



香港房屋委員會
Hong Kong Housing Authority

Legal Service Sub-Division

2/F, Block II, Housing Authority Headquarters

Tel. No. 2761-6751

Our ref.: HD(LSS) 69/8

Fax No. 2711-3690

BY FAX (2845 0387) AND BY POST

27 May 2005

The Law Society of Hong Kong
3/F., Wing On House
71 Des Voeux Road
Central, Hong Kong

Attention: Miss Christine Chu
(Assistant Director of Practitioners Affairs)

Dear Miss Chu,

**New Premium Payment Arrangement for
Home Ownership Scheme and Tenants Purchase Scheme Flats**

I am writing to inform you that the Housing Authority's (HA) Subsidized Housing Committee (SHC) had endorsed yesterday the arrangement allowing owners of Home Ownership Scheme (HOS) and Tenants Purchase Scheme (TPS) flats to choose to pay premium after the lapse of the first two years from the date of the first assignment.

In the past, the Housing Authority will only process the premium application for a HOS/TPS flat after 5 years have elapsed from the date of the first assignment. The owners are therefore restricted from alienating their flats in the open market within the said first 5-year period ("alienation restriction period"). With immediate effect, owners of HOS and TPS flats within the third to fifth year of the alienation restriction period can apply to the HA to pay premium. Prior to the introduction of the new arrangement, these owners can only offer to sell their flats to

the HA at assessed market value less the original discount or sell their flats under the Secondary Market Scheme of HA to eligible persons at a freely negotiated price without payment of premium.

According to paragraph 1(a)(ii) of the Schedule to the Housing Ordinance (Cap. 283), the HA will process the premium application for owners within the third and fifth year of the alienation restriction period only upon owners' submission of an offer to assign the property to the HA and after the HA has declined to accept the assignment.

The new arrangement will not affect the present operation of the Housing Ordinance. Our purpose of sending this letter to you is to highlight to you the different procedure and requirement for this category of application on the signing of the agreement for sale and purchase before the payment of premium under the Housing Ordinance. In the past, as only the flats of which the alienation restriction period has expired can be sold in the open market, the owners may, according to para. 4(b)(ii) of the Schedule to the Housing Ordinance, enter into agreement for sale and purchase providing it is a condition of such agreement that the premium as assessed by the Director of Housing be paid prior to the assignment and within 28 days of the date of the agreement or within such period as may be otherwise stipulated by the Director of Housing. Therefore, the owners may enter into agreement for sale and purchase before they formally make the application for the premium assessment.

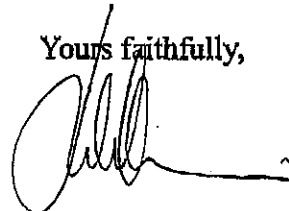
Under the new arrangement, owners for flats within the third and fifth year of the alienation restriction period may only enter into agreement for sale and purchase (including provisional / formal agreement) after their offer to assign the flat to the HA is declined by the HA according to para. 4(b)(i) of the Schedule to the Housing Ordinance. As the offer to assign is incorporated in the application for premium assessment for this category of flats, the owners should submit their application for premium assessment first and wait until they receive the rejection of offer by HA before they can enter into the agreement for sale and purchase.

If the owner enters into agreement for sale and purchase before his / her offer is declined by the HA, such act will amount to alienation of the flat and he/she will be in breach of para. 1 of the Schedule and section 27A of the Housing Ordinance. The agreement for sale and purchase signed by him/her will also be void. Any person who commits an offence under section 27A of the Housing Ordinance (Cap. 283) is liable to a fine of \$500,000 and to imprisonment of one year.

As the above new arrangement in relation to premium application is relevant to the alienation of HOS and TPS flats in the open market and involves the work of your members in assisting the owners and potential purchasers in the signing of the agreement for sale and purchase, I should be grateful if you would disseminate the above information to all your members.

Should you have any queries concerning the above, please feel free to contact the undersigned at 2761-6751 .

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Helen Chan', written in a cursive style.

(Ms. Helen CHAN)

for Director of Housing

c.c. CES/HS