

LEGISLATIVE COUNCIL BRIEF

EXTENSION OF GOVERNMENT LEASES BILL

INTRODUCTION

At the meeting of the Executive Council on 5 December 2023, the Council ADVISED and the Chief Executive (CE) ORDERED that the Extension of Government Leases Bill (the Bill), at Annex, should be introduced into the Legislative Council (LegCo), with a view to providing a new mechanism for extension of leases by operation of law, i.e. leases to be extended by virtue of the Director of Lands (DL)'s publication of Extension Notices in the Gazette and not requiring execution of a new lease with the owners.

JUSTIFICATIONS

2. The conventional mechanism for extension of a Government lease requires execution of a new lease by the Government and all owners through contractual means. This mechanism cannot effectively cope with the significant number of leases expiring from 2025 onwards. We need a new mechanism for extending leases in a more streamlined and efficient manner.

Existing policy and practice for lease extension

3. Article 123 of the Basic Law provides that where leases of land without a right of renewal expire after the establishment of the Hong Kong Special Administrative Region (HKSAR), they shall be dealt with in accordance with laws and policies formulated by the HKSAR on its own. Accordingly, the HKSAR Government promulgated the land policy in July 1997 (the 1997 Land Policy), which states that leases not containing a right of renewal (non-renewable leases), excluding short term tenancies (STTs)¹ and special purpose leases (SPLs)², may, upon expiry, be extended at the sole discretion of the Government

¹ Short term tenancy is a tenancy of Government land for a fixed term of not more than seven years.

² Special purpose leases refer to leases granted, disposed of or modified on specific policy considerations for designated uses, such as leases for public transport and public utility operators (including those operating on franchises or licenses), recreational leases, leases for petrol filling stations, leases for educational, welfare and religious uses, and leases for special industries, etc.

for a term of 50 years without payment of an additional premium, but an annual rent equivalent to three per cent of the prevailing rateable value of the property at the time of assessment of annual rent shall be charged³. Unless otherwise specified, a reference to a “lease” below refers to “a non-renewable lease which is neither an STT nor an SPL”. Such leases, being generally commercial, residential or industrial in nature underpinning the daily life and business operations of the general public, are the subject matter of this paper. STTs and SPLs, which are not the subject matter of the legislative proposal in this paper, would continue to have their extension processed on a case-by-case basis through contractual means pursuant to the established mechanism⁴.

4. Since July 1997, the Lands Department (LandsD) has handled expiring leases in accordance with the 1997 Land Policy. Although the Government reserves **sole discretion** to decide whether to extend a lease, in general the Government will extend a lease unless there are public interest considerations against extension of a particular lease (e.g. serious lease breach unpurged despite repeated warnings)⁵. Out of a total of 25 leases which have expired since 1 July 1997, only two were not extended because the relevant owners could not be found, one pursued lease modification for redevelopment in lieu of extension on original terms, and the remaining 22 were all extended.

5. As a lease is a contract, the conventional mechanism for putting a lease extension into effect is for the Government to execute a new lease with all owners concerned, through contractual means involving each and every owner with a share in the landed property. The process is cumbersome and time-consuming⁶ on the part of both LandsD and the owners, which includes: (a) offer and acceptance of terms and conditions (with updates to modernise the terms and conditions of the original lease as necessary); (b) title checking to verify that the owner(s) is/are the true owner(s); (c) clearing of outstanding encumbrances (e.g. undischarged mortgages) under the original lease and/or transferring them to

³ The 1997 Land Policy was a continuation of the relevant arrangement under the Sino-British Joint Declaration of 1985 for continuity, certainty and consistency.

⁴ Extension of STTs and SPLs (currently around 6 000 and 2 000 respectively with each involving one or a few tenant(s)/owner(s) only) are governed by separate policies and may involve amendment of terms and conditions to suit changing policy needs and adjustment of STT rentals in the light of prevailing market condition. As such, extending STTs and SPLs by the conventional mechanism (involving mutual execution of relevant tenancy/lease document), rather than through the proposed legislation, would better serve that purpose.

⁵ The fact that the land is required for a public purpose after expiry of the lease is not a public interest consideration for not extending the lease. The Government would resume the land required for a public purpose and compensate the owners in accordance with the relevant legislation, instead of taking back the land by not extending the lease and without paying compensation.

⁶ In the case of land under multiple ownership, the whole process could take around three years, or even longer, including explaining the procedures to owners, issuing provisional terms to owners for acceptance, execution of the new lease or assignment documentation.

the new lease; and (d) if the lease involves land under multiple ownership (e.g. individual flats owned by different owners in a multi-storey building), granting a new lease to the Financial Secretary Incorporated (FSI) first, before assigning the undivided shares of individual properties from the FSI to the relevant owners so that owners who are able to complete the assignment procedures will not be affected by those who fail to do so.

Upcoming expiring leases

6. The number of expiring leases, including those held by multiple owners, will increase significantly in the coming years. Although there will not be any lease expiring from now till May 2025, leases of about 2 400 lots⁷ will expire from June 2025 to 29 June 2047⁸. On 30 June 2047, leases of around 300 000 lots will all expire on the same day. The number of owners involved in the expiring leases of a particular year ranges from around 150 to 12 500 (from June 2025 to 29 June 2047), and is over 1.5 million on 30 June 2047⁹. It is practically not feasible to continue using the conventional mechanism to extend these leases, which has low cost-effectiveness to both the Government and owners, and, even if undertaken, will cause unnecessary disturbance to a large number of owners.

LEGISLATIVE PROPOSAL

7. We propose introducing a new primary legislation to provide a statutory standing mechanism for extending leases in a more streamlined and efficient manner. The new legislation will not change the backbone of the 1997 Land Policy, and what is changed by the legislative exercise is **the means through which leases will be extended** - extension will be granted by operation of law through publication of Extension Notices in the Gazette, instead of execution of individual new leases. The 1997 Land Policy, including the Government's sole discretion to decide whether to extend a lease and to review any such decision made, will remain the Government's prerogative outside the scope of the legislation.

8. We presented the framework of the legislative proposal to the Panel on Development of LegCo in May 2023 (May 2023 framework) and engaged

⁷ The number of lots cited in this paper is on a sub-divided lot basis, unless otherwise specified.

⁸ The earliest batch of leases expiring in June 2025 involves about 50 non-industrial lots mostly low-rise *Tong Laus* in Yau Tsim Mong district.

⁹ To cite a few notable examples of multi-owned buildings with numerous owners: The Belcher's (expiring in 2030, involving some 5 000 owners), Whampoa Estate (expiring in 2034, involving some 4 000 owners), South Horizons (expiring in 2040, involving some 12 500 owners).

relevant stakeholders thereafter. As explained to stakeholders, the May 2023 framework had made reference to the New Territories Leases (Extension) Ordinance (Cap. 150) enacted in 1988 on how it gave legal effect to extension of the New Territories leases from their expiry on 27 June 1997 to the extended term ending on 30 June 2047. Consultees welcomed the proposed statutory mechanism for its clarity, certainty and simplicity. We have largely followed the May 2023 framework in preparing the Bill. The salient points and major changes introduced to the May 2023 framework are highlighted in the ensuing paragraphs.

Application

9. The proposed legislation will apply to all non-renewable leases expiring on or after the day the legislation comes into operation (the appointed date) and which are neither STTs nor SPLs (“applicable leases” in the following paragraphs). Whether a lease is an SPL will be determined by DL administratively and is not to be provided in the proposed legislation.¹⁰

Lease extension by publication of Extension Notice

10. DL may publish Extension Notices in the Gazette to extend expiring applicable leases by batches. Each Extension Notice will specify the lease expiry period being covered. All applicable leases (paragraph 9) expiring during the specified lease expiry period will be extended - except for lease(s) listed on a “Non-extension List” (as decided by LandsD at its sole discretion in accordance with the 1997 Land Policy) to be published at the same time as the Extension Notice. On current design, each Extension Notice and its corresponding “Non-extension List” will deal with leases expiring in a particular calendar year.

11. In other words, we will adopt a “negative listing” approach - leases to be extended will not be listed individually in the Extension Notice, while only leases not to be extended will be listed on the “Non-extension List” individually. This presumption for extension sits well with our policy objective of providing certainty in lease administration and our policy that most leases will be extended, unless there are public interest considerations against extension of particular leases. It will avoid having to publish a long list of leases to be extended and risking any unintentional omissions. For the public, “Non-extension List” is also simple and easy to read. The “Non-extension List” will be registered in the

¹⁰ In the light of the experience of the New Territories Leases (Extension) Ordinance (Cap. 150), it is not possible to define SPL in a fool-proof manner in the proposed legislation, as there is no lease feature unique to SPLs that can clearly differentiate SPLs from non-SPLs. However, LandsD will publish on its website by a date that is six months from the appointed date or by 31 December 2024 (whichever is earlier) the full list of SPLs then prevailing. We will also set out the more common features of SPLs for general information.

Land Registry (LR) register¹¹ against each of the leases (and each of the landed properties covered by the leases) stated in that list, and LandsD will administratively notify relevant owners of the reasons for non-extension. For leases extended (i.e. those not included in the “Non-extension List”), we will follow the practice under Cap. 150 that individual land register records will not be updated to reflect the extended lease period. Instead, we will enhance LR’s website to alert potential readers of the land register records that the lease term stated thereon is not conclusive and the land register records should be read with any relevant Extension Notice published in the Gazette (with a link to the depository of Extension Notices and “Non-extension Lists” on LandsD’s website). Apart from providing a depository of Extension Notices and “Non-extension Lists” on LandsD’s website for easy public access (in addition to the gazettal arrangement), LandsD will also step up publicity and public education to help the public understand how to ascertain whether a lease is extended.

12. Regarding the issue of how much time ahead the Extension Notices should be published, we have received suggestions from LegCo Members and other stakeholders for a lead time longer than that suggested in the May 2023 framework, i.e. longer than three years before expiry of the relevant batches of leases. In the case of Cap. 150, the ordinance was enacted in 1988 for extension of the New Territories leases expiring in 1997, i.e. about nine years in advance. However, it has a unique historical context for effecting the arrangements for extending leases in accordance with the Sino-British Joint Declaration of 1985, and taking into account the then public sentiment which called for Government’s assurance for lease extension to be given as early as possible. With the establishment of the 1997 Land Policy bringing certainty to the lease extension policy and practices, we propose lengthening the lead time from no less than three years in the May 2023 framework to no less than six years before expiry of the relevant leases, subject to the power of the Secretary for Development to grant approval for shortening the lead time in exceptional circumstances. This doubles the original duration suggested in the May 2023 framework, and strikes an appropriate balance between allowing the Government as landlord to take into account circumstances closer to lease expiry in considering whether to grant the extension or not and addressing stakeholders’ concern for greater certainty. Operationally, LandsD will publish an Extension Notice and the corresponding “Non-extension List” regularly (on an annual basis, as an administrative practice, say on the last working day of a calendar year for clarity and certainty to facilitate advanced planning by owners and investors), to cover land leases expiring in no less than six years’ time. As an illustration, for leases expiring in 2031, the

¹¹ LR register means the register kept under the Land Registration Ordinance (Cap. 128) or the Title Register kept under the Land Titles Ordinance (Cap. 585), as the case may be. Therefore, the proposed legislation will cater for the extension of leases granted after the implementation of the title registration system established under Cap. 585 (subject to passage of the amendment bill for Cap. 585 to be introduced into LegCo in 2024 and the commencement thereof).

Extension Notice and the corresponding “Non-extension List” should be published no later than 31 December 2024.

13. Exception will be made for leases expiring in less than six years’ time (i.e. from 2025 to 2030), with Extension Notices and the corresponding Non-extension Lists to be published on the appointed date, which is expected to be a day before end-June 2024, assuming the proposed legislation is enacted by mid-June 2024.

Opt-out from lease extension

14. Similar to Cap. 150, the proposed legislation will provide an option for the registered owner(s) of a lease to opt out from lease extension. In the rare case that a registered owner wishes to opt out, the owner is required to act jointly with all other registered co-owners and persons who have registered interest including registered mortgagees (if any), and deliver an opt-out memorandum to the LR for registration within one year from the date of publication of the relevant Extension Notice¹². For reference, no such option was exercised under Cap. 150.

Mechanism for amendment of “Non-extension List”

15. For leases listed on a “Non-extension List” (i.e. leases not to be extended), the proposed legislation will provide for DL to publish a “**Non-extension List (Removal) Notice**”, if after an administrative review where DL considers justified to change the decision from not extending a lease to extending it. The “Non-extension List (Removal) Notice” will be registered in the LR register against the lease(s) stated in the notice, thereby clarifying that the lease is to be extended.

16. The proposed legislation will also allow DL to publish a “**Non-extension List (Inclusion) Notice**” to add a lease to “Non-extension List” only in one remote scenario, that is, where a lease is re-classified or modified from an SPL into an applicable lease after the Extension Notice and its corresponding “Non-extension List” have been published, and concurrently DL decides not to extend it. The “Non-extension Notice (Inclusion) List” will also be registered in the LR register against the lease(s) stated in the notice.

¹² Exception will be made for applicable leases covered by the first Extension Notice, to be published on the appointed date for applicable leases expiring from 2025 to 2030, by requiring lessees to register the opt-out memorandum no later than 31 December 2024.

Terms and conditions of extension

17. The proposed legislation will state expressly that leases to be extended by virtue of the Extension Notices will be subject to the following additional conditions during the extended lease term, on top of existing provisions in the concerned leases –

- (a) extended for a term of 50 years without payment of any additional premium, but an annual rent equivalent to three per cent of the prevailing rateable value of the property at the time of annual assessment will be charged (i.e. a codification of the extension terms under the 1997 Land Policy);
- (b) incorporation of conditions for safeguarding the Government's enforcement powers (which are essential and do not pose additional burden to compliant owners, and are already included in new leases and leases extended in recent years), namely: (i) the Government may enter and inspect the land under a lease for any non-compliance with lease conditions; (ii) in case of non-compliance with the Town Planning Ordinance (Cap. 131) and the Buildings Ordinance (Cap. 123), the Government may take enforcement action under the lease; and (iii) to clarify the applicability of the re-entry clause that is present in existing leases, we shall add that the Government may re-enter the land or part of the land (i.e. not necessarily the whole piece of the land) in cases of serious lease breaches and where the lessee fails to observe the lease conditions; and
- (c) all interests, encumbrances and rights under the original lease as applied immediately before the period of extension will be carried forward, so that the procedures for title checking and handling of subsisting encumbrances under the conventional mechanism in paragraph 5 can be obviated.

Approval requirement applicable to properties of consular missions and representative offices of international organizations

18. Pursuant to the requirements put in place by the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the HKSAR (OCMFA) on 16 June 2022 to the consular missions and representative offices of international organizations in the HKSAR (collectively "foreign-related entities" thereafter), these foreign-related entities must not acquire or dispose of properties used as chancelleries or residences of heads of missions and mission staff without the prior consent of OCMFA. As advised by OCMFA, the requirement for OCMFA's prior consent should also apply to lease

extension of the above properties. In the context of lease extension, properties caught by OCMFA's requirements are those which are **owned**, wholly or partly, by the foreign-related entity (hence a lessee of the lease). The extension of leases of such properties will be subject to the Government's decision as landlord **as well as** OCMFA's approval. Specifically, the HKSAR Government will first promulgate the relevant Extension Notice and the corresponding "Non-extension List" no less than six years before lease expiry or (where a lease expires in less than six years' time after the appointed date) on the appointed date. If a lease caught by OCMFA's requirements is covered by the HKSAR Government's Extension Notice, the foreign-related entity owning the property should apply for a written approval from OCMFA for the lease extension at least 60 days in advance of lease expiry pursuant to the OCMFA's requirements. At the instruction of the OCMFA, the Bill contains specific provisions to give effect to the requirement that OCMFA's approval should be obtained for the relevant properties prior to lease expiry by the relevant foreign-related entity. "Foreign-related entity" is defined in the Bill to mean: (a) a foreign state, a government of a foreign state, or a person in the name of an office of a foreign government (reflecting the usual ownership of properties of consular missions); (b) an international organization (to which section 2 of the International Organizations and Diplomatic Privileges Ordinance (Cap. 190) applies or as defined by section 2 of the International Organizations (Privileges and Immunities Ordinance (Cap. 558)), or a person in the name of an office of any international organization; or (c) a person connected with any of the persons mentioned in (a) or (b).

19. The Extension Notice is therefore subject to the condition precedent of OCMFA's approval. In the absence of OCMFA's approval, the lease will **not** be extended upon expiry. The Bill will set out the consequences for failure to obtain prior approval from OCMFA for lease extension. In this regard, properties owned by foreign-related entities may be in the form of land lots as well as individual units in multi-storey buildings. In the case of multi-storey buildings, to avoid affecting innocent owners of other units in the same building, the proposed legislation will make clear that the requirement of obtaining OCMFA's prior approval and the consequences for failure to comply will only apply to the relevant interest owned by the foreign-related entity, and the consequence for failure is that the foreign-related entity will cease to hold the relevant interest upon extension (by way of vesting the relevant interest in the FSI immediately upon the extension of the lease).

OTHER OPTIONS

20. The alternative is to continue using the conventional mechanism for extension of leases, but it is not feasible due to the cumbersome and time-

consuming procedures, the mammoth caseload in the coming years and the uncertainties in implementation lead time, leading to potential gaps in lease terms and market anxiety due to possible delays in executing the extensions.

THE BILL

21. The main provisions of the Bill are highlighted as follows –
- (a) Part 1 provides for preliminary matters, including: short title, commencement arrangement, interpretative provisions and scope of application;
 - (b) Part 2 provides for matters related to the identification of an SPL, including: the manner and time limit for DL to cause an SPL identification note to be made in the LR register for an SPL; the manner for DL to cause an SPL cancellation note to be made in the LR register in respect of a lease to cancel its SPL status; and how a lease is regarded as or not regarded as an SPL;
 - (c) Part 3 sets out the arrangements for DL to publish Extension Notices to extend applicable leases expiring within a specified period and a “Non-extension List” at the same time to specify applicable leases not to be extended; for lessees to opt out from the extension of leases upon expiry; for DL to publish a “Non-extension List (Removal) Notice” to extend a lease previously placed on “Non-extension List”, and a “Non-extension List (Inclusion) Notice” for not extending a lease re-classified into an applicable lease; and specifies the burdens and covenants (i.e. the terms and conditions) for leases extended under the Bill;
 - (d) Part 4 contains specific provisions stating that where a “foreign-related” entity is the registered owner of the land, or the relevant interest¹³ in the land, held under a lease, and the land or the property to which the relevant interest relates is used, whether wholly or partly, for a specified purpose¹⁴ as at the expiry date of the lease, OCMFA’s prior approval for lease extension or for a foreign-related entity to continue to hold the relevant interest in the land under the extended lease as its registered

¹³ The term “relevant interest” is defined to mean, in relation to land, any undivided share in the land and the building erected on the land, where the right to exclusive possession of any part of the building under the terms of an instrument registered in the LR in respect of the land is attached to the ownership of the undivided share.

¹⁴ Specified purposes are the use for the purpose of a consular post, or residence of the head or any staff member of a consular post, or the use as the representative office of an international organization in the HKSAR, or residence of the head or any staff member of the representative office.

owner must be obtained, and setting out the consequences of failure to obtain such approval; and

- (e) Part 5 contains miscellaneous provisions providing for, among others, the power of the Chief Executive in Council to make regulations.

LEGISLATIVE TIMETABLE

22. The legislative timetable will be –

Publication in the Gazette	8 December 2023
First Reading and commencement of Second Reading debate	13 December 2023
Resumption of Second Reading debate, Committee Stage and Third Reading	To be notified

IMPLICATIONS OF THE PROPOSAL

23. On economic and sustainability implications, the proposal will provide a much greater degree of certainty to the public and investors on the arrangements for extending expiring leases. This will be conducive to maintaining stability of the property market as well as economic and investment environment.

24. As for implications on the civil service, the proposal would avoid the tremendous workload necessitated by the need to execute a new lease with each and every owner(s) for lease extension. Meanwhile, there will be additional work on identifying SPLs, devising the relevant workflow and information systems enhancements and implementing the mechanisms under the proposed legislation, which can be absorbed by the existing resources of LandsD and the Development Bureau (DEVB).

25. The legislative proposal is in conformity with the Basic Law, including the provisions concerning human rights. It has no financial, environmental, productivity, family, and gender implications. The Bill does not contain any express binding effect provision.

PUBLIC CONSULTATION

26. DEVB briefed the LegCo Panel on Development on the framework of the legislative proposal on 23 May 2023, and engaged various stakeholders afterwards including the Hong Kong Institute of Surveyors, the Real Estate Developers Association of Hong Kong, the Hong Kong Association of Banks, the Estate Agents Authority, the Law Society of Hong Kong and the Hong Kong General Chamber of Commerce.

27. LegCo Members and stakeholders consulted expressed staunch support to our proposal, while some suggested the Government to advance the timing of publishing Extension Notices to give earlier certainty to owners, and ensure that the public and stakeholders could clearly identify whether a lease has been extended or not. Our current proposal has been amended to take on board the above comments and should generally meet their expectation. Public feedback and media commentaries on the directions of our proposal are generally positive.

PUBLICITY

28. A press release has been issued and a spokesperson will be available to answer enquiries.

BACKGROUND

29. The proposal to introduce a legislation for extension of expiring leases was first announced in the 2022 Policy Address. As stated in the key performance indicators of the 2022 Policy Address and the 2023 Policy Address, the Bill should be introduced into LegCo by end-2023.

ENQUIRIES

30. Enquiries relating to this brief can be addressed to Miss Polly CHONG, Principal Assistant Secretary (Planning and Lands), at 3509 8830.

Development Bureau
7 December 2023

Extension of Government Leases Bill

Contents

Clause	Page
Part 1	
Preliminary	
1. Short title and commencement	1
2. Interpretation	1
3. Application	3
Part 2	
Identification of Special Purpose Lease	
4. Identifying special purpose lease.....	4
5. Special purpose lease cancellation note.....	5
6. How to determine nature of lease for purposes of Ordinance: special purpose lease or not	5
Part 3	
Extension of Leases	
Division 1—Extension Notice and Non-Extension List	
7. Extension Notice	7
8. Non-extension List in relation to Extension Notice.....	8
Division 2—Opt-out Memorandum	
9. Option by lessee for non-extension of lease on expiry	9

Clause	Page
Division 3—Inclusion in and Removal from Non-extension List	
10. Non-extension List (Inclusion) Notice	11
11. Non-extension List (Removal) Notice.....	12
Division 4—Extension of Applicable Leases	
12. Extension for applicable leases that are covered by Extension Notice and not specified in Non-extension List.....	13
13. Burdens and covenants etc.	13
Part 4	
Special Provisions for Applicable Leases where Foreign-related Entities are Involved	
14. Interpretation of Part 4.....	18
15. Approval of OCMFA required for land held by foreign- related entities.....	19
16. Approval of OCMFA required for relevant interest in land held by foreign-related entities	20
17. Specified purposes.....	20
18. Consequences of failure to obtain approval under section 15	21
19. Consequences of failure to obtain approval under section 16	22
20. Notice of failure to obtain approval.....	23
Part 5	
Miscellaneous	

Clause	Page
21. Notices etc. not subsidiary legislation	25
22. No waiver of right for breaches of covenants or conditions before expiry date	25
23. Power to make regulations	25

A BILL

To

Provide for the extension of certain Government leases of land; and to provide for related matters.

Enacted by the Legislative Council.

Part 1

Preliminary

1. Short title and commencement

- (1) This Ordinance may be cited as the Extension of Government Leases Ordinance.
- (2) This Ordinance comes into operation on a day to be appointed by the Secretary for Development by notice published in the Gazette.

2. Interpretation

In this Ordinance—

applicable lease (適用租契), in relation to an Extension Notice, means a lease that—

- (a) is not a special purpose lease; or
- (b) is regarded as not being a special purpose lease, as at the date of publication of the Extension Notice by virtue of section 6;

appointed date (指定日期) means the date on which this Ordinance comes into operation;

Cap. 128 (《第 128 章》) means the Land Registration Ordinance (Cap. 128);

Cap. 585 (《第 585 章》) means the Land Titles Ordinance (Cap. 585);

Director (署長) means the Director of Lands;

expiry date (屆滿日期), in relation to a lease, means the date on which the lease is due to expire;

Extension Notice (續期公告) means an Extension Notice published under section 7(1);

lease (租契) means a Government lease;

NEL (Inclusion) Notice (納入不予續期列表公告) means a Non-extension List (Inclusion) Notice published under section 10(2)(a);

NEL (Removal) Notice (剔出不予續期列表公告) means a Non-extension List (Removal) Notice published under section 11(2);

Non-extension List (不予續期列表) means a Non-extension List published under section 8(1);

Opt-out Memorandum (選不續期備忘錄) means an Opt-out Memorandum delivered for registration under section 9(2);

register (註冊)—

- (a) means register under Cap. 128 or Cap. 585 (whichever is appropriate); and
- (b) includes support a current entry in the Title Register kept in the Land Registry under Cap. 585 (where appropriate);

Register (登記冊) means—

- (a) a register kept in the Land Registry under Cap. 128; or
- (b) the Title Register kept in the Land Registry under Cap. 585,

whichever is appropriate;

Secretary (局長) means the Secretary for Development;

short term tenancy (短期租約) means a lease expressed as being granted for a term of not more than 7 years, excluding any past or future extension or renewal of the lease by virtue of the exercise of any right;

special purpose lease (特殊用途租契)—see section 6;

specific expiry period (特定屆滿時間範圍) means a specific expiry period specified under section 7(1);

SPL cancellation note (取消摘記) means a special purpose lease cancellation note made under section 5(1);

SPL identification note (識別摘記) means a special purpose lease identification note made under section 4(1).

3. Application

This Ordinance applies to a lease—

- (a) that expires on or after the appointed date;
- (b) that does not contain a right of renewal for any further term, or for which such a right of renewal has been exercised; and
- (c) that is not a short term tenancy.

Part 2**Identification of Special Purpose Lease****4. Identifying special purpose lease**

- (1) If a lease is a special purpose lease, the Director must, in relation to the lease, cause a special purpose lease identification note to be made in the Register not later than the relevant date.
- (2) The SPL identification note must—
 - (a) state that the lease is a special purpose lease for the purposes of this Ordinance; and
 - (b) state the date on which the SPL identification note is made.
- (3) In this section—

relevant date (有關日期), in relation to a lease, means—

 - (a) if the lease is executed before the appointed date—
 - (i) if the expiry date of the lease falls within the period beginning on the appointed date and ending on 31 December 2030—the appointed date; or
 - (ii) if the expiry date of the lease falls on or after 1 January 2031—the date on which a period of 6 months after the appointed date expires or 31 December 2024 (whichever is earlier);
 - (b) if the lease is executed on or after the appointed date—the date on which the entry relating to the lease is made in the Register; or
 - (c) if the lease, after its execution, is modified by an instrument on or after the appointed date, resulting in the

lease being a special purpose lease—the date of registration of the instrument.

5. Special purpose lease cancellation note

- (1) If an SPL identification note is made in relation to a lease, but subsequently the lease is no longer, or should not be regarded as, a special purpose lease, the Director must then cause a special purpose lease cancellation note to be made in the Register in relation to the lease to cancel the SPL identification note.
- (2) The SPL cancellation note must—
 - (a) state that the SPL cancellation note cancels the SPL identification note made in relation to the lease for the purposes of this Ordinance;
 - (b) state the date on which the SPL identification note is made; and
 - (c) state the date on which the SPL cancellation note is made.

6. How to determine nature of lease for purposes of Ordinance: special purpose lease or not

- (1) For the purposes of this Ordinance and subject to subsection (2), if the expiry date of a lease falls within the specific expiry period specified in an Extension Notice—
 - (a) the lease is not a special purpose lease as at the date of publication of the Extension Notice (*publication date*), if, before the publication date—
 - (i) no SPL identification note has ever been made in relation to the lease; or

- (ii) every SPL identification note made in relation to the lease has been cancelled by an SPL cancellation note; and
 - (b) the lease is regarded as not being a special purpose lease as at the publication date, if an SPL identification note (or, if there is more than one SPL identification note, the last one) made in relation to the lease is cancelled by an SPL cancellation note on or after the publication date.
- (2) For the purposes of this Ordinance, if the expiry date of a lease falls within the specific expiry period specified in an Extension Notice, the lease is regarded as a special purpose lease as at the publication date if—
- (a) an SPL identification note is made in relation to the lease on or after the publication date by virtue of a modification of the lease, resulting in it being a special purpose lease; and
 - (b) immediately before the expiry date of the lease, the SPL identification note is not cancelled by an SPL cancellation note.
-

Part 3

Extension of Leases

Division 1—Extension Notice and Non-Extension List

7. Extension Notice

- (1) The Director must publish in the Gazette an Extension Notice and specify in it a specific expiry period for extending, in accordance with section 12, applicable leases the expiry dates of which fall within the specific expiry period.
- (2) The Extension Notice must, subject to subsection (6), be published not later than the following day (*specified day*)—
 - (a) subject to paragraph (b)—the day immediately preceding a period of 6 years before the start date of the specific expiry period; or
 - (b) if the start date of the specific expiry period falls within the period beginning on the appointed date and ending on 31 December 2030—the appointed date.
- (3) If the expiry date of an applicable lease falls within the specific expiry period specified in an Extension Notice—
 - (a) the applicable lease is regarded as an applicable lease covered by the Extension Notice; and
 - (b) the term of the applicable lease is to be extended in accordance with section 12.
- (4) An Extension Notice published in respect of applicable leases must—
 - (a) state the date of publication of the Extension Notice;
 - (b) specify the specific expiry period; and

- (c) state that the terms of the applicable leases covered by the Extension Notice are, on their respective expiry dates, to be extended in accordance with section 12 as from the day following the expiry date.
- (5) If an Extension Notice is published under subsection (1), the Extension Notice must also be published by the Director on the website of the Lands Department.
- (6) If the Secretary is satisfied that exceptional circumstances exist for the publication of an Extension Notice, the Secretary may approve the postponement of the specified day for publication of the Extension Notice by a notice (*approval notice*).
- (7) The Director must, if an approval is given under subsection (6)—
 - (a) publish the approval notice in the Gazette; and
 - (b) publish the approval notice on the website of the Lands Department.
- (8) The approval notice must state—
 - (a) the specific expiry period specified in the Extension Notice; and
 - (b) the postponed specified day.
- (9) To avoid doubt, an Extension Notice may be published under subsection (1) regardless of whether there is, or is to be, any applicable lease covered by the Extension Notice.

8. Non-extension List in relation to Extension Notice

- (1) At the time an Extension Notice is published, the Director must also publish in the Gazette a Non-extension List and specify in it which of the applicable leases that—
 - (a) is covered by the Extension Notice; and

- (b) is not a special purpose lease as at the date of publication of the Extension Notice by virtue of section 6(1)(a), the term of which is not to be extended in accordance with section 12.
- (2) For the purposes of subsection (1), a Non-extension List must be published even if no applicable lease is specified in that List.
- (3) The Director must also—
 - (a) cause the Non-extension List to be registered in respect of each of the applicable leases (if any) specified in that List;
 - (b) publish the Non-extension List on the website of the Lands Department; and
 - (c) affix the Non-extension List on or near the land that is the subject of the applicable lease (if any) specified in that List.
- (4) Despite section 7, if a Non-extension List is published under subsection (1) and an applicable lease—
 - (a) is specified in that List; and
 - (b) is not subsequently removed from that List by virtue of an NEL (Removal) Notice,
 the term of the applicable lease is not to be extended in accordance with section 12.

Division 2—Opt-out Memorandum

9. Option by lessee for non-extension of lease on expiry

- (1) This section applies to an applicable lease—
 - (a) that—
 - (i) is covered by an Extension Notice; and

- (ii) is not a special purpose lease as at the date of publication of the Extension Notice by virtue of section 6(1)(a); and
 - (b) that is not specified in a Non-extension List published in relation to the Extension Notice.
- (2) If the lessee of an applicable lease desires to exclude the applicable lease from the application of section 12, the lessee must deliver to the Land Registry for registration under Cap. 128 or Cap. 585 (whichever is appropriate) an Opt-out Memorandum, in a form specified by the Director and signed by all the persons specified in subsection (4)—
- (a) subject to paragraph (b)—within one year after the date of publication of the Extension Notice; or
 - (b) if the expiry date of the applicable lease falls within the period beginning on the appointed date and ending on 31 December 2030—on or before 31 December 2024.
- (3) If a lessee fails to deliver an Opt-out Memorandum to the Land Registry in accordance with subsection (2), no registration of the Opt-out Memorandum may be made by the Land Registry.
- (4) The persons specified for the purposes of subsection (2) are—
- (a) the person who is registered, in the person's name, as the owner or leaseholder of the land that is the subject of the applicable lease, or a holder in respect of the person's interest under the applicable lease;
 - (b) any person who has an interest in the land under a subsisting agreement for sale, mortgage or charge, registered in respect of the land; and
 - (c) if there are two or more persons referred to in paragraph (a) or (b)—all of such persons.

- (5) An Opt-out Memorandum registered in respect of an applicable lease covered by an Extension Notice takes effect on the date of its registration, and accordingly—
- (a) the Extension Notice does not have effect with respect to the extension of the applicable lease; and
 - (b) section 12 is not to apply to the applicable lease.

Division 3—Inclusion in and Removal from Non-extension List

10. Non-extension List (Inclusion) Notice

- (1) This section applies to a lease—
- (a) the expiry date of which falls within the specific expiry period specified in an Extension Notice; and
 - (b) that is regarded as not being a special purpose lease as at the date of publication of the Extension Notice by virtue of section 6(1)(b).
- (2) If the term of a lease is not to be extended in accordance with section 12—
- (a) the Director must, at the same time when an SPL cancellation note is made in relation to the lease, publish in the Gazette a Non-extension List (Inclusion) Notice for including the lease in the Non-extension List published in relation to the Extension Notice; and
 - (b) the Director must also—
 - (i) cause the NEL (Inclusion) Notice to be registered under Cap. 128 or Cap. 585 (whichever is appropriate) in respect of the lease;
 - (ii) publish that Notice on the website of the Lands Department; and

(iii) affix that Notice on or near the land that is the subject of the lease.

- (3) If an NEL (Inclusion) Notice is published in respect of a lease under subsection (2)(a), the lease is regarded as if it had been specified in the Non-extension List concerned.

11. Non-extension List (Removal) Notice

- (1) This section applies to an applicable lease in respect of which a Non-extension List, or an NEL (Inclusion) Notice, is published.
- (2) The Director may publish in the Gazette a Non-extension List (Removal) Notice for excluding the applicable lease concerned from the Non-extension List or the NEL (Inclusion) Notice (as the case may be).
- (3) If an NEL (Removal) Notice is published under subsection (2), the Director must also—
- cause that Notice to be registered under Cap. 128 or Cap. 585 (whichever is appropriate) in respect of the applicable lease concerned;
 - publish that Notice on the website of the Lands Department; and
 - affix that Notice on or near the land that is the subject of the applicable lease concerned.
- (4) If an NEL (Removal) Notice is published, the applicable lease concerned is regarded as if it had not been specified in the Non-extension List concerned or the NEL (Inclusion) Notice concerned (as the case may be).

Division 4—Extension of Applicable Leases

12. Extension for applicable leases that are covered by Extension Notice and not specified in Non-extension List

- (1) Subject to subsection (2) and Part 4, on the expiry of an applicable lease covered by an Extension Notice, unless the applicable lease is specified in a Non-extension List published in relation to the Extension Notice, the term of the applicable lease is extended, as from the day following its expiry date, for a term of 50 years without payment of any additional premium.
- (2) Subject to Part 4, if, in relation to an Extension Notice, a lease only falls within the definition of an applicable lease covered by the Extension Notice after the expiry date of the lease, unless the lease is specified in a Non-extension List published in relation to the Extension Notice, the term of the lease is regarded as being extended, as from the day following its expiry date, for a term of 50 years without payment of any additional premium.
- (3) The extension of an applicable lease under subsection (1) or (2) does not create a new lease of the land that is the subject of the applicable lease.

13. Burdens and covenants etc.

- (1) During the period of extension of an applicable lease in accordance with section 12, the applicable lease and any interest in it created by or under an instrument registered in respect of the applicable lease are, unless a contrary intention appears from the instrument, to be subject to the covenants and condition specified in subsection (2) and also to the following—

- (a) the same encumbrances and interests as applied immediately before the period of the extension, including—
 - (i) any mortgage or charge, whether legal or equitable;
 - (ii) any public rights; and
 - (iii) any mutual covenants, rights, easements, tenancies or other burdens of any kind or nature;
 - (b) the same covenants, exceptions, reservations, stipulations, provisos and declarations (including the right of re-entry) as applied immediately before the period of the extension (except the covenant to pay rent);
 - (c) a covenant by the lessee to pay (as the case may be)—
 - (i) subject to subparagraph (ii)—the Government rent in accordance with the Government Rent (Assessment and Collection) Ordinance (Cap. 515); or
 - (ii) in the case of an exemption from liability to pay Government rent under that Ordinance—the annual rent in the same manner and on the same days as applied in relation to the applicable lease immediately before the period of the extension.
- (2) The covenants and condition specified for the purposes of subsection (1) are as follows—
- (a) a covenant that the lessee must throughout the period of the extension of the applicable lease, at all reasonable times, permit the Director (or the Director's authorized representatives), with or without notice, to enter in or on—
 - (i) the land that is the subject of the applicable lease;
 - (ii) any part of the land; or

- (iii) any building or part of any building on the land, for the purpose of ascertaining that there is no breach of, or failure to observe, any of the covenants and conditions of the applicable lease;
- (b) a covenant by the lessee that—
 - (i) no building may be erected on the land (or any part of the land) that is the subject of the applicable lease, or on any area outside the land; and
 - (ii) no development or use of the land (or any part of the land), or of any area outside the land, may take place,
 which does not in all respects comply with the requirements of the Town Planning Ordinance (Cap. 131) and its subsidiary legislation, and any legislation amending that Ordinance and its subsidiary legislation;
 - (c) a covenant by the lessee that any building erected, or to be erected, on the land that is the subject of the applicable lease must in all respects comply with the requirements of the Buildings Ordinance (Cap. 123) and its subsidiary legislation, and any legislation amending that Ordinance and its subsidiary legislation; and
 - (d) a condition that on any failure or neglect by the lessee to perform, observe or comply with any of the covenants and conditions of the applicable lease—
 - (i) the Government is entitled to re-enter on, and take back possession of, the land that is the subject of the applicable lease, any part of the land, all or any buildings, erections and works erected or to be erected on the land or any part of the land, or any part of the buildings, erections or works; and

- (ii) the rights of the lessee under the applicable lease is to absolutely cease and determine (or, if the re-entry relates to a part of the land, absolutely cease and determine in respect of such part) but without prejudice to the rights, remedies and claims that the Government have in respect of any breach, non-observance or non-performance of the covenants and conditions of the applicable lease.
- (3) The rights and obligations of any person under any encumbrance, interest, covenant, exception, reservation, stipulation, proviso or declaration mentioned in subsection (1)(a), (b) and (c) (*Encumbrance*) are, unless a contrary intention appears from the instrument creating the Encumbrance, to continue during the period of extension of the applicable lease in accordance with section 12 as if that period of extension were expressly mentioned in the instrument.
- (4) If the provisions of an applicable lease (the term of which has been extended in accordance with section 12)—
- (a) empower the lessor, subject to the payment of compensation to the lessee, to resume the land that is the subject of the applicable lease; and
 - (b) stipulate a method of calculating the compensation that includes references to—
 - (i) a fraction, the numerator of which is the figure one, of any sum; and
 - (ii) the portion of the term of the applicable lease that is unexpired at the date of resumption,
- the method of calculation must be applied in accordance with subsection (5).

- (5) The method of calculation must be applied as if the denominator in the fraction were greater by 50 than that specified in the applicable lease and as if the applicable lease had originally been expressed to be granted for a term that had included the period for which the term of the applicable lease is extended in accordance with section 12.
 - (6) If any covenant, exception, reservation, stipulation, proviso or declaration in an applicable lease is inconsistent or in conflict with a provision in this Part, the provision is to prevail.
-

Part 4**Special Provisions for Applicable Leases where Foreign-related Entities are Involved****14. Interpretation of Part 4**

(1) In this Part—

consular post (領館) means any consulate-general, consulate, vice-consulate or consular agency;

foreign-related entity (外國關連實體) means—

- (a) a foreign state, the government of a foreign state, or a person in the name of an office of a foreign government;
- (b) an international organization, or a person in the name of an office of an international organization; or
- (c) a person connected with any of the persons mentioned in paragraph (a) or (b);

international organization (國際組織) means—

- (a) an organization to which section 2 of the International Organizations and Diplomatic Privileges Ordinance (Cap. 190) applies; or
- (b) an international organization as defined by section 2 of the International Organizations (Privileges and Immunities) Ordinance (Cap. 558);

OCMFA (公署) means the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Hong Kong Special Administrative Region;

Premises (處所)—see section 16(1)(b);

registered owner (註冊擁有人), in relation to land or any relevant interest in land, means a person who appears from the

Register to be, or whose name is entered in the Register as, the owner of the land or the relevant interest in the land;

relevant interest (有關權益), in relation to land, means any undivided share in the land and the building erected on the land, where the right to exclusive possession of any part of the building under the terms of an instrument (which is registered in respect of the land) is attached to the ownership of the undivided share;

specified purposes (指明用途)—see section 17;

The Financial Secretary Incorporated (財政司司長法團) means the corporation sole incorporated under section 2 of the Financial Secretary Incorporation Ordinance (Cap. 1015).

(2) To avoid doubt and without limiting the meaning given by section 3 of the Interpretation and General Clauses Ordinance (Cap. 1), in this Part, a reference to a person includes a state, a government, an organization and other entity.

15. Approval of OCMFA required for land held by foreign-related entities

(1) This section applies to an applicable lease that is covered by an Extension Notice if all of the following conditions are met—

- (a) a foreign-related entity is the registered owner, or one of the registered owners, of the land that is the subject of the applicable lease (but not of a relevant interest in the land) as at the expiry date of the applicable lease;
- (b) the land is used, whether wholly or partly, for any of the specified purposes as at the expiry date of the applicable lease.

(2) The term of the applicable lease is to be extended in accordance with section 12 only if written approval for the

extension is obtained by the foreign-related entity from OCMFA on or before the expiry date of the applicable lease.

16. Approval of OCMFA required for relevant interest in land held by foreign-related entities

- (1) This section applies to an applicable lease that is covered by an Extension Notice if all of the following conditions are met—
 - (a) a foreign-related entity is the registered owner, or one of the registered owners, of any relevant interest in the land that is the subject of the applicable lease as at the expiry date of the applicable lease;
 - (b) the part of the building erected on the land (the entitlement to exclusive possession of which part is attached to the relevant interest) (*Premises*) is used, whether wholly or partly, for any of the specified purposes as at the expiry date of the applicable lease.
- (2) The foreign-related entity may only hold the relevant interest as its registered owner, or one of its registered owners, on the extension of the term of the applicable lease in accordance with section 12 if written approval for the entity to do so is obtained by the entity from OCMFA on or before the expiry date of the applicable lease.

17. Specified purposes

The specified purposes referred to in sections 15 and 16 are—

- (a) the use for the purpose of a consular post, or as residence of the head or any staff member of a consular post; and
- (b) the use as the representative office of an international organization in HKSAR, or residence of the head or any staff member of the representative office.

18. Consequences of failure to obtain approval under section 15

- (1) If section 15 applies to an applicable lease and the foreign-related entity concerned has not obtained OCMFA's approval in relation to the applicable lease on or before the expiry date of the applicable lease—
 - (a) the term of the applicable lease is not to be extended in accordance with section 12; and
 - (b) the applicable lease is to come to an end on its expiry date.
- (2) Vacant possession of the land that is the subject of the applicable lease must be delivered by the foreign-related entity and (if applicable) the other co-owners of the land (*other co-owners*) to the Government on the expiry date of the applicable lease.
- (3) If the foreign-related entity and (if applicable) the other co-owners fail to comply with subsection (2), then, without limiting any other rights of the Government under the applicable lease, the entity and the other co-owners—
 - (a) are liable to the Government for the mesne profits for the period that—
 - (i) begins on the day following the expiry date of the applicable lease; and
 - (ii) ends on the date on which vacant possession of the land is delivered to the Government; and
 - (b) are to indemnify the Government for any other loss or damage sustained by the Government as a result of the entity's and (if applicable) the other co-owners' failure to comply with subsection (2).

19. Consequences of failure to obtain approval under section 16

- (1) If section 16 applies to an applicable lease and the foreign-related entity concerned has not obtained OCMFA's approval in relation to the relevant interest in the land that is the subject of the applicable lease on or before the expiry date of the applicable lease, the relevant interest is to be vested in The Financial Secretary Incorporated absolutely immediately on the extension of the term of the applicable lease in accordance with section 12 without any conveyance, and free from—
- (a) any mortgage or charge, whether legal or equitable and whether registered or not;
 - (b) any lien;
 - (c) any right vested in any person by which the relevant interest is or might become security for the payment or repayment of money; and
 - (d) any right or obligation contained in any instrument that is not registered.
- (2) Vacant possession of the Premises concerned must be delivered by the foreign-related entity and (if applicable) the other co-owners of the relevant interest (*other co-owners*) to The Financial Secretary Incorporated immediately on the vesting of the relevant interest in The Financial Secretary Incorporated under subsection (1).
- (3) If the foreign-related entity and (if applicable) the other co-owners fail to comply with subsection (2), then, without limiting any other rights of the Government under the applicable lease, the entity and the other co-owners—
- (a) are liable to the Government for the mesne profits for the period that—
 - (i) begins on the day on which the relevant interest is vested in The Financial Secretary Incorporated; and

- (ii) ends on the date on which vacant possession of the Premises is delivered to The Financial Secretary Incorporated; and
- (b) are to indemnify the Government for any other loss or damage sustained by the Government as a result of the entity's and (if applicable) the other co-owners' failure to comply with subsection (2).

20. Notice of failure to obtain approval

- (1) If section 15 applies to an applicable lease and the foreign-related entity concerned has not obtained OCMFA's approval in relation to the applicable lease on or before the expiry date of the applicable lease, the Director may cause to be registered against the land that is the subject of the applicable lease a notice stating that, in view of the fact that the approval referred to in that section is not obtained, the term of the applicable lease is not to be extended in accordance with section 12, and has come to an end in accordance with section 18(1)(b).
- (2) If section 16 applies to an applicable lease and the foreign-related entity concerned has not obtained OCMFA's approval in relation to the relevant interest in the land that is the subject of the applicable lease on or before the expiry date of the applicable lease, the Director may—
- (a) cause to be registered against the relevant interest a notice stating that, in view of the fact that the approval referred to in that section is not obtained, the relevant interest has been vested in The Financial Secretary Incorporated in accordance with section 19(1); or
 - (b) present a notice to the Land Registrar for registering The Financial Secretary Incorporated as the owner of the relevant interest under Cap. 585.

- (3) This section does not affect the operation of sections 18 and 19.
-

Part 5

Miscellaneous

21. Notices etc. not subsidiary legislation

- (1) A Non-extension List and the notices specified in subsection (2) are not subsidiary legislation.
- (2) The notices are—
 - (a) an Extension Notice;
 - (b) an approval notice under section 7(6);
 - (c) an NEL (Inclusion) Notice; and
 - (d) an NEL (Removal) Notice.

22. No waiver of right for breaches of covenants or conditions before expiry date

Nothing in this Ordinance is to constitute a waiver of any right arising out of a breach of a covenant or condition in a lease committed before its expiry date.

23. Power to make regulations

The Chief Executive in Council may by regulation provide for the better carrying out of the provisions and purposes of this Ordinance.

Explanatory Memorandum

The main object of this Bill is to provide for the extension of a Government lease of land—

- (a) that expires on or after an appointed date;
- (b) that does not contain a right of renewal for any further term, or for which such a right of renewal has been exercised;
- (c) that is not a short term tenancy (as defined by clause 2); and
- (d) that is not a special purpose lease (as defined by clause 2),

unless specifically excluded.

Part 1—Preliminary

2. Part 1 provides for preliminary matters, including short title, commencement arrangement, interpretative provision and scope of application.

Part 2—Identification of Special Purpose Lease

3. Part 2 provides for matters related to the identification of a special purpose lease (*SPL*), including—
- (a) the manner and time limit for the Director of Lands (*Director*) to cause an SPL identification note to be made with the Land Registry (*LR*) under the Land Registration Ordinance (Cap. 128) or the Land Titles Ordinance (Cap. 585) for an SPL;
 - (b) the manner for making an SPL cancellation note with LR in respect of a lease to cancel its status as an SPL; and

- (c) how to determine whether a lease is not, or is regarded as not being, an SPL for the purposes of the Bill.

Part 3—Extension of Leases

4. Part 3—

- (a) sets out the arrangements—
 - (i) for the Director to publish Extension Notices to extend applicable leases expiring within a specified period, and a Non-extension List to specify applicable leases that are not to be extended;
 - (ii) for lessees to opt out from the extension of leases upon expiry; and
 - (iii) for the Director to publish a Non-extension List (Inclusion) Notice for not extending a lease reclassified into an applicable lease, and a Non-extension List (Removal) Notice to extend a lease previously placed on a Non-extension List or Non-extension List (Inclusion) Notice; and
- (b) specifies the burdens and covenants (i.e. the terms and conditions) etc. for leases extended under the Bill.

Part 4—Special Provisions for Applicable Leases where Foreign-related Entities are Involved

5. Part 4 contains specific provisions for dealing with applicable leases where foreign-related entities are involved. Where a foreign-related entity is the registered owner, or one of the registered owners, of land, or any relevant interest in land, under an applicable lease, and the land or the property to which the relevant interest relates is used, whether wholly or partly, for a specified purpose as at the expiry date of the applicable lease, prior approval for extension of the applicable lease or for the entity to continue to hold the relevant interest under the extended lease as its registered owner

must be obtained from the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Hong Kong Special Administrative Region. Consequences of failure to obtain such approval are also set out in Part 4.

Part 5—Miscellaneous

6. Part 5 contains miscellaneous provisions providing for, among others, the power of the Chief Executive in Council to make regulations.