon the owner of which share as between himself and the owners of other undivided shares in the said piece or parcel of ground is entitled under the terms of an instrument registered in the Land Office to exclusive possession of premises in the building(s) erected thereon

- (b) the existing use land value means an amount equal to such sum as the Director shall on a fair and impartial valuation certify to be the full market value of the said piece or parcel of ground at the relevant date multiplied by such sum as the Director shall on a fair and impartial valuation having regard to the age and general condition of the building on the said piece or parcel of ground certify to be the full market value of the Relevant Interest at the same date divided by such sum as the Director shall on a fair and impartial valuation certify to be the full market value at the same date of a residential unit similar in gross floor area to the Relevant Interest in a building in a newly completed residential or partly residential development in the same locality as the said piece or parcel of ground
- (c) the said piece or parcel of ground shall be deemed to be economically suitable for re-development if in the opinion of the Director (whose decision shall be final and binding on an owner of a Relevant Interest) the land value of the said piece or parcel of ground is greater than the value of the building on the said piece or parcel of ground at the relevant date
- (d) the expression "the relevant date" means the date on which any amount required to be paid under this sub-clause is assessed by the Director
- (e) the expression "the Former Society" means the Lessee (being a society registered under the Co-operative Societies Ordinance) prior to its dissolution under Pt. VII of that Ordinance, and the expression "the Former Members" means the members of the Former Society immediately before its dissolution

- (f) the expression "a First Legal Charge in a form approved by the Director" means the mandatory form of Legal Charge set out at pages 204 to 208 (in the case of a legal charge referred to in clauses (2)(B), 2(C)(f) and 2(D) above) or the mandatory form of legal charge set out at pages 209 to 209(d) (in the case of a legal charge as referred to in clauses (2)(C)(g) and (2)(E) above) of the Guidelines to be followed to achieve the transfer of title to flats and land from Civil Servants' Co-operative Building Societies to their individual members (Modification of Lease Approach). No other form shall be used unless it has been approved in writing by the Director
- (2) in the event of an assignment to the Owners' Corporation as provided for in clause 2(C) above, there are incorporated as if there were herein written the terms, conditions and covenants stated in that clause to be terms, conditions and covenants of the assignment and such terms, conditions and covenants shall run with the said piece or parcel of ground and be binding on the Owners' Corporation, its successors in title and assigns
- (3) in the event of breach or non-performance of any of the terms, covenants and conditions herein contained by or on the part of the said Lessee or its successors in title and assigns to be performed and observed then it shall be lawful for the Government by the Director or other person duly authorized in that behalf to enter upon and take back possession of the above-mentioned lot or any part thereof and all or any buildings thereon or such part thereof and the rights and interest of the said Lessee or its successors in title and assigns under the said Lease and hereunder shall absolutely cease and determine (in respect of such part if the re-entry is upon a part only). In the event of re-entry by the Government, the said Lessee or its successors in title and assigns shall not be entitled to any payment or compensation whatsoever whether in respect of the value of the said piece or parcel of ground or for any buildings thereon.

Appendix VI

Sample

THIS DEED OF AGREEMENT ("the Deed") is made on * BETWEEN * (name of owners corporation) ("the Corporation") and * (name of non-consenting member) ("the Tenant").

WHEREAS

- (A) The Tenant was and is the underlessee under an underlease ("the Underlease") dated * granted by * (name of co-operative building society) ("the Society") in respect of the Property (as defined in the First Schedule hereto) held by the Society under the Lease (as defined in the Second Schedule hereto), which was modified by the Modification Letter (as defined in the Third Schedule hereto).
- (B) Upon the dissolution of the Society pursuant to an order dated * for the cancellation of the registration of the Society made under section 38 of the Co-operative Societies Ordinance, the Property was assigned on * (date) by the Liquidator of the Society to the Corporation subject to and with the benefit of a deed of mutual covenant ("the Deed of Mutual Covenant") registered in the Land Office/District Land Registry, *by Memorial No* and the Underlease.

(C) Under Clause (2)(C)(e) of the Second Schedule annexed to the Modification Letter, the Tenant may request the Corporation to enter into an agreement by deed varying the terms of the Underlease for the purposes specified in that clause.

(D) Such request has now been made by the Tenant.

NOW THIS DEED made in pursuance of the said clause (2)(C)(e) WITNESSES as follows :

1. The Tenant acknowledges that all the rights, benefits interests of the Society as underlessor under the Underlease have been assigned to the Corporation.
2. References to "the Lessor" or the Society in the Underlease shall be construed as references to the Corporation and references to "the Governor" shall be construed as references to the Chief Executive of the Hong Kong Special Administrative Region and shall be referred to in the Underlease as "the Chief Executive".
3. Clauses 1, 2, 3(b), 3(i) and 3(k) of the Underlease shall be read and construed as if :

- (a) the word "Lessor's" following the words "the amount due in accordance with" in clause 1 and the word "Lessor's" in clause 3(b) were deleted and replaced by "the Society's";

- (b) the word "Lessor" being the last word in clause 2 and the word "Lessor" in clause 3(k) were deleted and replaced by "the Society";
and

- (c) the following proviso were added after "the Governor" in clause 3(i) :
"Provided that the Tenant may nominate a person to take an assignment of this Underlease and that upon obtaining the consent of the Chief Executive to the person nominated to take the assignment, the Tenant may enter into such an assignment, provided that the assignment shall include a provision stipulating that the assignee thereunder shall not have the right to nominate a person or persons to take an assignment of this Underlease or to enter into such an assignment. In the event of an assignment being made, the assignee shall, subject to the provision herein-above mentioned, enjoy the same rights and benefits and shall suffer the same burdens and obligations as those applicable to the Tenant under and by virtue of this Underlease as modified by the Deed of Agreement (hereinafter

referred to as "the Deed of Agreement") dated * made between * (name of owners corporation) as the Lessor's assigns and * (Name of non-consenting member) and Further".

4. Clause 4(b) of the Underlease shall be read and construed as if paragraph (b) thereof were deleted and replaced by the following : "Upon the death of the Tenant and where the beneficial successor of the Tenant (whether appointed by the Tenant or ascertained and accepted by the Lessor in accordance with the by-laws of the Society) has applied in writing to the Corporation for a new underlease of the said premises within three months of the death of the Tenant, this underlease shall terminate upon the making of such application save and except that the right of the beneficial successor to apply for a new underlease as hereinafter provided will be preserved and such beneficial successor shall be entitled to claim and (in the event of such claim in writing being made within three months of the death of the Tenant) the Lessor shall grant a new underlease as varied by the Deed of Agreement of the said premises for the remainder of the unexpired term at the same payment of capital sum monthly rent and annual rent (if such capital sum and monthly rent still remain payable) as is herein reserved and subject in all respects to the same covenants and conditions, in so far as still subsisting and applicable, as are contained herein. "

5. Clause 4(c) of the underlease shall be read and construed as if it were deleted and replaced by the following : "Upon the termination of this underlease by the Lessor (which termination is not termination as referred to in Clause 4(b) of the underlease), the Lessor shall pay to the Tenant a sum equal to the total stated below. In the event of the death of the Tenant, the Lessor shall pay the said sum to the following person :-

- (a) where a beneficial successor has been appointed or identified pursuant to the by-laws of the Society, and such beneficial successor has not taken up a new underlease pursuant to Clause 4(b) hereof, to such beneficial successor; or
- (b) where there is no beneficial successor ascertained pursuant to the by-laws of the Society, but the Tenant has appointed an ordinary nominee pursuant to such by-laws, to such ordinary nominee; or
- (c) in the absence of both the said beneficial successor and the said ordinary nominee, to the estate of the Tenant.

The sum referred to above is equal to the total of :-

*[the monthly capital payments made by the Tenant during the

period of his tenancy of the said premises towards the liquidation of the total capital sum payable by him in Clause I of this Underlease.]

°(((Firstly) the sum specified (Firstly) in Clause I of this Underlease as the Tenant's contribution towards the funds of the (state name of the Co-operative Building Society, e.g. ABC Co-operative Building Society) and being the amount due to be refunded by the (ABC Co-operative Building Society) to the preceding tenant of the said premises; and

[* Note 1 : include if this is the first Underlease of the said premises : otherwise delete]

[° Note 2 : include if this is not the first Underlease of the said premises : otherwise delete]

(Secondly) the total of the monthly capital payments made by the Tenant during the period of his tenancy of the said premises towards the liquidation of

the total capital sum payable by him in respect of the said premises as specified in Clause I of this Underlease.))

and which shall be paid over in the manner and at the times specified in the (ABC Co-operative Building Society's) by-laws; for removing doubts it is hereby declared that the payment made hereunder shall not include any element in respect of payments of monthly rent by way of interest on such capital sum in accordance with the First Table contained in the same Schedule. Provided that if the lessor has found it necessary to undertake legal proceedings of any nature whatsoever against any party in order to obtain vacant possession of the said premises and the expenses of such proceedings cannot be recovered from the said party, then the Lessor shall be entitled to deduct such expenses from the said payment if such proceedings were rendered necessary by the act or default of the Tenant or the person entitled to such payment. Provided further that the Lessor shall also be entitled to deduct from the said payment any sums owed by the Tenant to the Society or the Lessor whether under these presents or otherwise."

6. The Corporation agrees and covenants that, in the event of the Lease being renewed or extended for any period, the term of the Underlease shall be extended by the same period, less the last three days.

7. Except as hereby varied, all the terms and conditions contained in the Underlease shall remain in full force and effect in so far as the terms and conditions are subsisting and capable of subsisting and capable of taking effect following dissolution of the Society.

FIRST SCHEDULE

SECOND SCHEDULE

THIRD SCHEDULE

IN WITNESS whereof the Corporation hath caused its Common Seal to be hereunto affixed and the Tenant hath set his hand and seal the day and year first above written.

SEALED with the Common Seal of the]
Corporation and SIGNED by]
() chairman and]
() secretary of]
its Management Committee in the]
presence of :]

SIGNED SEALED AND DELIVERED]
by the Tenant]
in the presence of :]

April 2001

(pd136wd.doc)

2. **Flowchart Summarizing Procedures for Achieving the Transfer of Title**

This supplements the General Guidelines.

Flow-chart Summarising Procedures for Achieving Transfer of Title

Society prepares and circulates proposed terms and conditions of modification of lease and scheme of distribution of assets.



Society holds a special general meeting to consider and pass resolutions to :

- (a) apply to Government to modify its Crown lease to allow its liquidator(s) to dispose of its flats and interest in the common areas of the lot to individual members and, in the case of any members not consenting to the assignment of legal title, to an owners corporation established by consenting members to manage the lot;
- (b) repay its outstanding loan and interest, if any, to the Government;
- (c) collect and pay the fees of the liquidator, cost of formation of owners corporation and other expenses;
- (d) approve the scheme of distribution of assets; and
- (e) apply to RCS to dissolve the society.



Society repays outstanding government loan, if any.



Society submits to RCS (i) application for dissolution (ii) an approved scheme of distribution of assets and (iii) written consent of at least 75% of its members to the application and the scheme and nominates liquidator(s). **Society submits copy of application and executed underleases to SCS.** Society submits application to **D of L** for modification of lease (**with a copy to SCS**). Society informs SCS and RCS of the names of members voting for and against the dissolution of the society.



SCS and RCS check membership and inform **D of L** and **DAS**.



DAS confirms to SCS, RCS and **D of L** that there is no outstanding Government loan or interest thereon.



↓

D of L approves the modification of lease, offer basic terms on lease modification to the society and inform SCS upon receipt of confirmation of acceptance of basic terms by the society.

↓

RCS processes the application for dissolution and approves the proposed scheme of distribution of the society's flats and undivided shares. If necessary, RCS forwards the proposed scheme of distribution to SCS, LACO/AGC for comments or advice.

↓

RCS issues an order for cancellation of the society's registration.

↓

2 months for appeal. Members may appeal against the dissolution to the Governor under section 38(2) of Co-operative Societies Ordinance. RCS will deal with the appeal in liaison with concerned departments.

↓

No appeal/Appeal not upheld.	Appeal upheld. Society functions as before.
-------------------------------------	--

↓

Order for cancellation takes effect. Society dissolved. RCS appoints liquidator(s) having regard to the nomination by society. The liquidator(s) of society execute the Letter of Modification and commence work on other aspects of liquidation.

↓

D of L issues a Letter of Modification with updated lease conditions where necessary to liquidator(s) for execution.

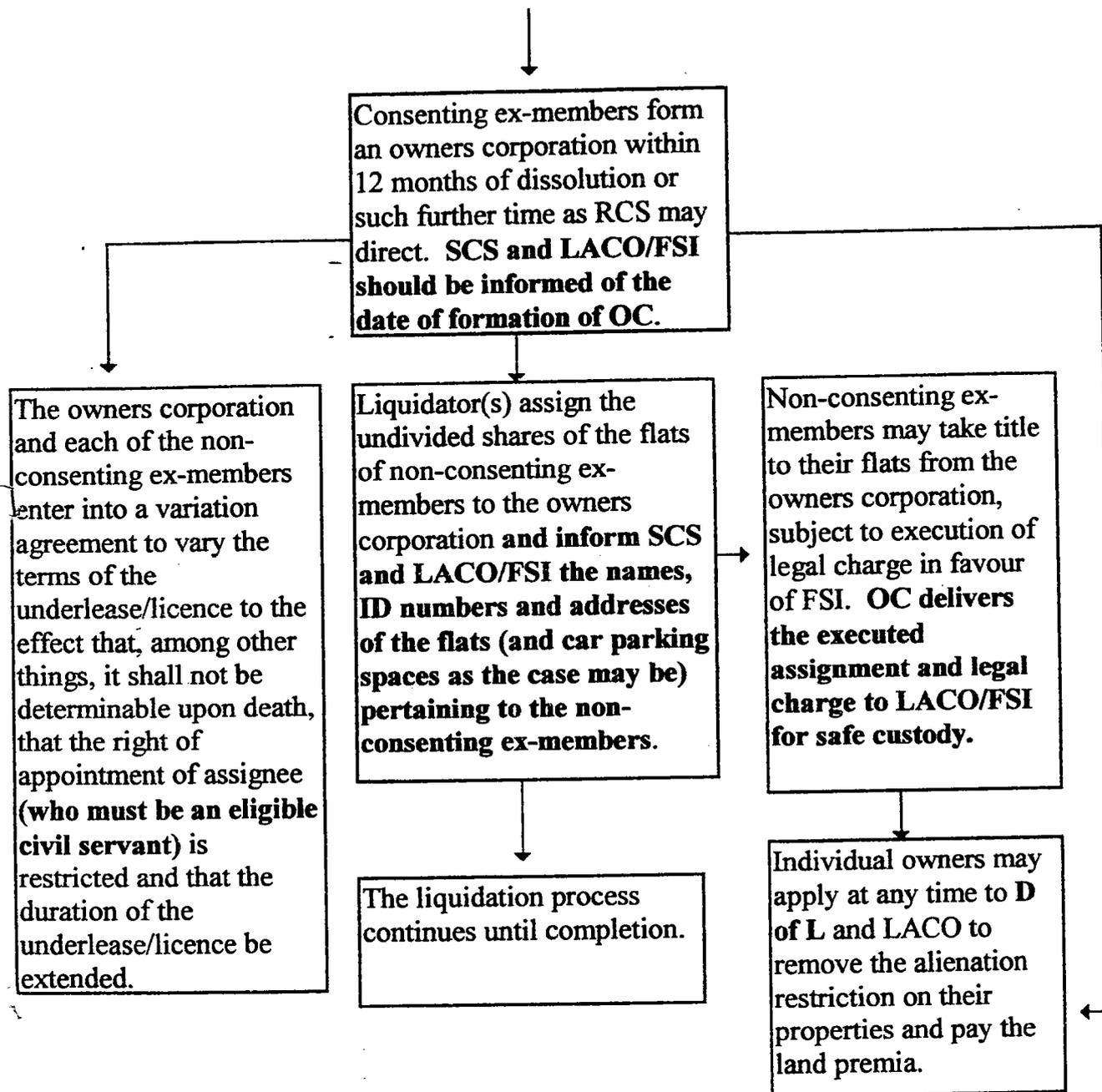
↓

Liquidator(s) execute Letter of Modification. LACO arranges the registration of the Letter of Modification.

↓

Liquidator(s) enter into DMC and assign flats to ex-members. Concurrently, ex-members execute legal charge in favour of FSI to secure land premia in respect of properties assigned by liquidator(s). Liquidator(s) delivers to LACO/FSI the executed assignments and legal charges for safe custody.

↓



Note : SCS = Secretary for the Civil Service
D of L = Director of Lands
FSI = Financial Secretary Incorporated
RCS = Registrar of Co-operative Societies
DAS = Director of Accounting Services
LACO = Legal Advisory and Conveyancing Office
(Lands Department)

3. Conditions for Transfer of Title and Subsequent Disposal

This sets out the conditions under which the transfer of title may be permitted.

Co-operative Building Societies
Conditions for Transfer of Title and Subsequent Disposal

This conditions under which the transfer of the legal title to flats and land and the subsequent sale, letting or other disposal of such properties may be permitted are as follows :

- (a) Provided that the Government loan has been fully repaid, resolutions to dissolve the society for the purpose of transfer of title are passed and 75% or more members of the society agree to a scheme of distribution and apply for dissolution, the transfer of legal title will be effected through the "modification of lease" procedure, which includes dissolution of the society and execution of a modification of the terms of the Crown lease to allow for transfer of title to individual members.
- (b) Following execution of the modification by the liquidator and entry into a deed of mutual covenant, the liquidator shall transfer legal title to the flats (and car parking spaces as the case may be) to individual ex-members of the society by assignment of the relevant undivided shares but such assignment shall be subject to the restriction at (e) below.
- (c) Members who do not consent to taking legal title will continue to have the right to occupy their flats, subject to the terms of their underleases/licences. The undivided shares which would have been assigned to them had they consented to the transfer of title will be assigned to the owners corporation ("OC") of the building (see (d) below). These ex-members may at any time call upon the liquidator or (subsequent to the assignment to the OC of the undivided shares assignable to them) the OC to assign the relevant undivided shares to them, subject to the payment of stamp duty, their share of expenses borne by other ex-members and the costs of the assignment. Upon taking the assignment a legal charge to secure payment to premium as detailed in (e) below will have to be executed.
- (d) An OC of the building must be formed by consenting ex-members of the society to manage the building/properties within 12 months from the effective date of dissolution of the society or any such further period as the Registrar of Co-operative Societies may direct.

- (e) A restriction will be placed on future sale, letting or other disposal, which includes use or occupation by any other person of the property, until an OC has been formed and the flat owner has paid to the Government a land premium assessed at two-thirds of the "existing use value" of the land on which the building stands, unless the Director of Lands considers that there is immediate redevelopment potential, whereupon the premium will be assessed at two-thirds of the full market value of the land. Payment of this premium to Government will be secured by a legal charge on the flat (and car parking space as the case may be) in favour of the Financial Secretary Incorporated. Upon payment of the premium to the Government the legal charge will be discharged and the owner will be free to dispose of the flat (and car parking space as the case may be). Prior to the payment of premium, the only way that the flat ownership may pass from the original owner to another party is by operation of law, e.g. through inheritance by a beneficiary in the event of death, or by being vested in a trustee in the event of bankruptcy. In either event, since the legal charge remains valid until discharged, the beneficiary or the trustee would be bound by it to pay the premium prior to sale, letting or other disposal.
- (f) Premium will be charged for modification of the Crown lease at full market value for redevelopment over and above the existing development permitted under the Crown lease.
- (g) Once a society member has acquired legal title, neither he nor his spouse will be eligible for any other civil service housing benefits **and civil service housing related benefits** even if he pays the premium referred to in (e) above and subsequently disposes of the property, unless he has acquired the underlease/licence through beneficial succession and neither he nor his spouse is debarred from receiving such benefits for other reasons. This does not apply to members of the Wah Yuen Chuen Co-operative Building Society, Ltd. and the Shatin Lodge Co-operative Building Society, Ltd., except as in the case of condition (h) below.
- (h) If a society member has voted for dissolution of his society for the purpose of transfer of title and he revokes his decision, neither he nor his spouse will be eligible for any other civil service housing benefits **and civil service housing related benefits** even if he/she is eligible for them for other reasons.

An elaboration of the above conditions is appended hereto.

Civil Service Branch
August 1996

Appendix

Elaboration of the Conditions for Transfer of Legal Title and Subsequent Disposal

Under **Condition (a)**, a co-operative building society wishing to seek title should prepare a scheme of distribution of assets in accordance with the guidelines from the Registrar of Co-operative Societies ("RCS") (see Appendix I to Part 8 of this manual) and pass resolutions, at a special general meeting of the society, amongst other things, to dissolve the society and to adopt the Modification of Lease Approach. Having passed those resolutions, if 75% or more of its members agree in writing to dissolve the society for the purpose of transfer of title and 75% or more of the members endorse the scheme of distribution, the society should then repay the outstanding Government loan, if any. It should then apply to RCS (with a copy to the Secretary for the Civil Service ("SCS") (**together with executed underleases**) and the Director of Accounting Services ("DAS")) for dissolution of the society and to **the Director of Lands ("D of L")** for a modification of the Crown lease to allow for transfer of title.

2. Under **Condition (b)**, once the order of cancellation of the registration of the society takes effect and a liquidator has been appointed by RCS, the liquidator shall execute the modification of the Crown lease (which modification will allow transfer of title to ex-members of the society and may also update the lease conditions) but which modification will not affect the lease term of the Crown lease which will be dealt with in accordance with the provisions of Annex III to the Sino-British Joint Declaration. Then, after entering into a deed of mutual covenant, the liquidator may transfer legal title to the flats (and car parking spaces as the case may be) to individual ex-members; such transfer will be effected by assignment of undivided shares (which will have been allocated under the deed of mutual covenant) to ex-members in accordance with the scheme of distribution of assets approved by RCS. Such assignment shall be subject to a restriction on alienation pending payment of premium. A legal charge in favour of the Financial Secretary Incorporated ("FSI") will be executed contemporaneously with the execution of the assignments to secure payment of that premium.

3. Under **Condition (c)**, any ex-member who does not vote for dissolution of his society will continue to have the right of exclusive occupation of his flat (and car parking space as the case may be) and to use the ancillary facilities as before,

subject to the terms of his underlease/licence. Upon expiry of 12 months from the dissolution of his society or within such further period as RCS may direct, if any ex-member has not taken the legal title, the legal title to his flat (and car parking space as the case may be) will be assigned by the liquidator to an owners corporation ("OC") to be formed by ex-members who have taken title, to manage the buildings and the property. No stamp duty will be payable on such assignment. Ex-members whose undivided shares have been assigned to the OC will be known as non-consenting ex-members. Other ex-members will be known as consenting ex-members.

4. After the assignment of undivided shares to the OC, a non-consenting ex-member may enter into a variation agreement with the OC to vary the terms of his underlease/licence to the effect that :

- (a) the OC will have no right to re-enter the premises of the holder of the underlease/licence when he ceases to be a member of the society;
- (b) the ability of beneficial successor (following the death of the underlessee/licensee) to claim a new underlease from the OC shall be preserved as far as possible;
- (c) upon assignment by a non-consenting member of his underlease/licence, his assignee ("assign") (**who must be an eligible civil servant**) shall not be further allowed to assign;
- (d) ambiguities or uncertainties in the underlease/licence resulting from the dissolution of the society are removed;
- (e) specified amount(s) will be paid in the event of termination of the underlease/licence; and
- (f) the OC is obliged to extend the term of the underlease/licence in line with any extension of renewal of the Crown lease.

5. The consequences of 4(a) are, firstly, that following dissolution of the society, each non-consenting ex-member loses his membership of that society. But for the variation agreement it is arguable that the OC would be entitled to re-enter the flat of the non-consenting ex-member. Secondly, upon death of the non-consenting ex-member, his assign or beneficial successor, the OC would be entitled to re-enter the premises on account of the non-consenting ex-member, his assign or beneficial successor ceasing to be a member : the effect of 4(a) is to preclude the possibility that the flat will be re-entered upon death and thus brought to an end. This will enable a

non-consenting ex-member, his assign or beneficial successor to retain an interest in his flat (and car parking space as the case may be) following his death and which interest can be devised by way of a will : it is advisable for him to make a will devising his interest to a devisee should he wish to pass on his interest in his flat (and car parking space as the case may be) after his death.

6. As to 4(b) : under the standard forms of underlease, the ability of the beneficial successor nominated by a member to apply to the society for a new underlease is recognised. It is intended that the position of the beneficial successor should be the same following dissolution of the society : to this end, the variation agreement will provide that following the death of the underlessee and upon the application of the beneficial successor to the OC for a new underlease, the present underlease will terminate and the beneficial successor shall be entitled to a new underlease upon the same terms and conditions as that of the underlease previously held by the deceased underlessee, as varied by the variation agreement. However, in making this provision Government does not warrant or otherwise intend to indicate that a beneficial successor will be successful in claiming a new underlease from the OC. If a beneficial successor is to be nominated, his nominator should, in case of doubt, seek independent legal advice as should a nominated beneficial successor prior to applying to the OC for a new underlease as the effect of his so applying will be to terminate the present underlease and probably defeat any devise under a will or claim on intestacy. If the beneficial successor does not apply to the OC for a new underlease and provided that the non-consenting ex-member has entered into a variation agreement, the underlease will continue after the death of the underlessee and the interests of the deceased can pass to a devisee under a will or to those entitled upon intestacy.

7. If a variation agreement has not been entered into and if a non-consenting ex-member, his assign or beneficial successor is in doubt as to his ability to nominate such a successor or if someone nominated either prior to or subsequent to dissolution of the society can claim a new underlease, he (the proposed nominator and/or his nominee) should seek independent legal advice.

8. In these guidelines the phrase "non-consenting ex-member, his assign or beneficial successor" appears. A very similar phrase is used in the Modification Letter, a sample of which is at Appendix V of Part 1 of this manual. The words "beneficial successor" have been included in case a beneficial successor is nominated and as such is successful in claiming a new underlease (following the death of his nominator). The inclusion of "beneficial successor" in this manual and the Modification Letter is not intended nor should it be taken as indicating Government's

view that, following dissolution of the society, a beneficial successor will be successful in claiming or is entitled to a new underlease.

9. The effect of 4(c) is that a non-consenting ex-member can exercise his right to nominate an assign (**who must be an eligible civil servant**) of his underlease/licence but an assign cannot further assign. A non-consenting ex-member can only exercise his right to nominate an assign if he enters into the variation agreement : such an assignment can only be effected with the written consent of the OC and the Governor.

10. The reason for the inclusion of 4(d) is that following dissolution of the society, all those persons who were members will cease to be members of the society. The standard forms of underlease used by many societies contain references to membership : the variation agreement will effectively delete such references. Also, upon assignment to the OC, the OC will become the landlord under the underleases/licences : in the standard forms of underlease, the landlord is referred to as "the Lessor" - in many instances these refer to the OC but in some instances to the society. The variation agreement will clarify the meaning of "Lessor" in relation to licences in the event that SCS is prepared to waive the requirement that prior to applying for dissolution of the society, that underleases are executed in the standard forms or any other forms as approved by SCS to replace licences then in existence.

11. The effect of 4(e) is that the entitlement of a non-consenting ex-member, his assign or beneficial successor in the event of termination of the underlease/licence will be spelt out : he will be entitled to a refund of capital payment by him or, in the case of the underlease/licence not being the original underlease/licence of the society, the total amounts contributed to the funds of the society to allow for refund of capital payments to the previous underlesses(s)/licensee(s) and the capital payments made by him.

12. The reason for inclusion of 4(f) is to avoid any doubt as to the effect of an extension or renewal of the Crown lease insofar as the underlease/licence is concerned : such renewal or extension may not automatically extend the term of the underlease/licence and so 4(f) removes any doubt on this.

13. A non-consenting ex-member, his assign, beneficial successor or successor in title may at any time call upon the OC to assign to him the undivided shares which would have been assigned to him had he consented to the transfer of

title, subject to his payment of stamp duty, his share of the expenses involved in the liquidation of the society and formation of the OC, and the management and maintenance expenses which the non-consenting ex-member, his assign, beneficial successor or successor in title would have paid had he taken an assignment of the relevant undivided shares and the legal fees and disbursements and any other expenses of the assignment and the legal charge which he shall be obliged to execute upon taking assignment of his legal title : the amount so paid in relation to the costs and expenses other than the legal and other expenses of the assignment and legal charge shall be paid pro-rata by the OC to those ex-members who have borne those expenses and costs, in effect, on behalf of the non-consenting ex-member, his assign, beneficial successor or successor in title.

14. Under conditions (d) and (e), ex-members of a society who have obtained legal title to their flats (and car parking spaces as the case may be) will not be permitted to sell, let or otherwise dispose of their flats and land until they have formed an OC (within 12 months of the dissolution of their society or any further period as RCS may direct) and a land premium has been paid to the Government for lifting the restriction on alienation.

15. Generally, the land premium payable will be equivalent to two-thirds of the existing use value of the land on which the property stands, unless D of L considers that there is immediate redevelopment potential, whereupon the premium will be assessed at generally two-thirds of the full market value of the land. The reason that the premium due is two-thirds of the existing use value is that, at the time when the land was originally granted, the premium paid was generally one-third of the full market value at that time. Hence the remaining two-thirds of the total premium must be paid. The existing use value, as opposed to the full market value, is used for assessing the amount of premium due in order to take account of the facts that firstly, the sites are not bare sites, secondly, the buildings are not new and are of varying quality and, thirdly, the sites may not be developed to the maximum plot ratios that would be permitted nowadays. In assessing the existing use value of the land, account will be taken of such factors as the current sale value of the property in the open market having regard to the quality, age and conditions of the existing building. The "existing use value" of the land as proportion of the current sale value of the property will vary from site to site.

16. Under condition (f), a modification premium will be charged at full market value on redevelopment over and above the existing development if the Crown lease restricts such redevelopment. Payment of this premium will be necessary to modify the Crown lease to remove the restriction on redevelopment above the gross floor area of the buildings at present existing on site. As with any property in the

private sector, the consent of all owners will be required before any redevelopment can take place.

17. As regards **conditions (g) and (h)**, the civil service housing benefits **and civil service housing related benefits** which will be forfeited include, for example, Non-departmental Quarters, Departmental Quarters which officers are not directed to occupy for operational reasons, Private Tenancy Allowance, House Allowance, Home Purchase Allowance, Housing Loan, Home Financing Allowance, membership of other co-operative building societies, underleasing of flats in Government Built Housing Schemes, **acquisition of an underlease/license to a flat and land from an ex-member of a former Local Officers' Co-operative Building Society who does not acquire legal title through accepting assignment after such Society has been dissolved**, access to public housing and the Home Ownership Scheme through the Civil Service Public Housing Quota, Furniture Allowance, Domestic Appliances Allowance and the housing related benefits of provision of furniture and domestic appliances. If a member and his spouse are not prepared to give up their eligibility for such housing benefits, he should not seek transfer of his title.

Civil Service Branch
August 1996

4. Order under Section 54 of the Co-operative Societies Ordinance (Chapter 33)

This Order made by the Governor modifies the Ordinance as applied to civil servants' co-operative building societies in order to enable the transfer of title to take place.

CO-OPERATIVE SOCIETIES ORDINANCE (CHAPTER 33)
ORDER UNDER SECTION 54
CIVIL SERVANTS' CO-OPERATIVE BUILDING SOCIETIES

In exercise of the powers conferred by section 54 of the Co-operative Societies Ordinance (Cap 33) (hereinafter referred to as the "Ordinance") and in addition to the directions made on the twelfth day of January 1987 the Governor hereby directs that : -

- (a) Any Civil Servants' Co-operative Building Society (hereinafter referred to as the "Society") which applies hereafter for dissolution under section 38(1) of the Ordinance, intending to be dissolved and the undivided shares in its leasehold interests in land to be transferred to the individual members of the Society may so apply to the Registrar of Co-operative Societies (hereinafter referred to as the "Registrar") for an order for the cancellation of the registration of the Society provided that such application shall : -
- (i) incorporate a proposed scheme of distribution of the undivided shares of the Society's leasehold interests in land to individual members of the Society (hereinafter referred to as the "Scheme"); and
 - (ii) contain a verification to the satisfaction of the Registrar that not less than three-fourths of the members of the Society have consented to such application and Scheme.
- (b) Provided an order for the cancellation of the registration of the Society is made by the Registrar upon an application under (a) above and such order takes effect according to the provisions of the Ordinance, the liquidator of the Society appointed under section 41 of the Ordinance, shall, within twelve months from the date on which such cancellation order of the Society takes effect or within such further time as the Registrar may direct : -
- (i) accept a modification of the leasehold interests in land held by the Society in liquidation in terms proposed by the Director of Buildings and Lands which terms shall, inter alia, allow the liquidator to transfer the undivided shares in leasehold interests in land held by the Society in liquidation to individual former members of the Society in accordance with the Scheme; and
 - (ii) effect the transfer of the undivided shares in the leasehold interests in land held by the Society in liquidation and as modified in (i)

above (hereinafter referred to as the "Undivided Shares") in accordance with the Scheme to individual former members of the Society named therein or their successors in title subject to such former members of the Society or their successors in title (as the case may be) bearing the costs expenses and duties, if any, of such transfer.

(c) On the expiry of the 12 months' period or in the event that the Registrar has directed any further time in (b) above, on the expiry of such further time, the liquidator shall transfer any unclaimed or unassigned Undivided Shares under the Scheme to an owners corporation : -

(i) to be incorporated under the Multi-Storey Buildings (Owners Incorporation) Ordinance (Cap 344) or any further enactment in substitution thereof or amendment thereto; and

(ii) to be incorporated for the management of the leasehold interests in land held by the Society immediately prior to its dissolution

subject to such owners corporation bearing the costs expenses and duties, if any, of such transfer.

Provided that : -

(i) in the absence of any owners corporation being incorporated as aforesaid, the liquidator shall continue to hold any unclaimed or unassigned Undivided Shares under the Scheme until an owners corporation is incorporated as aforesaid whereupon the liquidator shall transfer such Undivided Shares to such owners corporation subject to such owners corporation bearing the costs expenses and duties, if any, of such transfer;

(ii) in the event that there is an owners corporation incorporated as aforesaid but such owners corporation does not take up the transfer by the liquidator of any unclaimed or unassigned Undivided Shares under the Scheme, the liquidator shall continue to hold any unclaimed or unassigned Undivided Shares under the Scheme until such owners corporation takes up the transfer of the same whereupon the liquidator shall transfer such Undivided Shares to such owners corporation subject to such owners corporation bearing the costs expenses and duties, if any, of such transfer;

- (iii) if prior to the liquidator transferring such unclaimed or unassigned Undivided Shares under the Scheme to an owners corporation incorporated as aforesaid, a former member of the Society named in the Scheme or his successor in title (as the case may be) so requests in writing, the liquidator shall transfer such Undivided Shares as are transferrable to that former member under the Scheme to that former member or his successor in title subject to such former member or his successor in title (as the case may be) bearing the costs expenses and duties, if any, of such transfer.
- (d) The liquidator shall not, in the course of winding up the Society, deal with any or all of the Undivided Shares in any manner other than as prescribed in (b) and (c) above.
- (e) Upon the closure of the liquidation of the Society the liquidator shall pay any surplus funds as referred to in section 46(3) of the Ordinance and hand over any remaining assets to the owners corporation incorporated as aforesaid. Such funds and assets shall become part of the general fund established by such owners corporation for use in the management of the leasehold interests in land held by the Society immediately prior to its dissolution.
- (f) All claims against a Society liquidated pursuant to an application under (a) above shall be proscribed when 12 months have elapsed from the date of the publication of the Gazette notice under section 46(2) of the Ordinance.

Dated the twenty-seventh day of October 1992.

By Command,

MRS. FANNY LAW
Deputy Secretary for the Civil Service

January 1993
(MSSH0048)

5. Legal and Administrative Fees Payable on Transfer of Title

This lists out for reference purpose the fees payable by a society and its members seeking transfer of title.

**Legal and Administrative Fees
for the reference of co-operative building societies
seeking transfer of title**

I. General

Premium for modification of Crown lease to effect transfer of title	\$1,000
--	---------

Note : If a flat owner wishes to sell, let or otherwise dispose of his flat after transfer of title, he has to pay a separate land premium to be assessed by Government. The flat owner should consult estate surveyors in the private practice if he wants to obtain an estimate of the land premium payable.)

II. For services provided by the solicitors acting for the society

- | | |
|--|---|
| (i) Preparation of Deed of Surrender
executed by member, if necessary | No fixed charge. To be agreed
between the solicitors and
society. |
| (ii) Preparation of Deed of Mutual
Covenant | See Appendix |
| (iii) Preparation of Assignment in respect of
each flat | - do - |
| (iv) Preparation of Legal Charge on each
flat | - do - |
| (v) Preparation of Discharge of Legal
Charge | - do - |

Note : 1. This list of fees is not exhaustive. The solicitors may charge fees for services provided but not shown on this list.

2. The solicitors' costs are charged according to a scale laid down in the Solicitors (General) Costs Rules made under the Legal Practitioners Ordinance; whilst a fixed amount per document is charged except for Assignments and Legal Charges which are charged on scales according to the value of the transactions.

III. Fees payable to the Land Registry

- (i) Registration of Letter of Modification \$210.
- (ii) Registration of Deed of Mutual Covenant
 - (a) where the number of property units is 10 or less, the fee should be \$1,000;
 - (b) where the number of property units is more than 10, the fee should be \$2,000
- (iii) Registration of Assignment in respect of each flat
 - (a) where amount/value of consideration/value of property does not exceed \$750,000, the fee should be \$230;
 - (b) where amount/value of consideration/value of property exceeds \$750,000, the fee should be \$450.
 - (c) the registration fee chargeable for instruments without stated consideration is at the same level as that applicable to an instrument with a consideration exceeding \$750,000.
- (iv) Registration of Legal Charge on each flat
 - (a) where amount/value of consideration/value of property does not exceed \$750,000, the fee should be \$230;
 - (b) where amount/value of consideration/value of property exceeds \$750,000, the fee should be \$450.
 - (c) the registration fee chargeable for instruments without stated consideration is at the same level as that applicable to an instrument with a consideration exceeding \$750,000.
- (v) Registration of Discharge of Legal Charge \$450.

IV. Preparation of floor plans and car parking space layout plans

A society may employ architects in the private practice to prepare floor plans and car parking space layout plans for attachment to Assignment.

V. For services provided by the liquidator(s) of the society

The fees charged depend on a number of factors such as membership size, the complexity of the work involved, the professional standing of the liquidator(s) and the time spent by him.

VI. Miscellaneous

Other administrative costs may be incurred.

Note : Government reserves the right to vary or alter any or all of the fees and costs as and when it sees fit or considers necessary.)

IV. For services provided by Director of Buildings and Lands

	\$
Preparation of floor plans and car parking space layout plans for attachment to Assignment	3,000 (per flat or per plan)

(Note : A society may employ architects in the private practice to prepare the plans.)

V. For services provided by the liquidator(s) of the society

The fees charged depend on a number of factors such as membership size, the complexity of the work involved, the professional standing of the liquidator(s) and the time spent by him.

VI. Miscellaneous

Other administrative costs may be incurred.

(Note : Government reserves the right to vary or alter any or all of the fees and costs as and when it sees fit or considers necessary.)

Civil Service Branch
January 1993

SSH0092M

Extract of Solicitors (General) Costs Rules,
Legal Practitioners Ordinance - Conveyancing Fees

A. Assignment/Legal Charge

<u>Consideration</u>		<u>Charge</u>	
<u>Exceeding</u>	<u>Not exceeding</u>		<u>\$</u>
<u>\$</u>	<u>\$</u>		
	100,000		1,800
100,000	150,000		2,450
150,000	200,000		3,100
200,000	250,000		3,750
250,000	500,000	For the first \$250,000... thereafter per \$10,000 or part thereof...	3,750 100
500,000	1,000,000	For the first \$500,000... thereafter per \$10,000 or part thereof...	6,250 75
1,000,000	5,000,000	For the first \$1,000,000... thereafter per \$10,000 or part thereof...	10,000 50
5,000,000	50,000,000	For the first \$5,000,000... thereafter per \$10,000 or part thereof...	30,000 25
50,000,000	100,000,000	For the first \$50,000,000... thereafter per \$10,000 or part thereof	142,500 12.50
100,000,000		For the first \$100,000,000... thereafter discretionary	205,000

B. Discharge

<u>Consideration</u>		<u>Charge</u>
<u>Exceeding</u>	<u>Not exceeding</u>	<u>\$</u>
<u>\$</u>	<u>\$</u>	
	100,000	1,100
100,000	250,000	1,300
250,000	500,000	1,600
500,000		1,800
Unlimited consideration (e.g. All monies)		1,800

C. Deed of Mutual Covenant

The first 50 units	750	for each unit
For the next 25 units	650	for each unit
Thereafter	500	for each unit

6. Stamp Duty Payable on Transfer of Title

This defines the circumstances under which stamp duty is payable on transfer of title and illustrates the calculation of stamp duty.

Stamp Duty Payable on Transfer of Title

Stamp duty chargeable on transfer of title to flats and land in each situation is as follows :

- (a) No stamp duty is chargeable on transfer of title by assignment of flats and land from the liquidator to the individual consenting ex-members of the dissolved co-operative building societies ("CBS").
- (b) No stamp duty is chargeable on transfer of title by assignment of flats and land which are unclaimed by the non-consenting ex-members of the dissolved CBS from the liquidator to an owners corporation.
- (c) Stamp duty is chargeable under the Stamp Duty Ordinance, (Cap. 117) on transfer of title by assignment of flats and land from an owners corporation to the individual non-consenting ex-members of the dissolved CBS, their beneficial successors or their assigns of underleases/licences. The rates of stamp duty chargeable are set out under Head 1, "Immovable Property in Hong Kong", of the First Schedule to that Ordinance. A summary of these rates **applicable from 1 April 1996** is given in the table below :

Value of flat and land	Stamp duty payable
(i) Not exceeding \$750,000	\$100
(ii) \$750,001 to \$809,730	\$100 + 10% of amount exceeding \$750,000
(iii) \$809,731 to \$1,500,000	0.75% of value of flat and land
(iv) \$1,500,001 to \$1,632,350	\$11,250 + 10% of amount exceeding \$1,500,000
(v) \$1,632,351 to \$2,500,000	1.5% of value of flat and land
(vi) \$2,500,001 to \$2,656,250	\$37,500 + 10% of amount exceeding \$2,500,000
(vii) \$2,656,251 to \$3,500,000	2% of value of flat and land
(viii) \$3,500,001 to \$3,862,080	\$70,000 + 10% of amount exceeding \$3,500,000
(ix) Exceeding \$3,862,080	2.75% of value of flat and land

Stamp duty will be charged on the transfer of title in situation (c) according to the open market value of the flat, subject to the restriction on sale, letting or other disposal before payment of the land premium ("Restricted Value").

The restricted value of the flat and land, which will be the value used for the purpose of assessing stamp duty, will be the unrestricted open market resale value of the flat and land less the land premium payable to the Government in order to lift the restriction.

The unrestricted open market resale value of the flat and land is determined by reference to the sale prices of similar flats in the area at the time of assignment.

In determining the unrestricted open market resale value such factors as the size, age, general physical condition and location of the flat will be taken into account.

The method of calculating the land premium payable by reference to the existing use land value has been set out at Part 7 of Chapter I.

(August 1996)

7. Definition of Existing Use Value Land Premium Payable to Remove the Restriction on Alienation

This defines the land premium payable after an owner has gained title to his flat, if he wishes to sell, let or otherwise dispose of it.

Definition of Existing Use Value Land Premium
Payable to Remove the Restriction on Alienation

Premium for modifying a lease to permit an individual flat owner to be able to freely sell his flat will be assessed at two-thirds of the existing use value of the land. This term can be further defined to mean the value of the land reflecting the existing development on the land and will take into account the sale price of the flat, reflecting its age and general condition.

2. In order to demonstrate it is assumed that at the time when premium is to be paid, the market value of the vacant land is \$5,000/m² of the gross floor area, the sale price of new flats in the area is \$13,000/m² gross and the sale price of flats in the civil servants' co-operative housing scheme is \$8,000/m² gross. Existing use value of the land will be assessed as follows :

Existing Use Value of Land =

$$\begin{aligned} & \text{Market Value of} && \times && \frac{\text{Sale Price of Flat } \$8,000/\text{m}^2}{\text{Sale Price of New Flat } \$13,000/\text{m}^2} \\ & \text{Vacant Land } \$5,000/\text{m}^2 && && \\ & && && \\ & && && = \$3,000/\text{m}^2 \text{ of Gross Floor Area of the Flat} \\ & && && \text{=====} \end{aligned}$$

(Note : In the event that the land is ripe for immediate redevelopment existing use value will not arise and market value will apply.)

3. In the example quoted above the premium payable, assessed at two-thirds of existing use value, will be \$2,000/m² gross. Therefore if the flat size is 150 m² gross the total premium will be \$300,000.

SSH0002

8. Notice of Special General Meeting

This is a sample notice of a special general meeting, which would need to be convened by a society to decide whether or not to seek dissolution for the purpose of transfer of title.

[Before you complete this form, it is to your interest to consult your own legal adviser.]

To : Name of member : _____
Address of member : _____

From : Name of Society : _____
Address of Society : _____

Dear Sir/Madam,

Notice of a Special General meeting

Please be informed that a special meeting of members will be held on _____ at _____ at _____ to discuss and decide on the following resolutions :

Resolution 1

That the society be voluntarily dissolved and liquidated in accordance with the provisions of the Co-operative Societies Ordinance, (Cap. 33) as modified by the Governor's order of 27 October 1992 and applies to the Registrar of Co-operative Societies in order to gain the transfer, to individual ex-members, of title to the flats and land which they occupy, through the Modification of Lease Approach, the details of which have been announced by the Secretary for the Civil Service.

Resolution 2

That members consent to the adoption of the Modification of Lease Approach for the transfer of title to flats and land to individual members and consent to the Scheme of Distribution.

- (Notes : (1) At least 75% of the members must agree to the Modification of Lease Approach and the proposed Scheme of Distribution before an application is made by the society.
- (2) A copy of the proposed Scheme of Distribution must be attached to the Notice of Meeting sent to all members at least 8 clear days before the general meeting.
- (3) The names of the "consenting members" and the "non-consenting members" should be clearly stated.
- (4) A copy of the Guidelines on Drawing Up a Scheme of Distribution is shown in Appendix I.)

Resolution 3

That the society collects sufficient funds from its consenting members and places these funds on deposit to cover payment of all necessary legal, administrative, liquidation and any other costs in connection with liquidation and transfer of titles. In the event that non-consenting members do not pay their share of the expenses now, they shall be required to repay their share of the expenses when they subsequently decide to request the transfer to them of title to their flats (and car parking spaces as the case may be).

- (Notes : (1) An estimate of the legal, administrative, liquidation and any other costs should be made prior to the general meeting.
- (2) A copy of the estimate should be attached to the Notice of Meeting and sent to all members at least 8 clear days before the general meeting.
- (3) All costs should be shared equally by all members, whether they are consenting or non-consenting.
- (4) If non-consenting members do not pay their share of costs, consenting members shall pay the non-consenting members' share first and then recover the costs when the non-consenting

members subsequently request the transfer to them title to their flats (and car parking spaces as the case may be). The costs so recovered will be reimbursed pro-rata to ex-members who have paid the expenses on their behalf.

- (5) When non-consenting members decide to take title to their flats, they must repay their share of the legal, administrative, liquidation costs, etc. involved.)

Resolution 4

2. That the society nominates and recommends **either a lawyer or public accountant** as liquidator for appointment by the Registrar of Co-operative Societies to wind up the affairs of the society in compliance with the Governor's order of 27 October 1992, the Letter of Modification of Crown Lease and the Co-operative Societies Ordinance, (Cap. 33).

Notes : (1) Before nominating a liquidator, the society should negotiate with him the costs he would charge for the job.

- (2) To avoid dispute in the future, an agreement should be entered as to the amount of liquidator costs.)

3. You are required to sign and return the attached reply form in Appendix II to me at least 2 clear days prior to the date of the meeting indicating whether you would attend this meeting. However, before you sign, you should also study with great care the details in the manual issued by the Secretary for the Civil Service, the Important Notes in Appendix III, the Governor's order, the sample Letter of Modification and variation agreement and the proposed Scheme of Distribution in Appendix IV and consider the advantages and disadvantages of transfer of title as it relates to your own situation. Note also that if you consent to the dissolution of the society for the purpose of transfer of title but you revoke your decision and opt for non-consenting, you will not be eligible for other forms of civil service housing benefits even if you are eligible for them for other reasons. Then, state in the reply form at Appendix II whether you consent or do not consent to the transfer of title of your flat (and car parking space as the case may be) to yourself.

Signature : _____

Name in Block Letters : _____
Secretary

Date : _____

August 1996

Appendix I

Guidelines on Drawing Up a Scheme of Distribution

All loans owed to Government by the society submitting the scheme of distribution must be repaid prior to submitting the scheme for approval to the Registrar of Co-operative Societies.

2. Before a proposed scheme of distribution is drawn up, the society should arrange to have its accounts prepared and audited. On the basis of the audited accounts the following information should be included in the proposed scheme :
 - (a) a list of the assets of the society and the likely amount which they will realise;
 - (b) a list of the debtors of the society which should clearly indicate which debts are regarded as being potentially bad; and
 - (c) a list of the creditors and the priority under which the society's liabilities are to be discharged.
3. No distribution of assets should be proposed unless all the society's liabilities can be met.
4. Normally, a scheme of distribution should provide for payment in the following order of priority :
 - (a) The costs of liquidation : an estimate of those costs together with evidence that the estimate has been agreed by the nominated liquidator should be supplied;
 - (b) Government dues including any tax, rates or rent;
 - (c) employees' salaries and other entitlements under the Employment Ordinance;

- (d) other creditors (who will be treated equally as between themselves);
- (e) members' deposits;
- (f) refund of share capital.

5. After providing for payment of the above, the proposed scheme should also provide for :

- (a) Distribution of the society's flats and ancillary facilities (if any) e.g. car parking spaces : a list of members and details of the entitlements should be included.
- (b) Allocation of undivided shares for common parts : normally, such shares should not be separately allocated i.e. the undivided shares allocated to each flat should include an interest in the common parts. If it is proposed to allocate undivided shares separately to common parts then reasons for this should be stated.
- (c) In case there are members who do not consent or agree to the proposed transfer of title of the society's flats etc. to members, the society must confirm that the undivided shares and entitlements to which the non-consenting members would have been entitled had they agreed to accept assignment of the title to their flats will be assigned by the liquidator of the society to an owners corporation which the consenting members undertake to incorporate within 12 months of the dissolution of the society or any such period as the Registrar of Co-operative Societies may direct, and to safeguard the interests of non-consenting members by allowing those non-consenting members to continue to occupy their flats subject to the terms of the underleases/licences under which they presently hold their flats.

6. Please note that any surplus remaining after the application of the funds for the purpose stated above may only be dealt with in accordance with the Governor's order of 27th October 1992.

August 1996

GAT-7: 114

Amendment No. 1/96

Appendix II

To : Secretary

_____ Co-operative Building Society, Limited.

Address : _____

From : Name of Member : _____

Address : _____

Telephone : _____

I *will/will not attend the special general meeting of the society to be held on _____ to discuss the proposal to seek dissolution and transfer of title to flats and land from the society to individual members.

2. I have studied and understood the Important Notes to Members, Proposed Scheme of Distribution, the Letter of Modification, Conditions and Guidelines covering the proposed transfer of title.

3. I confirm that :

*(a) I consent to the transfer of title under the Modification of Lease Approach and I :

(i) understand that if I give my consent but revoke my decision, I and my spouse shall not be eligible for other civil service housing benefits even if we are eligible for them for other reasons;

(ii) I am willing to pay for my share of expenses and the share of expenses payable by the non-consenting members and I understand that the share of expenses to be recovered from the non-consenting members when they take title will be reimbursed pro-rata to me; and

(iii) *agree/disagree to the proposed Scheme of Distribution.

* (b) (i) I do not consent to the transfer of title under the Modification of Lease Approach and I *agree/disagree to the proposed Scheme of Distribution; and

(ii) I understand that if I decide at a later date to become a consenting member, I shall be responsible for the payment of my share of the expenses.

* Delete whichever is inapplicable

Signature of Member : _____
Name in Block Letters : _____
Hong Kong Identity Card No. : _____
Date : _____

For Official Use Only

We hereby verify that the signature shown above is the usual signature of the above named member.

Signature : _____
Name in Block Letters : _____
Hong Kong Identity Card No. : _____
Office Held : Chairman Secretary

Date : _____

Appendix III

Important Notes to Members/Committees
prior to making a decision to dissolve the Society

All members are requested to read the following notes carefully before making a decision to dissolve or otherwise not to dissolve the society to achieve the transfer of title to flats and land from the society to individual members under the Modification of Lease Approach. In case of doubts, you should consult your own legal adviser or seek advice from the appropriate desk officers listed in the manual issued by the Secretary for the Civil Service.

- (a) Read the manual and study them very carefully in particular, the Governor's order, the sample Letter of Modification and variation agreement and the Schedules attached thereto.
- (b) Consider the financial implications involved in the exercise. Consenting members will have to pay for non-consenting members' share of liquidation cost and other expenses in connection with the exercise. Consenting members will be reimbursed pro-rata the extra costs paid by them only after non-consenting members have changed their minds and take title.
- (c) Members who consent to dissolve the society (hereinafter known as "consenting members") and subsequently change their minds and become non-consenting would not be eligible for other civil service housing benefits even if they are eligible for them for other reasons. Their spouses are also debarred from receiving further civil service housing benefits.
- (d) Members must nominate a competent liquidator to wind up the affairs of the society under the Modification of Lease Approach. Before recommending him for appointment by the Registrar, members should agree with him, preferably by written agreement, the costs involved in order to avoid disputes in the future. If possible, a ceiling should be negotiated and agreed upon.
- (e) Study the proposed Scheme of Distribution very carefully before making your final decision.

- (f) Notwithstanding the provision in law that at least eight days' notice should be sent before a general meeting is held, the committee should give as much time as possible for members to study the manual, the Governor's order, the sample Letter of Modification and variation agreement, the proposed Scheme of Distribution, the costs involved, etc. prior to making a decision to hold a special general meeting.

- (g) Before a land premium can be paid to remove the alienation restriction on the future disposal of your flats (and car parking spaces as the case may be), you are required to form, with other consenting members, an owners corporation.

- (h) In the event that you are non-consenting, you are advised to enter into a variation agreement with the owners corporation to vary the terms of your underleases/licences.

January 1993
(MSSH0044)

_____ Co-operative Building Society, Limited

Proposed Scheme of Distribution

We hereby certify that the above Scheme of Distribution was decided by the committee at its meeting held on _____.
This scheme would be recommended to members for approval at the special general meeting to be held on _____ 199 .

Signature	:	_____	_____
Name in Block Letters	:	_____	_____
Hong Kong Identity Card No.	:	_____	_____
Office Held	:	<u>Chairman</u>	<u>Secretary</u>

Date : _____

January 1993
(MSSH0045)

9. Application for Dissolution of Society

This is a set of forms to be completed by any society applying for dissolution for the purpose of transfer of title.

Application for Dissolution of Society

**(Application and Appendices I, II, III and IV
must be completed in full in triplicate.)**

Distribution : - Original : Registrar of Co-operative Societies
Duplicate : Secretary for the Civil Service
TriPLICATE : Director of Accounting Services

From : Name of Society : _____
Address : _____

- To :
- (i) Registrar of Co-operative Societies,
Agriculture and Fisheries Department,
Canton Road Government Offices,
393 Canton Road, 12/F.,
Kowloon
 - (ii) Civil Service Branch,
Staff Housing Section,
Central Government Offices,
West Wing, 11/F,
11 Ice House Street,
Hong Kong
 - (iii) Director of Accounting Services,
29/F., Immigration Tower,
7 Gloucester Road
Hong Kong

Dear Sir

Please be informed that the members of the _____
Co-operative Building Society, Limited decided at the special general meeting of
members held on _____ that the society should be voluntarily
dissolved.

GAT-8 : 121

At the meeting, members also nominated the following person to act as liquidator, for the purpose of winding up the affairs of the society in accordance with the Governor's order of 27th October 1992, the Letter of Modification and the Co-operative Societies Ordinance, (Cap. 33).

	English	Chinese (if any)
Name of Liquidator :	_____	_____
I/C No. :	_____	_____
Address :	_____	_____
	_____	_____
	_____	_____
Tel. No. :	_____	

A copy of the minutes of the aforesaid special general meeting is attached at Appendix I for your information.

A list of the consenting and non-consenting members together with the undertakings signed by the former are shown at Appendix II.

In accordance with the provisions of the Co-operative Societies Ordinance, (Cap. 33) as modified by the Governor's order of 27th October 1992, we formally apply for dissolution of the society. The signature of the members making such application are attached herewith at Appendix III. A copy of the proposed Scheme of Distribution is at Appendix IV.

Yours faithfully,

Signature :	_____	_____
Name in Block Letters :	_____	_____
Hong Kong Identity Card No. :	_____	_____
Telephone No. :	_____	_____
Office Held :	_____ Chairman _____	_____ Secretary _____
Date of Application :	_____	_____

Appendix I

**Minutes of the Special General Meeting of Members of
Co-operative Building Society, Limited**

(Note : No meeting shall commence unless a quorum has
- been ascertained - see rule 26 of the Co-operative
Societies Ordinance and Rules, Cap. 33)

Date of meeting :

Place of meeting :

Time fixed for the
meeting :

Meeting commenced at :

Total number of
Register

No. Present/absent : /

Name of Members present :
(A separate sheet should
be attached if the space
provided is not enough.)

Name(s) of person(s) :
who attended as
observer(s)

Chairman of Meeting :

Secretary of Meeting :

Resolution 1 That the society be voluntarily dissolved and liquidated in accordance with the provisions of the Co-operative Societies Ordinance, (Cap. 33) as modified by the Governor's order of 27th October 1992 and applied to the Registrar of Co-operative Societies, in order to gain the transfer, to individual ex-members, of title to the flats and land which they occupied, through the Modification of Lease Approach, the details of which had been announced by the Secretary for the Civil Service.

State of voting :

Decision Made	No. of Votes
Agreed	
Objected	
Abstained	

Resolution 2 That members consented to the adoption of the Modification of Lease Approach for the transfer of title to flats and land to individual members and consented to the Scheme of Distribution.

State of voting :

Decision Made	No. of Votes
Agreed	
Objected	
Abstained	

Resolution 3 That the society collected sufficient funds from its consenting members and placed these funds on deposit to cover payment of all necessary legal, administrative, liquidation and any other costs in connection with liquidation and transfer of title. In the event that non-consenting members did not pay their share of the necessary expenses now, they should be required to repay their share of the expenses when they subsequently decided to request the transfer to them of title to their flats.

State of voting :

Decision Made	No. of Votes
Agreed	
Objected	
Abstained	

Resolution 4 That the society nominated and recommended **either a lawyer or public accountant** as liquidator for appointment by the Registrar to wind up the affairs of the society in compliance with the Governor's order of 27th October 1992, the Letter of Modification and the Co-operative Societies Ordinance, Cap. 33.

Particulars of the liquidator nominated were as follows:

Name : _____
(in English and Chinese)

I/C No. : _____

Tel. No. : _____

Address : _____

Fees to be charged by liquidator : _____

State of voting :

Decision Made	No. of Votes
Agreed	
Objected	
Abstained	

Signature : _____

Name in Block Letters : _____

Hong Kong Identity Card No. : _____

Telephone No. : _____

Office Held : Chairman Secretary

Date : _____

List of Consenting Members and Non-Consenting Members

Part I Consenting Members

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.
- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.

Part II Non-consenting Members

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

We hereby verify that this list is true and correct. A copy each of the undertakings signed by the consenting members is at the Annex.

Signature	:	_____	_____
Name in Block Letters	:	_____	_____
Hong Kong Identity Card No.	:	_____	_____
Office Held	:	<u>Chairman</u>	<u>Secretary</u>
Date	:	_____	

Annex to Appendix II

To : Secretary

_____ Co-operative Building Society, Limited

Address : _____

From : Name of Member : _____

Address : _____

Telephone No. : _____

I *will/will not attend the special general meeting of the society to be held on _____ to discuss the proposal to seek dissolution and transfer of title to flats and land from the society to the individual members.

2. I have studied and understood the Important Notes to Members, Proposed Scheme of Distribution, the Letter of Modification, Conditions and Guidelines covering the proposed transfer of title.

3. I confirm that :

* (a) I consent to the transfer of title under the Modification of Lease Approach and I :

(i) understand that if I give my consent but I revoke my decision, I and my spouse shall not be eligible for other civil service housing benefits even if we are eligible for them for other reasons;

(ii) I am willing to pay for my share of expenses and the share of expenses payable by the non-consenting members and I understand that the share of expenses to be recovered from the non-consenting members when they take title will be reimbursed pro-rata to me; and

(iii) *agree/disagree to the proposed Scheme of Distribution.

- * (b) (i) I do not consent to the transfer of title under the Modification of Lease Approach and I *agree/disagree to the proposed Scheme of Distribution; and
- (ii) I understand that if I decide at a later date to become a consenting member, I shall be responsible for the payment of my share of the expenses.

* Delete whichever is inappropriate

Signature of Member : _____

Name in Block Letters : _____

Hong Kong Identity Card No. : _____

Date : _____

For Official Use Only

We hereby verify that the signature shown above is the usual signature of the above named member.

Signature : _____

Name in Block Letters : _____

Hong Kong Identity Card No. : _____

Office Held : Chairman Secretary

Date : _____

Application for Dissolution of Society

Consequent upon the decision of the special general meeting of members of the _____ Co-operative Building Society, Limited convened on _____, we hereby apply for voluntary dissolution of our society and our signatures are appended below :-

<u>Flat/Floor/Block</u>	<u>Name of Member</u>	<u>Hong Kong Identity Card No.</u>	<u>Treasury Reference No.</u>	<u>Tel. No.</u>	<u>Signature of Member</u>
1.	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____
4.	_____	_____	_____	_____	_____
5.	_____	_____	_____	_____	_____
6.	_____	_____	_____	_____	_____
7.	_____	_____	_____	_____	_____
8.	_____	_____	_____	_____	_____
9.	_____	_____	_____	_____	_____
10.	_____	_____	_____	_____	_____
11.	_____	_____	_____	_____	_____
12.	_____	_____	_____	_____	_____
13.	_____	_____	_____	_____	_____
14.	_____	_____	_____	_____	_____
15.	_____	_____	_____	_____	_____
16.	_____	_____	_____	_____	_____
17.	_____	_____	_____	_____	_____
18.	_____	_____	_____	_____	_____
19.	_____	_____	_____	_____	_____
20.	_____	_____	_____	_____	_____
21.	_____	_____	_____	_____	_____
22.	_____	_____	_____	_____	_____
23.	_____	_____	_____	_____	_____
24.	_____	_____	_____	_____	_____

We hereby verify that the signatures shown in this application were made by the members in our presence either at the meeting or thereafter.

Signature	:	_____	_____
Name in Block Letters	:	_____	_____
Hong Kong Identity Card No.	:	_____	_____
Office Held	:	<u>Chairman</u>	<u>Secretary</u>
Date	:	_____	

SSH0005

_____ Co-operative Building Society, Limited

Scheme of Distribution

We hereby certify that the above Scheme of Distribution was approved by our members as per Resolution 2 of the special general meeting convened on _____ 199 . We hereby confirm that this Scheme is true and correct.

Signature : _____
Name in Block Letters : _____
Hong Kong Identity Card No. : _____
Office Held : Chairman Secretary
Date : _____

10. Procedures for the Full Discharge by a Society of its Outstanding Government Loan

This sets out the procedures for discharging outstanding Government loan by a society as a prerequisite to its applying for dissolution and transfer of title.

Procedures for the full
discharge of outstanding Government loan
by a co-operative building society

- (a) A co-operative building society should first discharge its outstanding Government loan together with accrued interest due thereon before it applies for dissolution.
- (b) The society should fix a date in advance for the discharge of its outstanding Government loan and interest, and request the Director of Accounting Services ("DAS") to calculate the total amount payable on the appointed date, by completing PART I of the Appendix attached and sending it to DAS at least one month before such date.
- (c) DAS notifies the society of the repayment details by completing PART II of the Appendix and returning it together with a demand note to the society.
- (d) The society should settle the demand note on or before the appointed payment date (the society should note that if settlement of the demand note is made later than the appointed payment date, additional interest is payable in respect of the overdue period) and notify DAS of the repayment by returning the Appendix, with PART III therein completed, together with a copy of the receipted demand note.
- (e) After verifying that the society has fully settled the demand note on time, DAS informs the Secretary for the Civil Service ("SCS"), the Registrar of Co-operative Societies ("RCS") and the Director of Buildings and Lands ("DBL") accordingly.

(Note :

Where a co-operative building society has no outstanding Government loan, in which case steps (a) to (e) above are not applicable, the society should, at the same time as it forwards its application for dissolution to RCS, send a copy of such application each to SCS and DAS. DAS will check whether there is any outstanding Government loan and interest due thereon from the society and inform SCS, RCS and DBL accordingly.)

Appendix

Application for the full discharge by a co-operative building society of its outstanding Government loan together with interest due thereon

PART I

From : _____ To : Director of Accounting Services
Co-operative Building Society, Ltd.

Date : _____

We wish to apply for the early repayment in one lump sum of the society's outstanding government loan, together with interest due thereon, on _____. Please forward a demand note to us for settlement on the said date.

Signature : _____
Name in block letters : _____
Hong Kong Identity Card No. : _____
Office : Chairman Secretary Treasurer

PART II

From : Director of Accounting Services To : The Chairman,

Date : _____
Co-operative Building Society, Ltd.

The total outstanding Government loan and interest as at _____ is \$ _____, made up as follows :

Outstanding loan : \$ _____
Interest due from _____ to _____ \$ _____
\$ _____
=====

2. A demand note for the said sum is attached. Please ensure that payment is made not later than _____.

()
for Director of Accounting Services

PART III

From : _____
Co-operative Building
Society, Ltd.

To : Director of Accounting Services

Date : _____

Please be informed that the outstanding Government loan and interest totalling \$_____ has been paid on _____. A copy of the receipted demand note is attached for reference.

Signature : _____
Name in Block Letters : _____
Hong Kong Identity Card No. : _____
Office : Chairman Secretary Treasurer

SSH0006

Item B. 8
(Deferred from
previous meeting)

DEVELOPMENT LOAN FUND - HOUSING LOANS: LOCAL GOVERNMENT OFFICERS

Encl 5

At the meeting on 21st August, 1963 Members of Finance Committee considered a paper on housing loans for local officers, together with the first interim report of the Working Party on Co-operative Housing Schemes. Members' agreement is now sought to implement the Working Party's final report, a copy of which is at Enclosure 5, with certain modifications referred to below.

First Interim Report

2. A ban on the acceptance of further local officers' housing co-operative schemes was imposed in May, 1962. The position regarding schemes already approved or in the pipeline in August, 1963 was as follows:-

	\$
(i) Total funds allocated from the Development Loan Fund	149 millions
(ii) Funds committed on schemes for housing 4,077 officers	<u>131</u> "
(iii) Uncommitted balance available	<u>18</u> "
(iv) Estimated cost of outstanding schemes in the pipe-line	<u>45</u> "

- (c) The planning of the new Government-built flats was to be undertaken by an expert (Members have already approved additional staff for the Commissioner for Housing to undertake this work).
- (d) There should be fuller control by Government over the use of funds and the allocation of flats.
- (e) About 10% of the funds allocated in future years should be for co-operative housing schemes on the old basis for more senior local officers.

New Proposals

5. Further details of the new proposals based on the recommendations in the Working Party's final report, with certain possible modifications, are given in the following paragraphs.

6. Government-built flats

- (i) These will comprise three types, the cost of each flat (inclusive of land at one-third full market value) being roughly equivalent to two years' salary of an officer in the middle of the appropriate salary bracket:

<u>Type of flat</u>	<u>Salary bracket (revised)</u>	<u>Rough cost</u>
I	\$ 690 - \$1,160	\$20,000
II	\$1,161 - \$2,064	\$35,000
III	\$2,065 - \$3,010	\$60,000

- (ii) The flats will be allocated on priority determined by a pointing system based on salary, length of service, size of family and housing situation.
- (iii) Down-payments will be required of successful applicants on a sliding scale:

(v) Additional allocation required 27 million
=====

3. At the meeting on 21st August, 1963 Members approved:
- (i) the allocation of an additional \$27 millions (making a total of \$176 millions) to enable the outstanding schemes to proceed (to provide housing for 1,105 officers);
 - (ii) the allocation of a further \$8 millions (making a total of \$184 millions) to enable the new proposals to be implemented.
4. The new proposals accepted in principle and for which an initial \$8 millions was approved by Members may be summarized as follows:
- (a) 4,000 more officers were to be provided with housing over 10 years at a total estimated cost of \$120 millions.
 - (b) The new flats were to be mass-produced by Government and allocated to officers on completion.
 - (c) The planning of the new Government-built flats was to be undertaken by an expert (Members have already approved additional staff for the Commissioner for Housing to undertake this work).
 - (d) There should be fuller control by Government over the use of funds and the allocation of flats.
 - (e) About 10% of the funds allocated in future years should be for co-operative housing schemes on the old basis for more senior local officers.

New Proposals

5. Further details of the new proposals based on the recommendations in the Working Party's final report, with certain possible modifications, are given in the following paragraphs.

6. Government-built flats

(i) These will comprise three types, the cost of each flat (inclusive of land at one-third full market value) being roughly equivalent to two years' salary of an officer in the middle of the appropriate salary bracket:

Type of flat	Salary bracket (revised)	Rough cost
I	\$ 690 - \$1,160	\$20,000
II	\$1,161 - \$2,064	\$35,000
III	\$2,065 - \$3,010	\$60,000

- (ii) The flats will be allocated on priority determined by a pointing system based on salary, length of service, size of family and housing situation.
- (iii) Down-payments will be required of successful applicants on a sliding scale:

Alternative A

<u>Type of flat</u>	<u>Down-payment</u>
I	10% of actual total cost
II	15% of actual total cost
III	20% of actual total cost

or Alternative B

<u>Type of flat</u>	<u>Down-payment</u>
I	10% of actual total cost
II	12.5% of actual total cost
III	15% of actual total cost

The reasons for alternative scales are explained in paragraph 12 below.

(iv) The balance of actual total cost will be repaid over

Alternative A

15 years at 7% interest per annum

or Alternative B

20 years at 7% interest per annum

Note: interest rate to be charged would be subject to review from time to time but fixed in each case for the duration of the loan. The reasons for alternative periods are explained in paragraph 12 below.

(v) An officer allocated a Government-built flat will pay the percentage down-payment appropriate to his salary bracket if the flat is in a lower range, or the percentage down-payment appropriate to the type of flat if in a higher range. Any senior officer allocated a Government-built flat will be required to pay the percentage down-payment appropriate to his salary bracket.

7. Loans for Senior Officers

(i) 10% of the funds available will be ear-marked for loans to senior officers on a monthly salary of \$3,170 or more, or whose salary scale goes beyond \$3,170, to build their own flats on a co-operative basis along the lines of the old schemes.

(ii) The officers will be required to form co-operative societies, and the loans will be allocated to societies on a priority to be determined by a pointing system based on housing situation of the members.

(iii) Down-payments will be required amounting to either 20% or 15% of the cost of each flat including land at one-third full market value.

(iv) The loans, repayable, depending on whether a down-payment of 20% or 15% is made, over 15 or 20 years at 7% interest per annum (subject to review) will be limited to:

- (a) an amount which will result in monthly outgoings (on capital repayment, interest, rates, Crown rent, fire insurance, building maintenance and common services) not exceeding one quarter of the officer's salary;
- or (b) 85% of the actual cost of the flat (the remaining 15% being met by the officer's down-payment);
- or (c) a maximum of £102,000 being 85% of a flat costing £120,000 (including land)

whichever is the less.

8. Eligibility for a Government-built flat or, in the case of senior officers, for a loan, will be restricted to permanent and pensionable officers over 25 years of age and not on expatriate terms of service. Those already housed in co-operative flats will be ineligible, and female officers must be unmarried at the time of allocation of the flat or approval of the loan. An appeals board composed of members drawn from matured co-operative societies will hear and determine appeals against allocations and pointings.

9. The main departure from the recommendations made in the Working Party's final report is in respect of down-payments. The Working Party recommended a scale of down-payments ranging from 10% to 33 1/3% but following strong representations from the staff associations it is proposed to adopt a scale ranging from 10% to either 20% or 15% for the reasons mentioned in paragraph 12 below.

10. In later paragraphs, details are given of two projects for Government-built flats comprising a total of 452 Type I, 232 Type II and 192 Type III flats. Based on the rough order of costs given for each type of flat in paragraph 6(i) above, the total cost would amount to roughly £28.7 millions (the estimated total cost for these two projects is in fact £25.5 millions), and the following table compares the effect on the amounts of down-payment resulting from the amendment to the Working Party's recommendations:

	<u>Cost</u>	<u>Alternative A</u>		<u>Alternative B</u>	
	£	Working Party's down-payments		Proposed down-payments	
452 Type I	9,040,000	10%	904,000	10%	904,000
232 Type II	8,120,000	15%	1,218,000	12.5%	1,015,000
192 Type III	11,520,000	20%	2,304,000	15%	1,728,000
	28,680,000		4,426,000		3,647,000

The difference in total down-payments would amount to \$779,000 for these two projects, or an average of \$900 for each flat. As the total cost of these Government-built flats would be met, in the first instance, from public funds, the reduction in down-payments would not affect the funds required or the number of flats provided. It would, however, mean a slower return, repayment of the \$779,000 being spread over 20 years instead of being effected immediately on allocation of the flats.

11. For senior officers, the Working Party recommended two rates of down-payments:

<u>Salary bracket (revised)</u>	<u>Cost of flat</u>	<u>Down-payment as percentage of cost</u>
\$3,011 - \$4,430	\$65,001 - \$90,000	25%
\$4,580 and above	\$90,001 - \$120,000	33 ¹ / ₃ %

It is proposed that, dependent upon whether the period for repayment is to be 15 years or 20 years, a flat rate of either 20% or 15% be applied for all senior officers applying for loans.

12. The reason for suggesting alternative rates of down-payment and repayment arises from two factors:

(a) As regards down-payments, when the Working Party's recommendations were shown to the Staff Associations, they made strong representations and the Secretariat Establishment Policy Committee, under Deputy Colonial Secretary's chairmanship, decided on the alternative B rates stated at paragraph 6 (iii) above. By a misunderstanding these revised rates have been conveyed to the Staff Associations before being accepted by this Committee. Thus whilst this action does not in any way commit this Committee, it is felt, subject to the Committee's agreement, that the Associations should be given a further chance in the light of the final decisions emerging from the present consideration of this paper to decide between the revised scale already conveyed to them (Alternative B) and the Working Party's original scale, modified only in respect of imposing a maximum rate of 20% on the down-payments for salary levels above \$2,065.

(b) As regards repayment, it is felt that the period of 20 years, which has remained unchanged since the Local Officers' Housing Schemes were first introduced and which would otherwise have been applied to the Working Party's other proposals, is too long considering

(i) the period of 12 years applicable to Building & Loan Agency loans and

(ii) limitations imposed by the available capital to which further reference is made in paragraph 15 below.

13. One new departure from the original terms for Local Officers Housing Schemes and again outside the Working Party's purview is the proposal to raise the annual interest rate on outstanding loans from 5% to 7%. It is felt that this is more in keeping with prevailing long-term interest rates and should be applied to Local Officers Schemes as it should henceforward be applied to any further loans to the Housing Authority or Housing Society.

Implementation of New Government-Built Scheme

14. Considerable progress has already been made in the planning of the first Government-built flats under the new proposals. Two sites have been selected, on Lung Cheung Road and in Kwun Tong. Planning has been carried out on the basis of full development of the two sites, and details are as follows:

Project	FLATS		COSTS			
	Type	Number	Land	Building	Adminis- tration	Total
Lung Cheung II Road	II	104	\$2.7 M	\$9 M	\$1 M	\$12.7 M
	III	192				
Kwun Tong	I	452	\$1.8 M	\$10 M	\$1 M	\$12.8 M
	II	128				
Total		876	\$4.5 M	\$19 M	\$2 M	\$25.5 M

Financial Implications

15. When Finance Committee considered the new proposals in 1963, the likely pattern of annual expenditure was projected forward for a period of 10 years from 1.4.1966 and funds were only approved for two years beginning in 1966/67. It is now suggested that in the light of experience gained since 1963 that such forward estimation of annual expenditure is too unreliable and also creates difficulties in respect of the proposed Government-built flats, the two schemes for which are estimated to cost in all some \$25.5 million and which cannot economically be scaled down or phased if eligible officers at all the salary levels affected are to be given a fair chance to apply for accommodation. Instead it is now proposed that Members should agree to the following:

Government-built
Scheme

- (1) allocation of \$25.5 millions including the \$7.2 millions already approved for this scheme in the initial 2 years.

Senior Officers
10% Co-op Scheme

- (2) allocation of \$2.5 millions.

27.11.68

It is also proposed that these allocations should cover expenditure on both schemes for the next 5 years i.e. up to 31st March, 1971. These allocations would be over and above the \$27 million already approved in 1963 to meet the cost of old-type schemes to which Government was already committed but which had not started before the scheme was suspended in 1962. The total allocation would therefore amount to \$55 million of which \$35.5 million had previously been approved in 1963 and the balance of \$19.5 million would round off the estimated cost of completing the first two Government-built estates and covering the first stage of the Senior Officers' 10% scheme.

16. Members are also invited to agree to any surplus from the \$27 million approved to meet the cost of the old schemes arising from groups or individual officers opting to transfer to the new Government-built scheme being used, together with any savings from the first two Government-built schemes, to finance the cost of further Government-built schemes, details of which will be submitted for Members' approval as and when they are available. It is also for this reason that it is proposed to give the staff associations a further chance to choose between the alternative rates of down-payment and periods of repayment (see paragraphs 6 & 12 above). That is to say, the point would be made to the Associations that in order to make the best use of available funds (i.e. \$55 million less \$4.9 million or \$4.1

million arising from down-payments in the period, giving a net allocation of \$50 or \$51 million) for housing as many eligible officers as possible, the higher rates of down-payment suggested by the Working Party, up to a maximum of 20%, and an accelerated period of repayment of 15 years were to be preferred but that if the Associations themselves still preferred to adhere to the modified rates of down-payment already notified to them and the longer period of repayment, they could do so provided it was clearly understood that no possibility was foreseen of augmenting the funds now being approved by Finance Committee to cover expenditure on these schemes up to 31st March 1971. If Members approve this approach, an information paper will be circulated in due course when the Associations have made their choice.

17. Members are accordingly invited to approve:

- (i) the details of the new proposals as outlined in paragraphs 6 - 13 above, including the alternative approaches concerning down-payments and rates of repayment;
- (ii) the allocation of a further \$19.5 million from the Development Loan Fund (making a total of \$203.5 millions) to enable the new policy to be implemented on the lines proposed in paragraph 15, subject to (a) further reports being made from time to time on any new Government-built schemes that may be contemplated with savings; and (b) a review of the general position during 1969/70.

176 + 27.5

ON

LOCAL OFFICERS CO-OPERATIVE HOUSING SCHEMES

We were appointed a Working Party on 20th. September, 1962 with the following Terms of Reference:

To make recommendations for a revised basis for the Co-operative Housing Scheme for Local Government Officers which will:

I. (i) allow the most prudent and economical use to be made of such funds as may be provided by Government;

and (ii) enable the maximum number of eligible officers to benefit from it.

II. In particular:

(i) to consider the probable future demand for the Scheme, and the cost of meeting this demand;

(ii) to make recommendations, in consultation with the representatives of the Senior Non-Expatriate Officers' Association and the Hong Kong Chinese Civil Servants Association, for conditions of eligibility of local officers with reference to their age, marital status, number of dependants and length of service, and for a points system for determining priority as between eligible officers;

(iii) to advise whether eligibility should be linked with a requirement to make a down payment;

(iv) to consider whether officers otherwise eligible should be debarred from participation if they (or their wives or husbands) own or are otherwise entitled to occupy other suitable domestic accommodation;

(v) to consider whether rules should be made governing the re-allocation of Co-operative flats occupied by officers who resign, are dismissed or marry another officer already occupying such a flat;

(vi) to advise what safeguards can be provided against malpractices (e.g. sub-letting);

(vii) to consider whether limits should be imposed by way of schedule of accommodation, building standards and unit costs, so as to enable more extended use to be made of funds available;

(viii) to advise, in the light of the number and size of sites likely to be available whether more intensive development of sites should be required (involving where necessary the amalgamation of a number of small Schemes).

2. FIRST INTERIM REPORT

On 4th. January, 1963 we submitted an Interim Report covering Part I and Part II (i), (vii) and (viii) of our Terms of Reference. In this Report, we showed that existing Schemes if allowed to proceed on the original basis would themselves have required more than the \$149 million then allocated and that at least 4,000 serving married officers (including widowed female officers) remained to be housed. In order to house these officers a New Scheme on the following lines was proposed:

/(i) planning by an.....

- (i) planning by an expert (Commissioner for Housing was suggested);
- (ii) mass production to reduce cost;
- (iii) standardisation to reduce time;
- (iv) large plots of land could be used;
- (v) Government should have fuller control over use of funds and allocation of flats;
- (vi) the "ownership" principle should be maintained through co-operatives;
(Note: this conclusion is now likely to be varied in favour of direct leases to individual tenants although management of the individual estates could still be carried out by a Co-operative Society);
- (vii) the Treasury should be responsible for deducting fixed monthly sums from officers' salaries and paying them over to the societies.

3. These proposals were accepted in principle by Finance Committee on 21st. August, 1963 and an allocation of an additional \$6 million was made to implement the new proposals for the first two years of the scheme, i.e. the financial years 1966/67 and 1967/68.

4. SECOND INTERIM REPORT

On 9th. October, 1964 we submitted a second Interim Report, the purpose of which was to recommend that Finance Committee be invited to approve the creation before 1st. April, 1966 of new posts for the Commissioner of Housing to enable him to accept the additional work involved in planning the New Scheme recommended in our first Interim Report.

5. Preliminary planning for the New Scheme, which as explained in the Second Interim Report the working Party has undertaken as a necessary prerequisite to the completion of its task, has now reached an advanced stage and the Commissioner of Housing has begun to recruit additional staff as approved by Finance Committee. Two sites, one at Lung Cheung Road and the other at Kwun Tong, have been selected on which ~~990~~ flats of various sizes can be built. The following criteria have been adopted:

- (i) Three salary groups as follows:
 - \$ 600 - \$1,000 p.m. Type 1
 - \$1,001 - \$1,784 p.m. Type 2
 - \$1,785 - \$2,600 p.m. Type 3
- (ii) Cost of flats, inclusive of land at 1/3 F.V., to be equivalent to approximately 2 years salary of an officer in the middle of the appropriate category.
- (iii) Type 2 and 3 flats, as far as possible, to follow the pattern of the equivalent standard Government-type quarters i.e. Types IV and III respectively.

Due to the higher cost of land in the Lung Cheung Road area and the fact that this area is planned for flats of a larger size, no Type 1 flats can be provided for in this site. The site plans therefore provide for ~~96~~ Type 2 and ~~192~~ Type 3 flats at Lung Cheung Road and 494 Type 1 and 208 Type 2 flats at Kwun Tong, giving a total of

Type 1	494 flats
Type 2	208 304 flats
Type 3	192 364 flats

As regards as closely as possible with the ratio of 50, 30 and 20 for Types 1, 2 and 3 respectively which appear to us, on the basis of present statistics and allowing for future increases and promotions, to be the proportion in which flats should be provided.

Turning now to our remaining Terms of Reference which were not dealt with in either of our Interim Reports, our recommendations are as follows:

Term of Reference II(ii)

(a) Eligibility

Under the New Scheme 10% of the funds available will be earmarked for the use of more senior local officers to build their own flats on a co-operative basis along the lines of the old scheme. Apart from this, flats will be built by Government, and, if our recommendations are approved, leased to the individual officers through the intermediary of the Colonial Treasurer Incorporated. It appears to us that these two aspects require separate treatment and we have so recommended below.

(b) Criteria for eligibility have been agreed with the Associations as under:

- (i) employed in the service of the Hong Kong Government on the permanent and pensionable establishment;
- (ii) 25 years of age or over;
- (iii) not employed on Expatriate terms;
- (iv) (in the case of female officers) unmarried at the time of allocation

Note: The above may be varied or departed from at the discretion of the Governor.

(c) Pointing

It appears to us that there are three possible ways of selecting lessees for flats from amongst those qualifying under the above criteria:

- (i) on a pointing basis (either individual or group);
- (ii) by ballot;

or (iii) on a first come, first served basis.

In view of the fact that approximately 4,000 officers should be eligible for participation in the New Scheme, that the two plots being developed will provide just over 900 flats, and that funds available are strictly limited, we feel that measures should be taken to ensure that those officers with the greatest claim are given an early opportunity for such housing. This view is reinforced by the fact that Government is already committed to giving members of the so-called "63 Groups" an option (which in our view means an absolute priority if they do opt) to apply for this accommodation, so that only a limited number of flats will be available for the "4,000" other eligible officers in the first two estates. For these reasons we would consider that (ii) and (iii) above are too random and haphazard and that a system of pointing should be adopted.

(d) The two Associations concerned have been consulted and we set out below the points system which has their agreement so far as the Government-Built Scheme is concerned:

- | | |
|--|--------------------------------|
| (i) <u>Salary:</u> for each \$50 of salary (Points for women officers are calculated as if they were on equivalent male salary points) | 1 point
(maximum 52 points) |
| (ii) <u>Service:</u> for each year of service since first appointment | 1 point |
| (iii) <u>Dependants:</u> (a) for a wife | 10 points |
| (b) for each child (children mean unmarried sons and daughters under the age of 18 years) | 3 points |
| (iv) <u>Housing situation:</u> | |
| (a) not already housed in | |
| (1) own accommodation; | |
| (2) accommodation which the officer is purchasing by instalment; | |
| or (3) accommodation which he has a beneficial interest to occupy | 10 points |
| (b) already housed in wife's accommodation | 5 points |

/ Note:

Note: As regards this category, we have given considerable thought to the question of whether or not an officer should suffer because he is occupying accommodation owned by his wife. Our final conclusion, with which the Associations agree, is that in such a case the officer should not be deprived of his chance to compete for allocation of flats in the Government-Built Scheme, but that he should receive fewer points for his actual housing situation, which cannot be regarded as being as serious as the other categories.

We recommend that the Quarters Allocation Committee machinery should be used for allocating flats under the Government Built Scheme and that an Appeals Board consisting of a Secretariat officer as Chairman and, say, two members of matured Co-operative Societies should be set up to hear appeals against such allocations and that their decision should be final.

(e) As to the 10% Scheme, we consider that the arguments in favour of a pointing system are strong. However, the Senior Non-Expatriate Officers' Association is opposed to such a basis on the grounds that members should be able to choose as far as possible their own neighbours. As a concession to this view, which has some weight so far as a Co-operative Housing Scheme is concerned, we propose that applications for loans under the 10% Scheme should be pointed only in respect of Category (iv) above. The Senior Non-Expatriate Officers' Association accepts this principle with the reservation that the criterion should be "adequately housed" and recommends that "adequacy in housing should be the same as defined by Establishment Regulation 872(1)" which sets out the grades of quarters for which officers are eligible according to their salary range. This form of wording was considered by us at length but was discarded in view of the difficulty of defining clearly what was meant by the term "adequately". We further consider that Establishment Regulation 872(1), which refers to eligibility and not adequacy, is inappropriate. We recognise, however, that the suggestion points to a possible source of grievance for individual officers in special cases. In order to cover the point we recommend that provision should be made for appeal by an officer whose application has been rejected on this ground but who considers that he has grounds for exceptional consideration. We recommend that in lodging his appeal it would be open to such an officer to show that his present housing situation was such that it would be unduly onerous to him to be regarded as already housed. The Appeals Board recommended in sub-paragraph (d) above for the Government-Built Scheme would, we consider, be the appropriate body to hear and to determine appeals of this sort. We accordingly recommend that group applications under the 10% Scheme should be pointed in respect of each member of the group on the same basis as Category (iv) in sub-paragraph (d). Subject to any such appeals having been settled, average group points would then be calculated and priority for loans awarded accordingly. Priority among groups with equal points would then be determined on a first come first served basis. In the unlikely event of two or more groups still being equal at this stage priority would be decided by ballot.

7. DOWN-PAYMENTS

Term of Reference II(iii):

It appears to us that there are four main reasons for requiring down-payments of persons seeking loans for the purchase of their own homes:

- (a) as extra security to the lender against a fall in property values so that if foreclosure is necessary there will be no danger of the property being worth less than the amount of the outstanding loan;
 - (b) the funds available for lending are limited so that the finding of part of the purchase price by the home-owner from his own resources will enable the limited loan fund to provide for a greater number of families;
 - (c) as a means of ensuring that the borrower has a greater stake in the investment;
- and (d) to provide that the drain on the recurrent income of the borrower is reduced.

/8. We feel

8. We feel that notwithstanding the recent decline in property dealings on the open market there is little danger of Government being landed with a number of properties worth less than the amount of the loans outstanding on them. In the first place the plans are scrutinised before the societies are allowed to award contracts and Government funds issued so that there is some control over excessive expenditure and cost. Secondly the cost of co-operative flats does not include any element for developers' profits. Thirdly although loan allocations are individually calculated the loan is actually issued to a society whose members can be held jointly liable; this joint liability will not exist in the case of the new type of scheme to be built by the Housing Division of the Urban Services Department. Finally, as membership in a scheme is confined to persons confirmed to the permanent and pensionable establishment we find it inconceivable that Government would have to resort to foreclosures except in the most unusual circumstances.

9. In view of the many and growing calls on the available Government funds it is clear to us that the loan funds available for local officers' home ownership schemes are and will continue to be limited. Furthermore, it appears to us to be undesirable that Government staff should enjoy loan facilities for home ownership completely out of line with those available to the public at large through the Hong Kong Building and Loan Agency. We see virtue in the fact that by the making of a down-payment, an officer's stake in the investment is increased, which in turn serves to enhance his interest in and feeling of responsibility for the property. The advantages of a system which serves to reduce the recurrent drain on an officer's resources are readily apparent. Moreover under the existing scheme applicants have frequently found it necessary to make some sort of down-payment to make up the difference between their loan entitlement and the cost of their flat. Such contribution is normally limited to the equivalent of 6 months salary (which works out at some 18% of the total cost of the flat). On occasions however considerably larger down-payments have been approved. It is our view that where down-payments have been necessary they have been acceptable to the officers concerned. We are therefore of the opinion that an overwhelming case exists for eligibility to participate in a local officers' housing scheme to be linked with a definite requirement to make a down-payment.

10. In considering an appropriate scale for the making of down-payments we have taken into account the recommendations of the Gordon Committee for the finance of home-ownership for the middle income groups, as well as the recent public announcement by the Hong Kong Building and Loan Agency inviting applications for loans.

11. Some of the principles enunciated by the Gordon Committee are:

- (a) to begin with the qualifying limits of an applicant's income should be in the range \$600 to \$2,000 per month;
- (b) loans should be provided at the lower end of the current market rates of interest, with repayment terms extending over 12 years;
- (c) loans should be limited to a percentage of the assessed value of the flat purchased and should not exceed in any case twenty-four times the monthly income of the borrower;
- (d) the maximum loan in each case should be related to a sliding scale from 80% for the cheapest flats (and presumably persons on \$600 income per month) to 66 2/3% for the highest priced units (and presumably persons on \$2,000 income per month).

12. It might be useful to summarise the current terms offered by the Hong Kong Building and Loan Agency:

- (a) only persons in the income range \$600 to \$2,000 per month are eligible;
- (b) interest is payable at 9% per annum;
- (c) the loan is repayable by monthly instalments over 12 years;
- (d) a loan of up to 75% of the assessed value of a flat to a maximum loan of \$40,000 may be advanced.

13. On the assumption that the Local Officers scheme will continue to enjoy loans at 5% interest p.a. repayable over 20 years, we are in favour of a sliding scale of down-payments varying from 10% for officers on salaries not exceeding \$1,000 and flats not costing more than \$18,000 to 33 1/3% for officers on salaries of over \$3,820 and flats costing more than \$90,000. A scale on the following lines is suggested:

<u>Range of monthly salaries</u>	<u>Range of costs</u>	<u>Down payment as percentage of cost</u>
not exceeding \$1,000 p.m.	not exceeding \$18,000 (Type 1)	10%
\$1,001 - \$1,784	\$18,001 - \$35,000 (Type 2)	15%
\$1,785 - \$2,600	\$35,001 - \$65,000 (Type 3)	20%
\$2,601 - \$3,820	\$65,001 - \$90,000	25%
\$3,821 and above	\$90,001 - \$120,000	33 1/3%

N.B. (a) The first 3 categories correspond to the expected cost of Types 1, 2 & 3 flats under the New Scheme, based on the architect's order of costs

(b) Officers on salaries of \$3,821 and above are eligible by their terms of service for non-departmental quarters.

14. If this suggested scale is accepted we envisage that if an officer in one salary range joins a scheme providing a flat in a higher range his down-payment moves up to the percentage appropriate to cost of his flat. On the other hand an officer on a higher salary range seeking to acquire a flat in a range lower than that appropriate to his salary will nevertheless be expected to make a down-payment appropriate to his salary. Our proposals are accordingly for minimum down-payments. We do not consider that costs in excess of \$120,000 should qualify for Government assistance at the present time.

15. INELIGIBILITY

Term of Reference II(iv):

Although we were not required to consult the Associations on this matter, we felt that we would be in a better position to form our own conclusions if we did so. Our own view is that in the context of local officers housing there can be no question that officers who are already housed in their own accommodation or in accommodation owned by their wives are better off than those who are not so housed. However, in the light of the recommendations of the Salaries Commission and also as a concession to the views expressed by the Associations when we consulted them, we do not recommend that such officers should be completely debarred from participation in the New Scheme, but rather that they should be accorded a lower priority. This view is reflected in the points system for both aspects of the New Scheme set out in our recommendations under Term of Reference II(ii) above. The only category which we recommended should not be eligible is "officers already housed in a Co-operative flat", which would include a flat built under the Government-Built scheme.

16. REALLOCATION AND MALPRACTICES

Terms of Reference II(v) & (vi):

So far as the 61 groups and the new 10% scheme are concerned, these Terms of Reference will be covered by the new Model By-Laws which at the time of writing this report are in their final stages of completion. The same principles mutatis mutandis will apply to the new Government-Built Scheme. As a further means of providing against abuses it is proposed that so far as the latter scheme is concerned a new Establishment Regulation should be made to the effect that any breach of the lease conditions of individual flats is a disciplinary offence. Since individual officers will have a direct relationship with Government, we are satisfied that such a regulation can be applied to this scheme, as distinct from the Co-operative Society scheme where the Society forms an intermediary between Government and the individual officer.

17. SIZE AND FINISHES

Term of Reference II (vii):

So far as the Government-Built Scheme is concerned limits are being imposed on the size and standard of finish of flats and it is thought that under the 10% scheme the administrative limitations to be imposed on the cost of flats by restricting the Types of Flats that can be incorporated within a scheme to the Types of Flats applicable to the salary level of the officer concerned, as if he were eligible for Government Quarters are sufficient and that no further limits need be imposed.

18. INTENSIVE DEVELOPMENT

Term of Reference II (viii):

In practice this point is already met by the fact that the Crown Lands and Survey Office normally requires full development of a site and that Groups are persuaded to amalgamate, where necessary, to achieve this before a grant or loan is made. So far as the Government-Built Scheme is concerned, planning is intended to provide for optimum economic development.

(S.T. Kidd)
Principal Assistant Colonial Secretary (L)
(Chairman)

(E.P. Ho)
formerly Assistant Financial Secretary (C)
(Member)

(W.R. Norman)
Assistant Secretary (Staff Relations)
(Member)

(D.J.C. Snoxall)
Assistant Secretary (LL)
(Secretary)

Note of a Meeting held in the Ex. Co. Chamber on Friday, 13th June, 1969.

(60)

Present : Mr. D. Akers-Jones, P.A.C.S.(L)

Mr. W.R. Norman, A.S.(LB)

Mr. H.C. Gailey, A.S.(SR)

Mr. Joseph Lee, L.A. 1.

✓ Mr. Thomas A. Hahn, G.I.S.

✓ Mr. S.S. Yeung, R.H.K.

✓ Mr. John Chau, C.A.D.

✓ Mr. Charles Liu, P.W.D.

✓ Mr. K.B. Leung, P.W.D.

✓ Mr. H.H. Lo, N.T.A.

Mr. S.K. Li, G.P.O.

Representatives of
the successful applicants
for flats at Lung Cheung
Court.

The following points were noted :

- (a) It was hoped that the documents would be printed and ready for execution by the end of June. It was agreed that the representatives should be provided with one copy of each of the documents next week.
- (b) Crown Counsel would be able to execute about 10 sets of documents during a normal working day.
- (c) The six months' maintenance period under the contract would be due to expire in October 1969 as the occupation permit had been issued in April 1969. C, for H. would ensure that the purchasers' interests were protected.
- (d) The successful applicants could obtain the keys to their flats by telephoning the Housing Manager (Mr. Baylis) and arranging an appointment.
- (e) The representatives again asked that the payment of the first instalment should be deferred. It was pointed out that the first instalment was not due until the end of the month following that in which the documents were executed. Moreover, H.E.'s remission of the Stamp Duty (which amounted to over \$1,000) was equivalent to 3 months' repayment. It was confirmed that the Hong Kong Building and Loan Agency Ltd. was a public scheme financed from the Development Loan Fund in the same way as the Local Government Officers Housing Scheme.
- (f) Each purchaser would have a separate mortgage.
- (g) The purchaser could not assign his underlease. He could, however, surrender his underlease to Government in certain circumstances and under certain terms.

- (h) The purchaser could not sublet at a profit because of the 1/3 F.M.V. concessional land grant. He could, however, appoint a caretaker in certain circumstances and under certain terms.
- (i) If an officer withdrew after he had been allocated a flat, the flat was then re-circulated in an Establishment Circular and allocated to the applicant with the highest number of points. If an officer who had already been allocated a flat wished to apply again for another flat, he would have to withdraw from the first flat before his application could be considered. Officers who were members of co-operative societies had similarly to resign before their application for a flat at Lung Cheung Road could be considered. This was the only practicable system.
- (j) The representatives asked whether Government could apply for electricity connections on their behalf so that no deposit was required and time could be saved. This point would be checked with C. for H. It was later confirmed that each individual would have to apply for his own connections, once the downpayment had been paid. The deposits could be waived only if an association came to an agreement with the electric company to guarantee members' bills.

HL 4/739/68

(c) Land is normally sold by public auction. 17th July, 1969.
I refer to your report published on 8th July, to the letter from your correspondent 'Dissatisfied' which was published on 14th July, and to the further letter from your correspondent 'Another Dissatisfied' which was published on 17th July, and would like to make the following points:

Sir,

(15) (16)
(18)
(66) (67) (69)

- (a) The selling price for the Type 3+ flats at Lung Cheung Court (which includes an undivided share, jointly with the other flat owners, in the site and common parts, e.g. the staircases and passages, of the block of flats) is \$49,500. The flat has a gross floor area of 1,327 sq.ft. Each flat has one living/dining room, 3 bedrooms, 2 bathrooms, a kitchen and servants quarters. A car park space is allotted to each flat. Monthly repayments of the loan are \$326 compared with the monthly rent for a similar flat on the open market of about \$800.
- (b) Loans to enable pensionable civil servants to purchase these flats and an undivided share in the land are granted from the Development Loan Fund. This Fund also provides money to enable the public to buy flats through the Hong Kong Building and Loan Agency Ltd. The comparative terms are as follows:

	<u>Civil Servants</u>	<u>Hong Kong Building and Loan Agency Ltd.</u>
Land	1/3 Full Market	Full Market Value
Downpayment	15% (reduced from 33 1/3%)	25%
Interest on loan	7%	9%
Repayment period	20 years	12 years
Stamp duty	Nil	Full rate

From this you will see that the civil servant's terms are both generous and fair, bearing in mind the fact that the loans are granted from public funds.

Editor,
South China Morning Post,
1, Wyndham Street,
Hong Kong.

/.... (c) Land

- (c) Land is normally sold by public auction, although private treaty grants at concessionary premia can be made to non-profit making organisations for non-profit making schools, hospitals, clinics and other welfare purposes and for workers housing schemes, including housing schemes for civil servants. Because the land is granted by private treaty at a concessionary premium of $\frac{1}{3}$ Full Market Value the civil servant is not permitted to dispose of the land and the flat in the open market at a profit. He may however surrender the flat and the undivided share in the land to Government, in which case he will be eligible for a proportionate refund. Although the refund is small because the capital sum outstanding under the mortgage is deducted from any sum due, the civil servant has still had the benefit of living in a flat at a rate below the market rate.
- (d) The circulars about the new scheme have made it clear that it is an entirely new scheme, approved by the Finance Committee of the Legislative Council, with revised terms. These new terms were devised to ensure the most prudent and economical use of the funds which had been made available to house as many serving officers as possible.
- (e) Every prospective purchaser was sent a copy of the documents for perusal before he was asked to sign them and was free to withdraw if he wished to do so.

I am, Sir,
Your obedient servant,

(D. Akers-Jones)
Principal Assistant Colonial
Secretary (Lands)

c.c. G.I.S.

DAJ:JLCM:mn

布政司署
香港下亞厘畢道



GOVERNMENT SECRETARIAT
LOWER ALBERT ROAD
HONG KONG

本署檔號 OUR REF : SH 5/6-C

25 November 1985

來函檔號 YOUR REF :

Dear Sir,

Review of Civil Servants'
Co-operative Housing Schemes

I am writing to inform you that the Executive Council has recently considered the results of the Administration's review of civil servants' co-operative housing schemes. The Governor in Council has decided in principle to permit the transfer of the legal title to existing flats and land from civil servants' co-operative building societies to individual members, and to permit the sale, letting or other disposal of such properties thereafter, subject to certain conditions. This new facility will be optional, and any civil servants' co-operative building society (except Wah Yuen Chuen and Shatin Lodge) and Government built housing scheme management committee (i.e. at Lung Cheung Court and Hong Lee Court) may apply. The arrangements for Wah Yuen Chuen and Shatin Lodge will be considered separately in the next few months.

Conditions

2. The conditions under which the transfer of the legal title to flats and land, and the subsequent sale, letting and other disposal of such properties, may be permitted are as follows -

- (a) Provided that the Government loan has been fully repaid, the transfer will be effected voluntarily through the "surrender and re-grant" procedure, i.e. surrender of the existing Crown lease and regrant of a new Government lease.
- (b) The new Government lease will be granted in accordance with the current arrangements governing the surrender and regrant of land, which are in line with the provisions of Annex III to the Sino-British Joint Declaration -
 - (i) the term will not extend beyond 30 June 2047 or the original due date of expiry of the lease covering the surrendered lot if this date occurs before 2047;

- (ii) a premium and nominal rental will be payable until 30 June 1997. They will be small : \$1,000 per lot, and \$1,000 per annum per lot respectively are being envisaged by the Government; and
- (iii) after 30 June 1997 no additional premium will be payable but an annual rent equivalent to 3% of the rateable value of the property at that date, adjusted in step with changes in the rateable value thereafter, will be charged.
- (c) A restriction will be placed on future sale, letting or other disposal of the property until the flat owner has paid to the Government a land premium assessed at the "existing use value" of the land on which the property stands.
- (d) An additional modification premium will be charged at full market value on redevelopment over and above the existing development.
- (e) Once a society member has acquired legal title, he will no longer be eligible for other forms of civil service housing benefit (except for operational departmental quarters) even if he pays the premium referred to in (c) above and subsequently disposes of the property.
- (f) With effect from 27 November 1985, any incoming member of a civil servants' co-operative building society will be required to reside in the flat for a period of at least five years before he is permitted to pay the land premium referred to in (c) above, and to sell, let or otherwise dispose of the property unless he is a beneficial successor to the previous member who occupied the flat. (This condition may be waived by the Secretary for the Civil Service in special circumstances).

An elaboration of the above conditions is appended hereto.

/.....

Timing

3. Having specified the Government's intentions on this subject, I should point out that there are still a few legal and technical points which will need to be addressed in the near future. Please be assured that this exercise will be carried out expeditiously and completed in a few months' time.

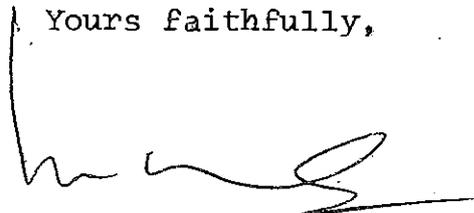
Further Explanation

4. Further meetings will be convened in the near future by the Civil Service Branch of the Government Secretariat with the Staff Side of the Senior Civil Service Council and the Hong Kong Local Civil Servants' Co-operative Building Societies Federation in order to explain the new arrangements more fully.

Enquiries

5. Any enquiries on the contents of this letter should be directed to Mrs. Jeanie Chung, Executive Officer or Mr. Ian B.I. Petersen, Assistant Secretary at telephone 5-260111.

Yours faithfully,



(Dominic S.W. Wong)
for Secretary for the Civil Service

Distribution

- Staff Side Secretary, Senior Civil Service Council
- Chairman, Hong Kong Chinese Civil Servants Association
- Chairman, Hong Kong Local Civil Servants Co-operative Building Societies Federation
- Chairmen, All Co-operative Societies, including Wah Yuen Chuen and Shatin Lodge
- Chairmen, Government Built Housing Schemes

Condition for Transfer of Legal
Title and Subsequent Disposal

Under condition (a), any society wishing to take advantage of the facility at any future point in time should first repay the outstanding balance of its loan to the Government. The society will then need to pass a resolution (by at least 75% of members) to the effect that the facility should be taken up. The society will then surrender all its interest in the property to the Government.

2. Preliminary consideration is now being given within the Administration to the possibility of making loans in hardship cases to individual society members who, having dissented from a transfer of title, are unable to repay their share of any outstanding Government loan.

3. Under condition (b), a new lease covering the existing level of development will be granted to the Financial Secretary Incorporated (FSI), and the flats and land will be further assigned by the FSI to individual members of the society concerned. Thereafter the society will cease to exist, and the title to each flat and proportionately to the land on which it is situated will be held by the flat owner in the same way as other jointly owned private developments.

4. The financial implications include -

- (i) fees to be charged by the Lands Department and the Registrar General's Department to cover the costs incurred by the Government in processing applications;
- (ii) stamp duty;
- (iii) until 30 June 1997 a premium at \$1,000 per lot and a nominal rental at \$1,000 per annum per lot will be charged;
- (iv) after 30 June 1997 an annual rent of 3% of the rateable value of the property will be charged. The actual amount cannot be anticipated.

5. Under condition (c), the flat owner will not be permitted to sell, let or otherwise dispose of the flat and land until a land premium has been paid to the Government. This premium will be equivalent to, generally, two-thirds of the "existing use value" of the land on which the property stands. (In some cases this may be one-half). In assessing the "existing use value" of the land element, account will be taken of such factors as the current sale value of the property in the open market and the quality, age and condition of the existing building. The "existing use value" of the land element as a proportion of the current sale value of the property will vary from site to site. (As an indication, a recent survey of a few sites shows that two-thirds of the "existing use value" is in the region of one-quarter of the current sale value of the property).

6. Under condition (d), as with any property in joint ownership in the private sector, the consent of all owners will be required before any redevelopment can take place.

7. As regards condition (e), the other forms of civil service housing benefit which will be forfeited include, for example, Non-departmental Quarters, non post-tied Departmental Quarters, Private Tenancy Allowances, House Allowances, Home Purchase Allowances and Housing Loans. If a member is not prepared to forfeit the eligibility for such housing benefits, he should resign from the society under the existing arrangements prior to the transfer of the legal title.

8. As regards condition (f), some circumstances under which the Secretary for the Civil Service may waive the condition include -

- (i) the member has gained membership by direct succession;
- (ii) the member falls into genuine financial difficulties and needs to liquidate his assets including the flat;
- (iii) the member retires and wishes to emigrate;
- (iv) as a result of a member being prevented by condition (f) from selling his flat, a co-operative building society is unable to take up an offer for redevelopment of the whole site, even though all members are in favour of it.

Each case will be considered on its own merits.

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本署檔號 OUR REF: SH 5/6-C

來函檔號 YOUR REF:

公務員建屋合作社計劃檢討

敬啓者：

我現在寫信通知你，行政局最近曾考慮當局檢討公務員建屋合作計劃的結果。港督會同行政局已經決定，原則上准許合作社將現有單位及土地的合法業權轉讓予個別社員，並准許社員其後在接受若干條件之情況下，將該等物業售賣、出租或以其他方式處理。這是一項供社員選擇的安排，任何公務員建屋合作社（華員邨及沙田山莊除外）及政府為本地公務員所興建樓宇（即龍翔苑和康利苑）的管理委員會均可申請。至於華員邨及沙田山莊的安排，將會在未來數個月另作考慮。

條件

一 社員若接受下列條件，可獲准轉讓有關單位及土地之合法業權，以及其後將該等物業售賣、出租或以其他方式處理

(甲) 社員若已將政府的貸款完全清還，便可選擇進行「交回及重批土地契約」程序，即是說交回現有之官地契約，而獲得重批新的政府土地契約。

(乙) 新的政府土地契約的批約方式，將會按照目前交回及重批土地契約的安排處理，而這些安排均符合中英聯合聲明附件三の規定

(i) 批出契約的年期不超過二〇四七年六月三十日，倘若該交回地段的契約原本在二〇四七年之前屆滿，則不超過該屆滿日期；

(ii) 在一九九七年六月三十日之前，須要繳付地價及一筆象徵式的租金。這兩筆費用的數目將會很少；政府打算每一地段收取地價一千元，而每一地段的年租亦為一千元。

(iii) 一九九七年六月三十日之後無須補地價，但須繳納相當於當日該物業應課差餉租值百分之三的租金，此後並隨應課差餉租值的改變而調整租金。

(丙) 日後將單位售賣、出租或以其他方式處理將受限制，除非有關單位業主已向政府補繳地價，而該地價則由政府按該物業所座落土地的「現時運用價值」而加以評估。

(丁) 如將現時的樓宇重建，須額外付給政府十足市值的附加修訂地價。

(戊) 社員一旦獲得合法業權，即使他付出上文(丙)段所述的地價及其後把該物業以其他方式處理，他仍不再有資格享用其他的公務員房屋福利（因工作需要而入住部門宿舍者除外）。

(己) 由一九八五年十一月二十七日起，任何新加入公務員建屋合作社的社員，除非本身是有關單位以前住戶的受益人，否則他須在入住該單位至少五年後，才可獲准付出上文(丙)段所述的地價，以及將該單

位售賣、出租或以其他方式處理。(在特殊情形下，銓叙司可放寬這項條款。)

有關上述條款的具體說明，請參閱隨函附錄。

時間安排

現將政府對此事的意向闡明後，我須指出，現仍有一些法律和技術性的問題，須在短期內進行研究。不過，當局定會迅速處理，並會在幾個月內完成有關工作。

進一步的闡釋

布政司署銓叙科短期內將會與高級公務員評議會及香港政府公務員建屋合作社有限責任聯會召開會議，向他們詳細解釋這項新安排。

查詢

如對本信內容有任何疑問，可致電五十二六〇一一向行政主任鍾郭翠珍女士或助理銓叙司白廸新先生查詢。

銓叙司 霍德

(黃星華代行)

一九八五年十一月二十五日

本函分別致送

高級公務員評議會方秘書

香港政府華員會主席

香港政府公務員建屋合作社有限公司聯會主席

所有建屋合作社（包括華員邨及沙田山莊）各主席

政府為本地公務員興建樓宇計劃各主席

有關轉讓合法業權及其後處理業權的條件

按照條件(甲)，任何合作社倘擬在日後任何時間將合法業權轉讓予社員，必須首先將欠款餘額付還政府，然後通過一項決議（必須獲得百分之七十五或以上的社員贊成），議定將業權轉讓予社員。合作社隨即將該社在有關物業中享有的一切權益交回政府。

二 政府現正初步考慮可否發放貸款，對不贊成上述業權轉讓且因經濟拮据而無法將欠款餘額付還政府的個別社員，給予援助。

三 按照條件(乙)，政府將會授予財政司立案法團一份新的契約，這份契約只適用於保持現時發展狀況的有關物業。然後，財政司立案法團會將有關單位和土地重行授予有關的個別社員。此後，有關合作社即不再存在，每個單位和該物業所佔土地按比例攤分的所有權，均歸於業主，正如其他共同擁有的私人物業一樣。

四 上述業權轉讓牽涉的費用包括：

(i) 為彌補政府處理有關申請時耗費的金錢，地政署和註冊總署必須收取費用；

(ii) 印花稅；

(iii) 一九九七年六月三十日之前，每一地段收取地價一千元，每一地段每年收取象徵式租金一千元；

(iv) 一九九七年六月三十日以後，每年必須繳納相當於有關物業應課差餉租值百分之三的租金，確實數額現時無法預計。

五 按照條件(丙)，業主必須向政府補繳地價，然後方可售賣、出租或以其他方式處理有關單位及土地。補繳的數額一般相等於該物業所佔土地的「現時運用價值」的三分之二（有些情況會是二分之一）。評估該塊土地的「現時運用價值」時，考慮的因素包括該物業當時的售賣價值，以及質素、落成年數及狀況等。有關土地的「現時運用價值」與有關物業的當時售賣價值比例，各塊土地均不相同。（近日調查若干塊土地的結果顯示，「現時運用價值」的三分之二，大約相等於有關物業當時售賣價值的四分之一。）

六 按照條件(丁)，如欲重新發展有關樓宇，其做法正如重新發展共同擁有的私人物業一般，必須取得所有業主的同意方可進行。

七 關於條件(戊)所述的規定，所喪失的公務員房屋福利包括：高級公務員宿舍、非按職責需要而編配的部門宿舍、自行租屋津貼、私有房屋津貼、自置居所津貼及購屋貸款。倘若社員不願意放棄上述房屋津貼的申請資格，則必須在轉讓合法業權之前，根據現行的安排退出合作社。

八 有關條件(己)的規定，銓叙司在下列情況下，可豁免新加入的社員遵守有關的規定：

- (1) 直接承繼社籍的社員；
- (2) 有關的社員因經濟拮据而須要變賣資產，包括變賣有關的單位；
- (3) 有關的社員退休，並計劃移民海外；
- (4) 其他所有社員均贊成重新發展樓宇，但礙於條件(己)的規定，有關的社員不得售賣其單位，建屋合作社因而無法進行重建計劃。

當局對上述情況會予以個別考慮。

Housing Assistance for Civil Servants

Notes of Twentieth Meeting with Staff Side of
the Senior Civil Service Council in Room 149,
Government Secretariat on Monday 14.1.86 at 2.30 p.m.

Co-operative Housing Schemes for Civil Servants

Present :

<u>Official Side</u>	<u>Staff Side</u>	
Mr. Dominic S.W. Wong, JP, DS(CS)PC (Chairman)	Mr. MA Siu-leung	} SNEOA
Mrs. Shelley Lau, PAS(CS)PC3	Mr. PANG Lap-yin	
Mr. Ian B.I. Petersen, AS(PC)7 (Secretary)	Mr. Frank Ng	
Mr. R.D. Pope, Government Land Agent/Valuation, L.D.	Mr. KWOK Yuen-hon	} HKCCSA
Mr. P.F. Grindey, Assistant Registrar General/Land Office, RGD	Mr. LAM Kam-shing	
Mr. B. Fung, Assistant Registrar, Co-operative And Credit Union Section, AFD	Mr. LEUNG Ching	
	Mr. LAU Wai-seng	
	Mr. J. Walton Masters, AECS	
	Mr. Francis Leung, Staff Side Secretary	

The Chairman welcomed members to the meeting. He rehearsed the Executive Council decision made on 19 November 1985, as conveyed to the Staff Side in his letter dated 25 November 1985, to permit the transfer of title to flats and land from co-operative societies to their members, and to permit the sale, letting or other disposal of properties thereafter, subject to certain conditions. He emphasized that in making this decision, the Executive Council had been made fully aware of the Staff Side's views expressed previously. The

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purpose of the meeting was to discuss the implementation aspects so that this new and optional facility to acquire title could be promulgated early. Regarding the need for legislation, the Civil Service Branch had been advised that the only requirement was for an Order by the Governor under section 54 of the Co-operative Societies Ordinance (Cap. 33) to exempt civil servants' co-operative societies from certain provisions of the Ordinance relating to dissolution of societies and distribution of their assets. After promulgation of this Order, implementation could proceed.

2. It was agreed that the meeting should first deal with the questions raised by the Staff Side in their letter of 10.1.86 to the CSB, and then other matters could be raised.

Question (A)(1) from SNEOA

3. The Chairman said that whilst the different types of benefit could be compared, this was not relevant in the light of the Executive Council decision. Mr. Ma said that he felt that the information would nevertheless be useful to the Staff Side. The Chairman undertook to supply it.

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Question (A)(2)(i) from SNEOA

4. The Chairman said that the restriction, under condition (f), on the disposal of flats by incoming members who had joined their respective

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co-operative societies, had been added at the request of the ICAC in order to close a loophole which provided a potential avenue for corruption. It should not adversely affect genuine incoming members especially since SCS had the power to waive the condition in special circumstances. In response to a query from Mr. Ng, Mr. Petersen confirmed that condition (f) only applied to incoming members who joined a society prior to its dissolution and the transfer of title. It would not apply to anyone who bought a flat from an ex-member after the title had been transferred and the premium paid.

Question (A)(2)(ii) from SNEOA

5. Mr. Pope tabled a note on the method of calculating the existing use value of the land element and explained the calculation. In response to a question, he clarified that the existing use value would never exceed the full market value of the land. For any given block of co-operative building society flats the market value of the vacant land, the sale price of the flat and the sale price of a similar new flat would be calculated by comparison with actual prices of similar properties in the same area. These prices would vary over time in line with movements in the general property market. For each case,

the relevant prices would be subject to negotiation and agreement between the society and the Lands Department before any transaction could go ahead. Mr. Ma and Mr. Lam said that it was necessary for the definitions of the existing use value and the full market value of the land element to be clearly explained together with the definitions of the sale price of the flat and the sale price of a similar new flat.

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Mr. Pope agreed draw up the required definitions for circulation to the Staff Side. Mr. Lam said that it would not be fair if this system resulted in the requirement for a member, who had looked after his flat well, to pay more premium than a member who had maintained his flat poorly. Mr. Pope confirmed that this should not be the case.

6. In response to a question from Mr. Walton Masters, Mr. Pope explained that if no agreement on prices could be reached between a society and the Government Land Agent/Valuation, then an appeal could be made to the Principal Government Land Agent, in the same way as for any other land transaction in the private sector. Beyond this there would be no channel for further appeal. Mr. Walton Masters felt that this was a different situation to transactions with the private sector, because the Government was dealing with its own

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employees and because the societies were already occupying the land and had no choice but to pay the premium if they wanted to sell flats. He advocated the establishment of an internal appeal tribunal, consisting of a member of the Judiciary, the Director of Lands or his representative and a Staff Side representative, which could arbitrate in the event of disagreement. The format could be similar to the Land Valuation Conference.

7. Mr. Grindey said that probably the Chief Justice would be unwilling to assign a judge to chair such a tribunal on an ad hoc basis, and also pointed out that such a tribunal could not function properly without proper legislation. The Chairman said that whilst some form of appeal system could be considered, such a system should not involve the need for additional staff resources and should operate without the need for new legislation. Mr. Pope said that the existing appeal system worked well and that there was no case for special arbitration. Furthermore, if arbitration was required, the Lands Department would charge a fee for it. Mr. Kwok said that the Staff Side would like some time to consider the issue further, following which they would submit a proposal for an appeal system if they concluded that the current system was not adequate for their

purposes. The Chairman agreed to consider such a proposal, if made, but added that any appeal system should be set up within the Lands Department, should not involve the Judiciary and should be done within the framework of existing legislative and administrative rules covering land transactions at no extra cost.

8. Mr. Lam said that the premium payable should be based on the land price at the time when it was originally granted by the Government. The Chairman replied that this had already been ruled out by the Executive Council. He added that the use of existing use value represented a compromise between the Staff Side's wish to pay no premium and the Official Side's original proposal that they should pay full market value. The Executive Council had decided that no further concessions should be made.

9. Mr. Ma and Mr. Lam pointed out that when the land was originally granted it was unformed and that individual societies had borne the full costs of site formation. Therefore it was unfair to charge a premium based on the existing use value of the formed land. Rather, the premium should be

assessed on the land as if it were unformed, with the costs of formation discounted.

Mr. Pope replied that it was Government land policy to assess the value of land in its current condition and that this applied to all land in Hong Kong. Mr. Ma asked whether the Executive Council had been properly advised of the Staff Side's views regarding the question of premium payment. The Chairman confirmed that this was done, and reiterated that the use of existing use value was the maximum concession that the Executive Council was prepared to make.

10. Mr. Kwok asked at what concessionary rate land had been granted to Government built housing schemes. Mr. Pope replied that, as for co-operative societies, land had been granted at one third full market value.

11. Mr. Pope then explained that in addition to the existing use value premium, a further modification premium would be payable prior to redevelopment of the site. The Chairman added that by splitting the total premium payable in this way, the sum payable by those simply wishing to sell their flats would be lessened as they only had to pay two thirds of the existing use value.

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12. In response to a question from Mr. Walton Masters, Mr. Pope confirmed that the modification premium would be based on the difference between the existing gross floor area and the proposed new gross floor area, in the same way as for the private sector.

13. Mr. Ma asked whether premium could be paid by instalments. Mr. Pope replied that it could not.

Questions (B)(1) and (2) from HKCCSA

14. The Chairman said that if at least three quarters of the members of a society opted in favour of dissolution of the society and the subsequent transfer of legal title, then the rest of the members who were not in favour of this would have to make a choice. They could opt either to accept the majority decision and accept the title to their flats, in which case they would forfeit all other housing benefits, or to resign from the society and introduce another member before the dissolution came into effect, in which case they would preserve the full rights to other housing benefits.

15. Mr. Kwok asked why civil servants could not preserve their rights to other benefits after the transfer of title until they actually disposed of their flats.

The Chairman replied that if any society or any member did not wish to take up the

option they would not be compelled to do so; but if they did so, then it would be necessary for a clean break to be made, with no continuation of other benefits. In response to a query, Mr. Petersen added that the option would be open-ended, and confirmed that there would be no deadline within which societies would need to decide whether or not to take up the option.

Questions (B)(3) and (4) from HKCCSA

16. It was agreed that these questions had already been fully covered in the discussion of question (A)(2)(ii), (see paras 5 to 13 above).

Question (B)(5) from HKCCSA

17. The Chairman said that "incoming member" covered any new member with the exception of a beneficial successor, and included new members who had previously been members of other societies.

Question (B)(6) from HKCCSA

18. The Chairman said that as mentioned at the beginning of the meeting (see para 1 above), the only legislation required would be an Order from the Governor. Technical points would be dealt with later in the meeting.

Question (B)(7) from HKCCSA

19. The Chairman said that, as mentioned in the letter dated 25 November 1985 to the Staff Side, the possibility of granting loans in hardship cases to enable members to pay back the Government loans in advance of the repayment schedule was being considered. Mr. Petersen added that since the Government would not consider an application for dissolution and transfer of title until after the entire loan granted to the society had been paid, no member could be forced to repay his share of the loan in advance if he did not wish to do so. It was for the majority to consider whether, in order to repay the loan quickly, they were prepared to repay the minority's share of the loan early.

Question (B)(8) from HKCCSA

20. Mr. Grindey advised that the following rates of stamp duty, which were specified under Head 1 of the First Schedule of the Stamp Duty Ordinance (Cap. 117) would be payable on the transfer of title -

<u>Value of property (i.e. flat and land)</u>	<u>Stamp Duty Payable</u>
Up to \$250,000	\$20
\$250,000 to \$500,000	1% of the value of property
Above \$500,000	2.75% of the value of property

21. The Chairman confirmed that stamp duty could not be waived or deferred, and added that no loans would be granted to assist in its payment.

22. In response to a question from Mr. Kwok, the Chairman said that if a member refused to pay the stamp duty he would have to forfeit his flat.

23. Mr. Ma said that the stamp duty should be considered to have been paid when the land was first granted to the society. Mr. Grindey explained that no duty was paid at that time. Duty was only payable on conveyance (i.e. transfer of title) in just the same way as it would be in the private sector in the case of a tenant buying the flat which he was occupying. If having acquired title to his flat, he sold it, then the buyer would be liable to pay further stamp duty.

24. Mr. Grindey went on to explain that there were other charges for legal transactions as follows -

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Surrender of land to Government	:	about \$1,000 per lot (i.e. per society)
Preparation of new lease	:	about \$3,000 per lot (i.e. per society)
Survey of the property, if done by Government	:	about \$5,000 per lot (i.e. per society)
Assignment of flats and Deed of Mutual Covenant	:	about \$450 per flat (similar to the fee charged for HOS flats)
Land Office fee on assignment	:	\$250 for a flat of up to \$750,000 \$500 for a flat of over \$750,000

These charges were much cheaper than the cost of engaging a solicitor to carry out the work since his fee would generally be 1% of the value of the property.

25. Mr. Grindey said that it would be necessary for deeds of mutual covenant to be drawn up for each society to cover building management after dissolution and transfer of title. These deeds would need to be tailored to each society's requirements, and could be drawn up by either the Registrar General's Department or the societies. If done by solicitors employed by the societies, the cost would be approximately \$750 per flat. The RGD could do it at a lesser cost though it might take longer depending on staff resources available. The charge for approval of a deed which had been prepared by the society would be \$2,000.

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26. Mr. Kwok requested that Mr. Grindey draw up a standard deed of mutual covenant which could be used by the societies.

Mr. Grindey explained that no two deeds were the same and that it was not possible to produce a standard one which would cater for the needs of all societies. However, at the request of Staff Side, he agreed to produce a specimen copy deed which could be used by societies as a starting point for preparing deeds tailored to suit individual needs.

27. Mr. Walton Masters felt that all fees should be waived by the Government. He went on to say that stamp duty should also be waived, and that if this was not possible, it should be charged at a lower rate than usual. The Government should take into account the fact that it was dealing with its own employees, and in the light of this it should consider their case sympathetically. Mr. Pope said that he had written to the Commissioner of Rating and Valuation to ascertain whether a reduction of full market value similar to that used for Home Ownership Scheme flats could be applied. The Chairman said that the Staff Side would be advised of the outcome of this enquiry in due course, but stamp duty would not be waived. He

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also stated that there was no case for waiving the various fees for legal transactions that had earlier been described by Mr. Grindey.

28. Mr. Walton Masters and Mr. Ma asked whether the stamp duty could be assessed on the basis that the flats had sitting tenants. Mr. Pope advised that this would not apply since in this case the sitting tenants would become the owners.

Question (B)(9) from HKCCSA

29. The Chairman said that all other housing benefits including House Allowance must be forfeited on the acquisition of legal title. Mrs. Lau added that the same rule applied to recipients of the Home Purchase Allowance. The staff associations were already being consulted on this matter and a circular would soon be issued clarifying the position of officers in receipt of H.P.A.

Question (B)(10) from HKCCSA

30. The Chairman advised that it would be impractical to allow the underlessees of the two Government built schemes to transfer the title to their flats on an individual basis because this would create building management problems, and it would be

Action

difficult to sub-divide the lots to allow for this. However, it might be possible to allow the transfer of title block by block and this possibility would be further examined. No decision to allow transfer on a block by block basis would be taken without prior consultation with the relevant management committees.

Steps to be taken by a society wishing to seek dissolution and transfer of title

31. Mr. Petersen summarized the steps which would need to be taken by a society whose members wished to gain title to the flats. Once the procedures had been finalized, societies and staff associations would be notified in writing. Separate procedures would be worked out for the Government built schemes since their structure was different to that of co-operative societies, but the underlying principles to be adopted for both would be the same.

32. To enable the dissolution and liquidation of the society to take place, the Registrar of Co-operative Societies was obliged under the Co-operative Societies Ordinance to appoint a liquidator who had certain statutory duties. It was felt that rather than having the Registrar's staff act as liquidator, it would be better for the

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society to nominate a professional accountant or solicitor to act as liquidator, subject to the approval of the Registrar. This professional could liquidate the society, run the building management, maintenance and administration once it had dissolved, and eventually set up an owners' corporation to take over the building management after the dissolution, liquidation and transfer of title was complete. The Registrar would provide guidelines to the appointed liquidator and would monitor his work.

33. An important practical point concerned the timing and method of payment of the necessary stamp duty and fees. It was felt that to show good faith, and for ease of collection, the society should place sufficient funds to cover administrative fees, stamp duty, the premium and nominal rental on deposit receipt, pending approval of the dissolution and the transfer of title. The society's apportionment and method of collection of the total funds due from its members would be its own business. In the event that one member either could not or would not pay, the others might decide to make good the payment on his behalf in order to avoid delays.

34. These two important steps of appointing a liquidator and placing funds on deposit receipt would need to be taken at the time when the society formally applied for dissolution.

Miscellaneous Points

35. Mr. Kwok asked when it was envisaged that the proposal to allow transfer would be implemented. The Chairman replied that he anticipated that, barring unforeseen circumstances, the proposal would be implemented in four to six months' time.

36. In response to a question from the Chairman, the Staff Side Representatives said that they did not anticipate many societies wanting to take up the option.

37. Mr. Walton Masters asked whether, in the event that a society member wished to approach a bank for a loan to assist him in paying for the transfer of title, the Government would be prepared to write to the bank in support of this. The Chairman said that Government could write to the bank confirming that the person concerned was a member of the society. If having gained title the ex-member then wished to seek a loan to enable him to pay the land premium, the Government could issue a letter confirming that that person had legal title to the flat,

and that once the premium had been paid he would be able to sell, let or otherwise dispose of it as he wished.

38. Mr. Kwok asked what would happen in the case of a society where many members wished to take up the option but failed to obtain the support of at least three quarters of total membership. This could be a big problem for the two large Government built schemes. The Chairman said that in the case of a co-operative society, nothing could be done unless or until at least three quarters of membership voted in favour of dissolution since this proportion was stipulated in section 38 of the Co-operative Societies Ordinance. As regards the two Government built schemes, as mentioned earlier, it might be possible for legal title to be transferred on a block by block basis, but further study would be required to ascertain the feasibility of this.

Action

39. There being no other business, the Chairman thanked the Staff Side for attending the meeting. The meeting was adjourned at 5.30 p.m.

Pay and Conditions of Service Division
Civil Service Branch
4 March 1986

**Guidelines to be Followed to Achieve Transfer
of Title to Flats and Land
of Government Built Housing Scheme
from The Financial Secretary Incorporated
to Individual Underlessees**

IMPORTANT NOTE

This manual contains the guidelines to be followed by Underlessees of Government Built Housing Scheme to effect transfer of title. Underlessees of Government Built Housing Scheme intending to seek transfer of title should seek their own independent legal advice and engage independent legal advisers in the preparation of all necessary legal documents. Government shall not be liable in anyway for any loss or damages or expenses arising from or in connection with anything contained in this Guidelines. In the event of any matters arising from or not covered by this Guidelines, the Secretary for the Civil Service's decision and interpretation shall be final.

**Civil Service Bureau
Updated in September 2007**

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8. **Application for transfer of title – Sample forms** 19

This Chapter provides sample on three sets of form which must be completed for application for transfer of title.

Appendix 28

List of names, addresses and telephone numbers of Government departments involved in processing applications for transfer of title.

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Chapter 1

General Guidelines to be Followed to Achieve Transfer of Title to Underlessees of Government Built Housing Scheme

Underlessees of a Government Built Housing Scheme (GBHS) wishing to take advantage of the facility to obtain the transfer of legal title should first repay the outstanding balance of their loan to the Government. Underlessees who wish to take title should form a Committee to represent themselves to liaise with the Government. The Committee will in these Guidelines be referred to as the “Committee”.

2. The Committee should prepare a proposed Scheme of Distribution of Assets which provides for the allocation of undivided shares to each flat (and car parking space where applicable) and the entitlement of each underlessee in relation to the flat (and car parking space where applicable) being occupied and the related ancillary facilities. Underlessees must read the important notes in Chapter 4, the Scheme of Distribution of Assets and these Guidelines. The Committee is advised to allow a reasonable period of time, say at least a month, for underlessees to decide if they wish to take title which shall involve repayment of any outstanding Government loan, payment of legal and administration fees, stamp duty and other necessary costs and giving up their eligibility for further civil service housing benefits and civil service housing-related benefits.

3. The Committee must obtain agreement in writing from at least 75% of the GBHS underlessees to (a) seeking title; (b) accepting the proposed Scheme of Distribution of Assets; and (c) surrendering their individual interests, including their underleases, to The Financial Secretary Incorporated (FSI). Then the Committee should make a necessary formal application to the Secretary for the Civil Service (SCS), with copies to the Director of Lands (“D of L”). The application should be made and signed by at least 75% of all underlessees. Underlessees who wish to take title will be known as consenting underlessees. Underlessees who decide not to take title will be known as non-consenting underlessees.

4. Upon receipt of the application from the Committee as mentioned under paragraph 3 above, SCS will ask D of L to prepare a Letter of Modification of Lease (“Modification Letter”) incorporating provisions to allow for assignment of legal title to individual underlessees and up-dated lease conditions where necessary.

5. A new Deed of Mutual Covenant (DMC), to bind all owners of the flats and the non-consenting underlessees, will be executed by the first underlessee who takes an assignment of the legal title to his flat. The assignment of legal title from FSI to the consenting underlessees will be executed upon payment of stamp duty and relevant administrative fees. Concurrently, assignees will execute legal charge in favour of FSI

to secure the due performance by the assignees of their covenant not to alienate the property assigned to them by FSI prior to the discharge of the legal charge by FSI after payment of the relevant land premium for removal of the alienation restrictions. The executed assignments and legal charges will have to be delivered to FSI for safe custody. After acquisition of title, those taking title will become owners of their flats (and car parking spaces as the case may be). However, sale, letting or other disposal of their property, including the use or occupation of the property by any other persons, are not permitted. The restriction will be removed by the **payment of a land premium and satisfaction of all other conditions as set out in the Modification Letter.**

6. Consenting underlessees must form an Owners' Corporation (OC) under the Building Management Ordinance (Chapter 344) within 12 months from the execution of the first assignment. They have to inform SCS and FSI of the date of formation of OC. The undivided shares which would have been assigned to the non-consenting underlessees had they consented to taking title will be retained by FSI or assigned to the OC, as FSI considers appropriate.

7. If the undivided shares to which the non-consenting underlessees are entitled are assigned to the OC, prior to such assignment, the OC must give an undertaking to SCS and FSI to -

- (a) take care of the interests of these non-consenting underlessees;
- (b) enter into a variation agreement ("Variation Agreement") (as mentioned in paragraph 8) with the non-consenting underlessees when the non-consenting underlessees indicate willingness or are able to enter into the said agreement; and
- (c) take assignment of the undivided shares of all the flats of the non-consenting underlessees from FSI as and when required by FSI.

No stamp duty will be payable on the assignment to the OC. The non-consenting underlessees will not be allowed to dispose of their flats (and car parking spaces as the case may be) but will continue to have the exclusive right to occupy their flats (and car parking spaces as the case may be) and to use the ancillary facilities subject to the terms of their underleases.

8. In the event of the assignment of undivided shares to the OC, a non-consenting underlessee should enter into a Variation Agreement with the OC to vary the terms of his/her underlease to the effect that :

- (a) the OC will have no right to re-enter the premises of the holder of the underlease upon the death of the underlessee;

- (b) the beneficial successor (following the death of the underlessee) will have the right to claim a new underlease from the OC. (It is advisable for the non-consenting underlessee to make a will devising his/her interest to a devisee should he/she wish to pass on his/her interest in his/her flat (and car parking space as the case may be) after his/her death **to the beneficial successor.**); and
- (c) the OC is obliged to extend the term of the underlease in line with any extension or renewal of the Lease.

9. If FSI retains the relevant undivided shares, the non-consenting underlessees concerned will be required to enter into an Indemnity to –

- (a) undertake to comply with all the terms and conditions and perform all obligations, including but not limited to the obligation to contribute towards all expenses or funds of any description set out in the relevant new DMC (see paragraph 5 above) as if they were the registered owner and a party to the new DMC; and
- (b) undertake and agree to indemnify and keep indemnified FSI from and against all actions, proceedings, costs, claims and demands whatsoever, arising in connection with the new DMC.

10. Non-consenting underlessees, or their successors in title may at any time claim back the legal title of their flats (and car parking space as the case may be) from the OC or FSI as appropriate, subject to execution of legal charges in favour of FSI to secure their due performance of the covenant not to alienate the property assigned to them prior to the discharge of the legal charge by FSI after payment of the relevant land premium for removal of the alienation restrictions, payment of stamp duty, assignment cost and their share of expenses for the transfer of title exercise.

11. GBHS underlessees who -

- (a) have voted for transfer of title and taken title; or
- (b) have voted for transfer of title but change their minds subsequently; or
- (c) have not voted for transfer of title but taken title subsequently,

and their respective spouses will not receive further civil service housing benefits and civil service housing-related benefits, except under the circumstances specified under paragraph 12 below.

12. The following circumstances will not debar GBHS underlessees from receiving further civil service housing benefits and civil service housing-related benefits :

- (a) underlessees have acquired their underleases through beneficial succession and taken title subsequently; and
- (b) underlessees have not voted for transfer of title and have not taken title.

13. The civil service housing benefits and civil service housing-related benefits referred under paragraphs 11 and 12 above are those listed under Civil Service Regulation 809(1)(a), which may be amended from time to time. Examples of these benefits include Non-departmental Quarters; Private Tenancy Allowance; Hotel Accommodation; Departmental Quarters; membership of Civil Servants' Co-operative Building Society (CBS), or underlease of flat under GBHS (other than membership or underlease acquired through beneficial succession); underlease to a flat and land which belonged at some time to a CBS or GBHS (other than underlease acquired through beneficial succession) and acquired from an ex-member of the former CBS or GBHS who did not acquire legal title through accepting assignment after such society has been dissolved; House Allowance; Home Purchase Allowance and/or Downpayment Loan granted under the Home Purchase Scheme; Home Financing Allowance and/or Downpayment Loan granted under the Home Financing Scheme; Accommodation Allowance granted under the Accommodation Allowance Scheme; Housing Loan granted under the Housing Loan Scheme; public rental housing flat acquired under the Civil Service Public Housing Quota (CSPHQ); Buy-or-Rent Option flat or Home Ownership Scheme flat acquired through the CSPHQ arrangement, which is subject to resale restriction; loan or monthly subsidy under the Home Purchase Loan Scheme or the Home Assistance Loan Scheme acquired through the CSPHQ arrangement; Rent Allowance granted under the Rent Allowance Scheme; Non-accountable Cash Allowance granted under the Non-accountable Cash Allowance Scheme; Furniture Allowance; Domestic Appliances Allowance; provision of furniture and domestic appliances; and any other civil service housing/housing-related benefits that may be introduced in future. If an underlessee and his/her spouse under the circumstances mentioned under paragraph 11 (other than the exceptions under paragraph 12 above) are not prepared to give up their eligibility for such civil service housing benefits and/or civil service housing-related benefits, he/she should not seek transfer of title.

Note : All forms of legal documents including Deed of Surrender, Assignment forms, Deed of Mutual Covenant, Legal Charge, Variation Agreement, Indemnity etc. have to be approved by the Director of Lands before putting to use.

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Chapter 2

Flowchart Summarising Main Procedures for Achieving Transfer of Title for Government Built Housing Scheme

75% consent to transfer of title and
75% surrender of underleases

[Underlessees wishing to take title to form a Committee → The Committee to obtain agreement in writing from a minimum of 75% of underlessees to (i) seeking title; (ii) accepting the proposed Scheme of Distribution of Assets; and (iii) surrendering their interests in the property, including their underleases, to The Financial Secretary Incorporated (FSI). → The Committee to make formal application to the Secretary for the Civil Service (SCS), with a copy to Director of Lands (“D of L”) → Deed of Surrender to be executed and held in escrow.]

Modification of Lease

[D of L to prepare a Letter of Modification of Lease, with provisions to allow transfer of title to individual underlessees subject to restriction on future sale, letting or other disposal until the flat owner has paid to the Government a land premium.]

Deed of Mutual Covenant (DMC); Assignment; Legal Charge

[The first underlessee who takes legal title to his flat to execute the DMC; FSI to assign legal title to the consenting underlessees; Assignees to execute Legal Charge in favour of FSI to secure the due performance of the covenant not to alienate the property prior to the discharge of the Legal Charge by FSI after payment of the relevant land premium for removal of the alienation restrictions in respect of property assigned by FSI.]

Owners (Assignees)/consenting underlessees to form an Owners' Corporation (OC) within 12 months from the execution of the first assignment

If FSI assigns undivided shares of the flats of non-consenting underlessees to OC, the OC to give an undertaking to SCS and FSI to, among other things, take care of the interests of these underlessees.

OC and each of the non-consenting underlessees to enter into an agreement to vary the terms of the underlease to the effect that among other things, it shall not be determinable upon death of the underlessee.

If FSI retains the undivided shares of the flats of the non-consenting underlessees, these underlessees to enter into an Indemnity to undertake, among other things, to keep indemnified FSI from and against all actions, proceedings, claims etc. arising in connection with the new DMC.

Non-consenting underlessees may claim back the legal title to their flats from OC or FSI as appropriate, subject to execution of legal charges in favour of FSI to secure their due performance of the covenant not to alienate the property assigned to them prior to the discharge of the legal charges by FSI after payment of the relevant land premium for removal of the alienation restrictions and payment of expenses.

At any time after the formation of OC and the OC has given the undertaking to, among other things, take care of the interest of the non-consenting ex-underlessees, individual owners may apply to the D of L to remove alienation restriction on their properties and pay the relevant land premium.

Note : This is only a summary of the main procedures to be taken to achieve transfer of title. There may be other documentation involved which are not described in this Flowchart. For detailed information, reference should be made to the “Guidelines to be Followed to Achieve Transfer of Title to Flats and Land of Government Built Housing Scheme from The Financial Secretary Incorporated to Individual Underlessees.”

Chapter 3

Conditions for Subsequent Disposal of Property

Owners [i.e. ex-underlessees of Government Built Housing Scheme (GBHS) who have obtained legal title to their flats (and car parking spaces as the case may be)] will not be permitted to sell, let or otherwise dispose of their property until :

- (a) they have formed an Owners' Corporation (OC);
- (b) the OC had given an undertaking to the Secretary for the Civil Service and The Financial Secretary Incorporated (FSI) to: (i) take care of the interests of the non-consenting underlessees, (ii) enter into a Variation Agreement with the non-consenting underlessees when the non-consenting underlessees indicate willingness or are able to enter into the said agreement; and (iii) take assignment of the undivided shares of all the flats of the non-consenting underlessees from the FSI as and when required by FSI;
- (c) the OC had taken assignment of the undivided shares of all the flats of the non-consenting underlessees from FSI as and when required by FSI; and
- (d) they have paid the relevant land premium to lift the alienation restrictions.

2. Payment of the land premium to Government will be secured by a legal charge on the property in favour of FSI. Upon payment of the land premium to Government, the legal charge will be discharged and the owner will be free to dispose of the property. Prior to the discharge of the legal charge by FSI after payment of the relevant land premium for removal of the alienation restrictions, the only way that the ownership of the property may pass from the owner to another party is by operation of law, e.g. through inheritance by a beneficiary in the event of death, or by vested in a trustee in the event of bankruptcy. In either event, since the legal charge remains valid until discharged, the beneficiary or the trustee would be bound by it to pay the premium prior to sale, letting or other disposal.

3. After conditions (a), (b) and (c) as stated in paragraph 1 have been satisfied, owners may apply to the Director of Lands for assessment of land premium. The land premium is equivalent to two-thirds of the "existing use value" of the land on which the buildings of the GBHS stand, unless the Lands Department considers that the Lot is economically suitable for redevelopment at the relevant date, whereupon the premium will be assessed at generally two-thirds of the full market value of the land at the relevant date. The relevant date means the date on which any amount required to be paid for removing the restriction on alienation is assessed by the Director.

4. A non-consenting underlessee or his/her beneficial successor or successor in title may at any time call upon FSI or OC as appropriate to claim the undivided shares which should have been assigned to him/her had he/she consented to the transfer of title, subject to his/her payment of stamp duty, his/her share of the expenses involved in the transfer of title exercise and formation of the OC, and any other expenses which the non-consenting underlessees, or his/her beneficial successor or successor in title would have paid had he/she taken an assignment of the relevant undivided shares and the legal fees and disbursements and any other expenses of the assignment and the legal charge which he/she shall be obliged to execute upon taking assignment of his/her legal title. Upon taking the assignment, the assignee (formerly the non-consenting underlessee) shall execute a legal charge in favour of FSI to secure his/her due performance of the covenant not to alienate the property assigned to him/her by FSI prior to the discharge of the legal charge by FSI after payment of the relevant land premium for removal of the alienation restrictions. The assignee can then apply to the Director of Lands to remove the alienation restriction of his/her property by payment of the relevant land premium.

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Chapter 4

Important Notes to Underlessees of Government Built Housing Scheme prior to their making a decision to obtain transfer of title to the property

All underlessees of Government Built Housing Scheme should read the following notes carefully before making a decision to obtain transfer of title to flats and land from The Financial Secretary Incorporated (FSI). In case of doubts, they should consult their own legal adviser.

- (a) The transfer of title will be effected by at least 75% of all underlessees giving their consent to transfer of title and 75% of the underlessees surrendering their underleases. A Scheme of Distribution of Assets has to be prepared and accepted by at least 75% of all the underlessees. The transfer of legal title to the flats (and carparking spaces as the case may be) to individual underlessees will be effected in accordance with the Scheme of Distribution of Assets. This will be followed by assignment of title from FSI to consenting underlessees. Consenting underlessees will have to pay the legal and administrative fees, stamp duty and any other expenses on transfer of title. They will also have to pay for the share of expenses of non-consenting underlessees (i.e. underlessees who decided not to take title) in connection with the exercise. The undivided shares which would have been assigned to the non-consenting underlessees will be retained by FSI or assigned to the Owners' Corporation (OC) as FSI considers appropriate.
- (b) If the undivided shares have been assigned to the OC, the non-consenting underlessees may request the OC to enter into variations of their underleases whereby the OC will have no right to re-enter the premises of an underlessee upon his death, the beneficial successor will have the right to claim a new underlease from the OC and the OC is obliged to extend the term of the underlease in line with any extension or renewal of the Lease and the OC will be obliged to enter into such variations forthwith with them. If FSI retains the relevant undivided shares, the non-consenting underlessees concerned will be required to enter into an Indemnity to undertake to comply with all the terms and conditions and perform all obligations set out in the relevant new Deed of Mutual Covenant (DMC) as if they were the registered owner and a party to the new DMC; and undertake and agree to indemnify and keep indemnified FSI from and against all actions, proceedings, costs, claims and demands whatsoever, arising in connection with the new DMC. The non-consenting underlessees may at any time call upon the OC or FSI as appropriate to assign the relevant undivided shares to them, subject to the payment of

stamp duty, their share of expenses borne by other ex-underlessees and the costs of the assignment.

- (c) All underlessees, upon taking the assignment, shall execute a legal charge in favour of FSI to secure their due performance of the covenant not to alienate the property assigned by FSI to them prior to the discharge of the legal charge by FSI after payment of the relevant premium for removal of the alienation restrictions as detailed in (f) below.
- (d) An OC of the building must be formed by consenting ex-underlessees to manage the building properties within 12 months from the date of assignment of title to the first consenting underlessees. Guidelines on how to form an OC is available from the Home Affairs Department (website: <http://www.had.gov.hk>).
- (e) Any underlessee who does not consent to the transfer of title will continue to have the right of exclusive occupation of his flat (and carparking space as the case may be) and to use the ancillary facilities as before, subject to the terms of his underlease.
- (f) A restriction will be placed on future sale, letting or other disposal, which includes use or occupation by any other person of the property, until an OC has been formed; and the OC has given an undertaking to the Secretary for the Civil Service and FSI to take care of the interests of the non-consenting underlessees, to enter into Variation Agreements with the non-consenting underlessees when they indicate willingness or are able to do so, and to take assignment of the undivided shares of all the flats of the non-consenting underlessees from FSI as and when required by FSI; and the OC had taken assignment of the flats of the non-consenting underlessees from FSI as and when required; and the flat owner has paid to the Government the relevant land premium. The land premium is assessed at two-thirds of the "existing use value" of the land on which the building stands, unless the Director of Lands considers that the Lot is economically suitable for redevelopment at the relevant date, whereupon the premium will be assessed at generally two-thirds of the full market value of the land at the relevant date. The relevant date means the date on which any amount required to be paid for removing the restriction on alienation is assessed by the Director. Upon payment of the premium to the Government the legal charge mentioned in (c) above will be discharged and the owner will be free to dispose of the property. Prior to the discharge of the legal charge by FSI after payment of the relevant land premium for removal of the alienation restrictions, the only way that ownership of the property may pass from the original owner to another party is by operation of law, e.g. through inheritance by a beneficiary in the event of death, or by being vested in a trustee in the event of

bankruptcy. In either event, since the legal charge remains valid until discharged, the beneficiary or the trustee would be bound by it to pay the premium prior to sale, letting or other disposal.

- (g) Premium will be charged for modification of the Lease at full market value for redevelopment over and above the existing development permitted under the Lease.
- (h) Once an underlessee has acquired legal title, neither he nor his spouse will be eligible for any other civil service housing benefits and civil service housing-related benefits disregarding whether he/she pays the premium referred to in (f) above, unless he/she had acquired the underlease through beneficial succession. Underlessees who consent to transfer of title and subsequently change their minds and become non-consenting underlessees, and their spouses, would also not be eligible for other civil service housing benefits and civil service housing-related benefits even if they are eligible for them for other reasons.
- (i) Underlessees who do not consent to transfer of title and do not seek transfer of title will not be debarred from receiving further civil service housing benefits and civil service housing-related benefits.

* * * * *

Chapter 5

Notes on Drawing up a Scheme of Distribution of Assets of Government Built Housing Scheme

The proposed Scheme of Distribution of Assets should provide for :

- (a) Distribution of Government Built Housing Scheme's flats and ancillary facilities (if any) e.g. car parking spaces : a list of underlessees, allocation of undivided share to each flat (and car parking space where applicable) and details of the entitlement of each underlessee should be included.
- (b) Allocation of undivided shares for common parts : normally, such shares should not be separately allocated i.e. the undivided shares allocated to each flat should include an interest in the common parts.
- (c) In case there are underlessees who do not consent or agree to the proposed transfer of title of the Government Built Housing Scheme's flats etc. to underlessees, the undivided shares and entitlements to which these non-consenting underlessees would have been entitled had they agreed to accept assignment of the title to their flats will, as The Financial Secretary Incorporated (FSI) considers appropriate, be retained by FSI, or assigned to an owners' corporation, which the consenting underlessees undertake to incorporate. The interests of non-consenting underlessees should be safeguarded by allowing them to continue to occupy their flats subject to the terms of the underleases under which they presently hold their flats.

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Chapter 6

Legal and Administrative Fees Payable by the Underlessees of Government Built Housing Scheme (GBHS) on Seeking Transfer of Title (For Reference Only)

	Amount (HK\$) as at April 2007
I. Fees Payable to the Lands Department	
(A) Modification of government lease to effect transfer of title	\$1,000
<i>Note : If a flat owner wishes to sell, let or otherwise dispose of his flat after transfer of title, he has to pay a separate land premium to be assessed by Government.</i>	
(B) Preparation or Approval of Deed of Surrender, Assignment, Legal Charge, Discharge of Legal Charge, Undertaking to be given by Owners' Corporation and any other documentation to be used for the Transfer of Title Exercise.	Fees promulgated by LACO from time to time chargeable for service delivered
(C) Approval of Deed of Mutual Covenant	50% of fees calculated in accordance with Solicitors (General) Costs Rules, Cap. 159

II. Fees payable to the Land Registry

In accordance with the Land Registration Fees Regulations

III. For services provided by the solicitors acting for the underlessees of the GBHS

Underlessees of GBHS must employ their own solicitor in the transfer of title exercise to prepare all the necessary legal documents (including Deed of Mutual Covenant) and to provide any other necessary services. Underlessees should make their own arrangements for payment of the solicitors costs.

- Note*
1. The list of fees is not exhaustive and other legal and administrative fees may be incurred.
 2. Government reserves the right to vary or alter any or all of the fees and costs as and when it sees fit or considers necessary.

Chapter 7

Stamp Duty Payable on Transfer of Title

Stamp duty chargeable on transfer of title to flats and land in each situation is as follows :

- (a) Stamp duty is chargeable under the Stamp Duty Ordinance, (Cap 117) on transfer of title by assignment of flats and land from the Financial Secretary Incorporated to the individual consenting ex-underlessees of a Government Built Housing Scheme. The rates of stamp duty chargeable are set out under Head 1(1) "Immovable Property in Hong Kong" of the First Schedule to that Ordinance.
- (b) No stamp duty is chargeable on transfer of title by assignment of flats and land which are unclaimed by the non-consenting ex-underlessees from The Financial Secretary Incorporated to an owners' corporation.
- (c) Stamp duty is chargeable under the Stamp Duty Ordinance, (Cap. 117) on transfer of title by assignment of flats and land from an owners' corporation to the individual non-consenting ex-underlessees, their beneficial successors or their successors in title. The rates of stamp duty chargeable are set out under Head 1 (1), "Immovable Property in Hong Kong", of the First Schedule to that Ordinance. A summary of these rates is given in the table below :

Value of flat and land			Stamp duty payable (applicable from 11:00 a.m. on 28 February 2007 and subject to revision)
	Exceeds	Does not exceed	
(i)	-	\$2,000,000	\$100
(ii)	\$2,000,000	\$2,351,760	\$100 + 10% of amount exceeding \$2,000,000
(iii)	\$2,351,760	\$3,000,000	1.5% of value of flat and land
(iv)	\$3,000,000	\$3,290,320	\$45,000 + 10% of amount exceeding \$3,000,000
(v)	\$3,290,320	\$4,000,000	2.25% of value of flat and land

Value of flat and land		Stamp duty payable (applicable from 11:00 a.m. on 28 February 2007 and subject to revision)	
	Exceeds	Does not exceed	
(vi)	\$4,000,000	\$4,428,570	\$90,000 + 10% of amount exceeding \$4,000,000
(vii)	\$4,428,570	\$6,000,000	3% of value of flat and land
(viii)	\$6,000,000	\$6,720,000	\$180,000 + 10% of amount exceeding \$6,000,000
(ix)	\$6,720,000	-	3.75% of value of flat and land

Stamp duty will be charged on the transfer of title in situations (a) and (c) according to the open market value of the flat, subject to the restriction on sale, letting or other disposal before payment of the land premium ("Restricted Value").

The restricted value of the flat and land, which will be the value used for the purpose of assessing stamp duty, will be the unrestricted open market resale value of the flat and land less the land premium payable to the Government in order to lift the restriction.

The unrestricted open market resale value of the flat and land is determined by reference to the sale prices of similar flats in the area at the time of assignment.

In determining the unrestricted open market resale value such factors as the size, age, general physical condition and location of the flat will be taken into account.

The Collector of Stamp Revenue will co-ordinate the procedures of charging stamp duty. Upon the assignment of titles to ex-underlessees, Commissioner of Rating and Valuation will provide the unrestricted market value of concerned properties to the Collector. The Director of Lands will also supply to the Collector with the estimated Land Premium to remove the alienation restrictions. Then the Collector will work out the restricted value for the stamp duty purpose.

* * * * *

Chapter 8

Application for Transfer of Title Sample Forms

Samples on three sets of form which must be completed for application for transfer of title are attached at Appendices I to III.

* * * * *

List of Consenting Underlessees and Non-Consenting Underlessees

Part I Consenting Underlessees - Title and Name (as shown on Identity Card)

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.
- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.
- 26.
- 27.
- 28.
- 29.
- 30.
- .
- .

Part II Non-Consenting Underlessees - Title and Name (as shown on Identity Card)

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- .
- .
- .

----- We hereby verify that this list is true and correct. A copy each of the undertakings signed by the consenting underlessees is at the Annex.

Signature	:	_____	_____
Name in Block Letters	:	_____	_____
Hong Kong Identity Card No.:		_____	_____
Office Held (Management Committee)	:	_____ Chairman _____	_____ Secretary _____
Date :		_____	

To : Secretary

_____ Government Built Housing Scheme (GBHS)

Address : _____

From : Name of Underlessee : _____

Address : _____

Telephone No. : _____

I have studied and understood the **Guidelines to be Followed to Achieve Transfer of Title to Flats and Land of GBHS from The Financial Secretary Incorporated to Individual Underlessees** (including the Important Notes to Underlessees of GBHS prior to their making a decision to obtain transfer of title and Flowchart summarising main procedures for achieving transfer of title), the **Letter of Modification of Lease**, and the Proposed Scheme of Distribution of Assets.

2. I confirm that :

(a) I agree to surrender all of my interest in the property of the _____ Government Built Housing Scheme, including my underlease.

* (b) I consent to the transfer of title and I :

(i) understand that if I give my consent but I subsequently revoke my decision, I and my spouse shall not be eligible for other civil service housing benefits and civil service housing-related benefits even if we are eligible for them for other reasons;

- (ii) I am willing to pay for my share of expenses and the share of expenses payable by the non-consenting underlessees including the Stamp Duty payable upon assignment and I understand that the share of expenses to be recovered from the non-consenting underlessees when they take title will be reimbursed pro-rata to me; and
 - (iii) *agree/disagree to the proposed Scheme of Distribution of Assets.
- * (c)
- (i) I do not consent to the transfer of title and I *agree/disagree to the proposed Scheme of Distribution of Assets; and
 - (ii) I understand that if I decide at a later date to become a consenting underlessee, I shall be responsible for the payment of my share of the expenses.

* Delete whichever is inappropriate

Signature of Underlessee : _____

Name in Block Letters : _____

Hong Kong Identity Card No.: _____

Date : _____

Signature of Underlessee's Spouse (if applicable) : _____

Name in Block Letters : _____

Hong Kong Identity Card No.: _____

Date : _____

For Official Use Only

We hereby verify that the signature shown above is the usual signature of the above named underlessee.

Signature	:	_____	_____
Name in Block Letters	:	_____	_____
Hong Kong Identity Card No.:		_____	_____
Office Held (Management Committee)	:	_____ Chairman	_____ Secretary
Date :		_____	

**Application for Transfer of Title to the flat in the _____
Government Built Housing Scheme**

We hereby apply for transfer of title to the flat (and carparking space as the case may be) in the _____ Government Built Housing Scheme and our signatures are appended below :

Flat/Floor/ Block	Name of Underlessee	Hong Kong Identity Card No.	Tel. No.	Signature of Underlessee
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____
7. _____	_____	_____	_____	_____
8. _____	_____	_____	_____	_____
9. _____	_____	_____	_____	_____
10. _____	_____	_____	_____	_____
11. _____	_____	_____	_____	_____
12. _____	_____	_____	_____	_____
13. _____	_____	_____	_____	_____
14. _____	_____	_____	_____	_____
15. _____	_____	_____	_____	_____
16. _____	_____	_____	_____	_____
17. _____	_____	_____	_____	_____
18. _____	_____	_____	_____	_____
19. _____	_____	_____	_____	_____
20. _____	_____	_____	_____	_____

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(Page 2 of 2)

We hereby verify that the signature shown in this application were made by the underlessees in our presence either at the meeting or thereafter.

Signature	:	_____	_____
Name in Block Letters	:	_____	_____
Hong Kong Identity Card No.:		_____	_____
Office Held (Management Committee)	:	_____ Chairman	_____ Secretary
Date :		_____	

Government Built Housing Scheme

Scheme of Distribution of Assets
Government Built Housing Scheme

We hereby certify that the above Scheme of Distribution of Assets was considered by the underlessees. We hereby confirm that this scheme is true and correct.

Signature : _____

Name in Block Letters : _____

Hong Kong Identity Card No.: _____

Office Held : Chairman Secretary
(Management Committee)

Date : _____

Appendix

**List of names, addresses and telephone numbers of
Government departments
involved in processing applications for transfer of title
for Government Built Housing Scheme**

Bureau/Department and Section	Address	Tel. No.	Officers
Civil Service Bureau (Civil Service Housing Section)	Rm 1805, 18/F, No. 9 Queen's Road Central Central Hong Kong	3185 3122 3185 3124 3185 3125	Ms Moogie LAM Miss LI Wan-ching Miss Juliana CHEUNG
- Approval of application for transfer of title			
Inland Revenue Department (Stamp Office)	3/F, Revenue Tower 5 Gloucester Road Wan Chai Hong Kong	2594 3162	Y K SUEN
- Receipt of stamp duty			
Lands Department (Valuation Section)	19/F, North Point Government Offices 333 Java Road North Point Hong Kong	2231 3406	Lawrance CHAN
- Assessment of land premium			
Lands Department (Legal Advisory and Conveyancing Office)	18/F, North Point Government Offices 333 Java Road North Point Hong Kong	2231 3225	S F POON
- Approval of legal documents			
Rating and Valuation Department (Technical Secretariat (Operations))	15/F, Cheung Sha Wan Government Offices 303 Cheung Sha Wan Road Kowloon	2150 8808	Ms Susanna KWAN
- Assessment of stamp duty			