

**Supplementary Information Summary on the Dissolution, Acquisition and Resumption Arrangements for Urban Renewal Authority’s Civil Servants’ Co-operative Building Society (“CBS”) Development Scheme at Kau Pui Lung Road/Chi Kiang Street**

**Supplementary Information Summary No. 1**

**FLATS**

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*An Information Summary on the Dissolution, Acquisition and Resumption Arrangements for Urban Renewal Authority’s Civil Servants’ Co-operative Building Society Development Scheme at Kau Pui Lung Road/Chi Kiang Street (“October 2022 Information Summary”)* was issued by the Urban Renewal Authority in October 2022 (copy attached). This Supplementary Information Summary aims to provide CBS members / owners with more information, based on which they may seek, if they deem necessary, further legal opinions on their own.

This Supplementary Information Summary is concerned with flats only. The content is listed as follows:

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1. CBSs that are DISSOLVED BEFORE land resumption by the Government
  - 1.1 Consenting ex-members
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2. CBSs that are NOT DISSOLVED BEFORE land resumption by the Government

This Supplementary Information Summary shall be read in conjunction with the October 2022 Information Summary.

This Supplementary Information Summary is prepared in consultation with the relevant Government departments, namely Development Bureau, Civil Service Bureau, Lands Department as well as Agriculture, Fisheries and Conservation Department.

**ACRONYMS / ABBREVIATIONS**

CBS	Civil Servants’ Co-operative Building Society
Consenting ex-members	Ex-members of dissolved CBS who consented to the dissolution
Dissolved CBS	CBS for which the order cancelling its registration has taken effect
LRO	Lands Resumption Ordinance (Cap. 124)
Non-consenting ex-members	Ex-members of dissolved CBS who did not consent to the dissolution
OC	Owners’ Corporation

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Undissolved CBS	CBS which has not been dissolved
URA	Urban Renewal Authority
URFS	Urban Redevelopment Facilitating Services Company Limited, a URA's wholly-owned subsidiary

**1. CBSs THAT ARE DISSOLVED BEFORE LAND RESUMPTION BY THE GOVERNMENT**

The information provided in the following sections describes the situations for CBSs that are dissolved before the resumption of land by the Government under LRO. To ensure there is adequate time for the dissolution formalities, undissolved CBSs are advised to commence the dissolution process as soon as practicable, and complete the dissolution process diligently and efficiently. The URFS will assist in matters of dissolution.

Based on previous experiences, with the help from URFS, the dissolution process will take about 9 months to complete (i.e. starting from the date of submission of an application to the effective date of the cancellation order for registration) for CBSs that were cooperative and diligent.

**1.1 Consenting ex-members**

The legal titles of the flats occupied by consenting ex-members will be transferred to consenting ex-members upon dissolution of the CBS and completion of relevant formalities. These legal titles are subject to alienation restrictions under the Government leases after dissolution.

There may be cases where the transfer of legal titles by the liquidators are not possible due to special circumstances. One example of such circumstances is the consenting ex-members being deceased before the transfer process is completed.

Paragraphs 1.1.1 and 1.1.2 below are only applicable to consenting ex-members who, before URA makes acquisition offers, have obtained the legal titles of the flats they occupy.

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If consenting ex-members cannot obtain the legal titles of the flats they occupy due to various reasons, they are not owners and therefore not entitled to sell the flats concerned to URA. Upon resumption of land<sup>1</sup> for redevelopment by the URA, these consenting ex-members can then make claims to the Government for compensation.

1.1.1 Consenting ex-members who have obtained the legal title and become owners of the flats they occupy, wish to accept URA's acquisition offers and are able to complete the assignment according to the terms agreed with URA before land resumption

- a. Consenting ex-members who have become owners and are willing to accept URA's acquisition offers can do so upon payment of land premium required for removal of alienation restrictions under the Government leases after dissolution ("Premium"). Please refer to paragraph 3 of the October 2022 Information Summary.
- b. If consenting ex-members who have become owners do not wish to settle the Premium themselves, upon their request, URA will arrange settlement of the Premium with the Government direct and the amounts of the Premium will be deducted from the amounts payable to the owners for acquisition of their flats. Please refer to paragraph 3 of the October 2022 Information Summary.

1.1.2 Consenting ex-members who have obtained the legal title and become owners of the flats they occupy but do not accept URA's acquisition offers or cannot complete the sale and purchase of their flats with URA

- a. Upon resumption of land by the Government, ownership of the flats will be reverted to the Government. Please refer to details provided in paragraph 7 of the October 2022 Information Summary for compensating ex-members of dissolved CBSs after land resumption.

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<sup>1</sup> Subject to approval by the Chief Executive in Council

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**1.2 Non-consenting ex-members to obtain legal titles of the flats they occupy**

After a CBS is dissolved, the liquidator begins the transfer of legal titles of the flats to the consenting ex-members. The liquidator will also assign the undivided shares of the flats occupied by non-consenting ex-members to the OCs.

URA will only issue acquisition offers to the consenting ex-members who have obtained legal titles of the flats, no matter whether the payment of Premium for removal of alienation restrictions has been settled. The following describes how non-consenting ex-members can obtain the legal titles of the flats concerned after the CBS is dissolved.

**1.2.1 Before the OCs take up the legal titles of the flats occupied by non-consenting ex-members**

- a Non-consenting ex-members who originally refused their consent for the CBS dissolution may serve notices on the liquidator, requesting the liquidator to transfer the legal titles of the flats concerned to them.

***Timing to serve notice by non-consenting ex-members***

- b. However, these non-consenting ex-members must serve their notices BEFORE the liquidator signs the assignments for the transfer of legal titles of the flats concerned to the OC. Non-consenting ex-members of this category must check for the progress of liquidation and ensure they serve their notices timely.
- c. If the non-consenting ex-members serve their notice before the liquidator signs the assignments for the transfer of legal titles of the flats concerned to the OCs and the liquidator is able to transfer the legal titles of the flats concerned to the non-consenting ex-members, the legal costs for the transfer will be borne by the URA.

**1.2.2 After the OCs take up the legal titles of the flats occupied by non-consenting ex-members**

- a. Non-consenting ex-members of this category will need to obtain the legal titles of the flats concerned from the OCs.

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- b. Legal process is required to obtain the legal titles of the flats concerned from the OCs. Non-consenting ex-members of this category are strongly recommended to engage their lawyers as soon as possible. The OCs must also engage their own lawyers for the process.
- c. The legal costs for the transfer of legal titles of the flats concerned shall be borne by the non-consenting ex-members and/or the OC as they so agreed. No subsidy from URA will be provided.

*Timing of the transfer process and risks*

- d. Non-consenting ex-members of this category must alert the possibility that the OCs may become inoperative.
- e. It should be noted that when a consenting ex-member settles the Premium for removal of alienation restrictions, accepts URA's acquisition offer and complete the assignment of his flat to URA, this consenting ex-member will no longer own any property interest in the building. As more and more original consenting ex-members sell their flats to URA, the number of members of the management committee of the OC may fall below the number prescribed under Schedule 2 of the Building Management Ordinance (Cap. 344). When this happens, the OC will be defunct and the non-consenting ex-members may not be able to continue with the legal process to obtain the legal title of the flats concerned from the OC.
- f. Due to the above, non-consenting ex-members who may wish to accept URA's acquisition offers must take action to obtain the legal titles of the flats concerned from the OCs as early as possible. It is recommended that these members should begin the legal process first without waiting for URA's acquisition offers, such that the option to sell the flats concerned to URA will still be open for their consideration before land resumption.
- g. Non-consenting ex-members who are not able to obtain the legal titles of the flats concerned are not owners and therefore not entitled to sell the concerned flats to URA. They may, after land resumption<sup>2</sup>, submit claims in writing to the Director of Lands stating the nature of their estate and interest in the land and the amount of compensation they seek to recover in accordance with the provisions under section 8(1) of LRO. Please refer to paragraphs 9 and 10 in the October 2022 Information Summary.

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**2. CBSs THAT ARE NOT DISSOLVED BEFORE LAND RESUMPTION BY THE GOVERNMENT**

- 2.1 Members of undissolved CBS do not hold legal titles to the flats concerned. These CBS members will not receive acquisition offer from URA for the flats concerned. Please also refer to the October 2022 Information Summary for details, in particular paragraph 8.
- 2.2 Upon land resumption by the Government, all CBS flats will be reverted to the Government. Members of undissolved CBS may, under section 8(1) of the LRO, submit claims in writing to the Director of Lands stating the nature of their estate and interest in the land and the amount of compensation they seek to recover. Please refer to paragraphs 9 and 10 of the October 2022 Information Summary regarding the procedures that will take place after resumption.
- 2.3 As mentioned in paragraphs 7 and 15 of the October 2022 Information Summary, the “levelling adjustment” policy applied by URA to help the owners to settle the Premium during the acquisition stage will not be adopted in the land resumption stage. Please also refer to paragraph 7 and Note 2 of the October 2022 Information Summary for details.

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