

**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**

Residents of Lung Cheung Court under the Government Built Housing Scheme (GBHS) wrote again on 27 May 2016 to express that, apart from an annual Government rent equivalent to 3% of the rateable value from time to time of the lot upon which Lung Cheung Court under GBHS was erected, any charge of land premium after 1997 is a violation of New Territories Lease (Extension) Ordinance (Cap. 150) and Annex III of the Sino-British Joint Declaration (the Joint Declaration). As such, no premium should be chargeable to Lung Cheung Court flat owners. The Administration's response is set out in the paragraphs below.

***Background for Lease Extension of Lots in the New Territories***

2. Annex III of the Joint Declaration provides for the protection of land rights and for land leases granted by the Hong Kong Government before 1 July 1997. Paragraph 2 of Annex III of the Joint Declaration states that:

“All leases of land granted by the British Hong Kong Government not containing a right of renewal that expire before 30 June 1997, except short term tenancies and leases for special purposes, may be extended if the lessee so wishes for a period expiring not later than 30 June 2047 without payment of an additional premium. ...”

3. Accordingly, the New Territories Lease (Extension) Ordinance (Cap. 150) (the Ordinance) was enacted in 1988 to provide for the extension of certain leases of land in the New Territories. Section 6 of the Ordinance stipulates that:

“The term of a lease to which this Ordinance applies is **extended**, from the date on which it would, apart from this Ordinance, expire, until the expiry of 30 June 2047, without payment of any additional premium.” (emphasis added)

### ***Background for Imposition of Alienation Restrictions on Lung Cheung Court***

4. As previously explained on various occasions, when some GBHS (including Lung Cheung Court) underlessees had fully repaid their respective loans in 1980s, they began to seek permission to sell the flats under GBHS. The then Executive Council decided in 1985 that Lung Cheung Court be permitted to transfer the titles to the respective flats and land to individual underlessees and to conduct the sale, letting or other disposal of such properties by the individual underlessees, subject to their acceptance of certain conditions. It was an optional arrangement for the individual underlessees of Lung Cheung Court.

5. 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) issued by the Government in 1987 clearly states that GBHS underlessees are required to pay the land premium before they are 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.

6. 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 (FSI) to Individual Underlessees" issued in 1993, the Government entered into a modification letter with the FSI on 22 February 2002 such that a flat owner shall not alienate his own flat until he has paid to the Government the amount of premium in respect of his unit which is a due proportion of an amount equal to two-thirds of either the existing use value of the Lot or, where

the Lot is economically suitable for re-development at the relevant date, the full market land value of the Lot at the relevant date.

### ***Conclusion***

7. The residents of Lung Cheung Court have made reference to the “premium” mentioned in section 6 of the Ordinance and Annex III of the Joint Declaration, which is in fact the premium payable for the extension of leases until not later than 30 June 2047 for certain leases of land in the New Territories expiring before 30 June 1997. This is different from the premium payable by flat owners of Lung Cheung Court for the removal of alienation restrictions as stipulated in the above lease term.

8. In light of the above, the allegation that no premium should be chargeable to Lung Cheung Court flat owners is not substantiated.

**Development Bureau  
Lands Department**

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