

Second "Extension Notice" published under Extension of Government Leases Ordinance

The Lands Department published the second "Extension Notice" under the Extension of Government Leases Ordinance (Cap. 648) today (December 27) in accordance with the requirement under the Ordinance to give six years' prior notice, covering general purpose leases (GPLs) (i.e. general residential, commercial, industrial leases, hereafter "applicable leases") which expire in 2031 (i.e. from January 1 to December 31, 2031) and do not contain a right of renewal. All land leases of the three lots involved in this batch have been extended for a term of 50 years.

Land leases extended under the Ordinance, including the leases of the three lots in this batch, do not require payment of additional premium but are subject to an annual payment of Government rent equivalent to 3 per cent of the rateable value of the relevant land. The three lots include one located in Kowloon and two on Hong Kong Island, and the leases of these three lots are mainly for residential use. The Extension Notice has been uploaded to the website of the Lands Department (www.landsd.gov.hk/tc/resources/gov-notices/lease-extension/ext_2024.html).

Regarding the leases extended by the Lands Department through the above "Extension Notice", the encumbrances, interests and rights under the original lease (such as mortgages) will be carried forward to the extended lease term without being affected. Owners do not have to perform any procedures, nor are they required to execute lease extension documents with the Government or rearrange mortgages. The Lands Department has issued letters to the relevant owners or owners' corporations to inform them of the lease extension arrangements.

A spokesperson for the Development Bureau said, "The arrangement of extending land leases without having to execute a new contract under the Ordinance provides certainty for lease extension, enhances the confidence of property owners and investors in the real estate market, and brings tremendous convenience to the public and businesses. It has received widespread support from various sectors of the community. The mechanism manifests the solid safeguards for the long-term prosperity and stability of Hong Kong under the steadfast and successful implementation of 'one country, two systems'."

The Ordinance, which came into effect on July 5, 2024, establishes a standing statutory mechanism for handling lease extension matters for applicable leases which do not contain a right of renewal and expire on or after the effective date in batches. Together with the first "Extension Notice" published on July 5, 2024, the Government has extended leases expiring from July 5, 2024, to the end of 2031. The Government will publish the next "Extension Notice" by the end of 2025, covering applicable leases

expiring in 2032, in accordance with the requirement under the Ordinance to give six years' prior notice.

The spokesperson has also said that the Ordinance is not applicable to special purpose leases (SPLs). Different from GPLs, SPLs are mainly granted to groups or organisations for specific purposes of education, welfare, recreation, public utility, special industries, petrol filling stations, etc. The Lands Department will process lease extension matters and execute new leases (if renewed) with the lessee six years prior to lease expiry. For SPLs executed before July 5, 2024, and expiring in or after 2031 (1 634 lots in total) (Note), the Lands Department has made an "SPL identification note" in the Land Registry register of the relevant land leases today, in accordance with the requirement under the Ordinance, for the purpose of identifying the SPLs for the handling of lease extension matters in accordance with the original administrative procedures outside the Ordinance. The Lands Department will also inform the lessee in writing that his land lease has been identified as an SPL. If the lessee does not agree with the identification of his lease as an SPL, he may submit a review application to the Lands Department within one year from the date of identification. For details, please refer to the list of SPLs and review guidelines on the website of the Lands Department (www.landsd.gov.hk/en/land-disposal-transaction/extension.html).

Note: In July this year, the Lands Department made an "SPL identification note" in the Land Registry register of those SPLs which were executed before July 5, 2024, and would expire before 2031 (244 lots in total).