

Extension of Government Leases Ordinance

In
Operation
from
5.7.2024

Lease Extension has never been **EASIER**



Extension Notice

Decisions announced annually 6 years before lease expiry


Extended for 50 Years

Without premium

Payment of 3% rateable value as government rent

✓ **Streamline**
procedures for
lease extension 

✓ **Save**
costs and time 

✓ **Original** encumbrances
and interests (e.g. mortgages)
carried forward 



地政總署
Lands Department

This guide is only for general information, it should not be considered as a legal document since it has no legal effect.

July 2024

Extension of Government Leases Ordinance Now in Operation

Lease Extension has never been EASIER

Introduction

The Extension of Government Leases Ordinance (“the Ordinance”) has come into operation since 5 July 2024. The Ordinance establishes a new statutory mechanism for lease extension. The Lands Department will publish Extension Notices in the Government Gazette regularly to declare whether the leases expiring in a specified expiry period will be extended. By this, the owners will not have to execute legal documents involving cumbersome procedures and costs, and hence the manner of lease extension has become easier.

Scope of application of the Ordinance

The Ordinance applies to general purpose leases expiring on or after 5 July 2024 without a right of renewal (“applicable leases”). These are leases for general commercial, residential or industrial uses, but exclude short term tenancies (“STTs”)¹ and special purpose leases (“SPLs”)².

The Government extends land leases in accordance with the existing land policy

In accordance with the land policy which was promulgated in July 1997 and remains in force, the Government has the sole discretion to decide whether to extend a lease. The Government will normally extend applicable leases unless in a remote scenario where there are public interest considerations against the extension of any particular lease (meaning that the lease is specified in a “Non-extension List” as explained below). If the owner does not agree with the decision, he may apply to the Lands Department for a review within one year of the publication of the Non-extension List. For details, please refer to the guidelines on the Lands Department’s dedicated webpage.

Extension Notice to be published in Gazette annually

The Lands Department will publish the “Extension Notice” in the Government Gazette 6 years before the expiry of applicable leases. The “Extension Notice” will specify that all applicable leases that are due to expire in the specified lease expiry period will be extended in accordance with the Ordinance, except those specified on the “Non-extension List” published on the same day.

The first “Extension Notice” was published in the Gazette on 5 July 2024, covering the lease expiry period from 5 July 2024 to 31 December 2030. Thereafter, the Lands Department will publish a set of “Extension Notice” and “Non-extension List” in the Gazette published at the end of each year (as illustrated in the schedule below), and will upload them to the Lands Department’s dedicated webpage.

Schedule :

Publication date in the Gazette	Specified lease expiry period being covered
5 July 2024	5 July 2024 to 31 December 2030
End-December 2024	1 January to 31 December 2031
End-December 2025	1 January to 31 December 2032
End-December 2026	1 January to 31 December 2033
End-December 2027	1 January to 31 December 2034
(and so on)	

¹ STTs are tenancies of government land for a fixed term of not more than 7 years. Matters related to STTs will be dealt with in accordance with the established administrative procedures.

² SPLs refer to leases granted, disposed of or modified on specific policy considerations for designated uses. Lessees will be individually notified by the Lands Department by letter. The lease will have an “SPL identification note” made in the register in the Land Registry, and the lists of these SPLs will be published on the Lands Department’s website. Matters related to the extension of SPLs will continue to be dealt with in accordance with the existing administrative procedures.

Terms of extension

Under the Ordinance, applicable leases will be extended for a term of 50 years from the day following the expiry date of the lease. Owners are not required to pay additional premium for the lease extension, but they are required to pay an annual government rent equivalent to three per cent of the rateable value of the property as annually assessed upon extension. The original lease conditions remain unchanged, but standard clauses will be included to strengthen the control against unauthorised uses or developments in accordance with the Ordinance.

Encumbrances, interests and rights carried forward

As specified in the Ordinance, all encumbrances, interests and rights under the original applicable lease as applied immediately before lease extension, such as mortgages, Owners' Corporation and Deed of Mutual Covenant, will be carried forward (unless the relevant instrument specifies alternative arrangements). In other words, owners are not required to amend the mortgage contract or sign a new one with the bank.

How to ascertain if a lease has been extended under the Ordinance?

Applicable leases extended in accordance with the Ordinance will not be individually listed on the "Extension Notice". Only leases which are not extended will be specified individually on the "Non-extension List".

If a lease fulfills all the circumstances below, that is –

- (i) the "Extension Notice" covering the expiry date of the lease has been published, in general 6 years before expiry of the lease (as illustrated in the schedule on the preceding page) (the gazette notices can be accessed on the Lands Department's dedicated webpage);
- (ii) the lease has no valid "SPL identification note" in its register in the Land Registry (meaning that the lease is an applicable lease under the Ordinance); and
- (iii) the lease is not specified in the "Non-extension List" published on the same day (which can also be accessed on the Lands Department's dedicated webpage);

then the lease is confirmed extended according to the Ordinance.

An "Extension Notice" has legal effect, and shall prevail in all cases. If there are any doubts about the information in the notices, you can make enquiry with the Lands Department (see contact information at the end of this leaflet).

It is uncommon that an applicable lease is not extended. If such situation happens, the Lands Department will take the following additional measures to notify the owners: issue letter to notify individual owners, register the "Non-extension List" in the Land Registry register of the lease and affix the "Non-extension List" on the relevant land.

Contractual rights under the streamlined mechanism – option by lessee

The Ordinance aims to extend leases in a more streamlined and efficient manner without affecting the intention of the parties to opt out from lease extension.

If the applicable lease is extended by the "Extension Notice", but the owner wishes to opt out from lease extension, he can complete the "Opt-out Memorandum" in prescribed form and deliver it to the Land Registry for registration within one year from the date of publication of the "Extension Notice" under section 9 of the Ordinance. If the lease is covered by the first "Extension Notice" published in the Gazette on 5 July 2024, that is, leases expiring on or before 31 December 2030, the deadline for opting out is 31 December 2024.

Before making the decision, owners are reminded to ensure that their decision to opt out will not prejudice any other contractual commitments they have entered into with third parties. They should also obtain the consent of all owners, holders in respect of the person's interest under the applicable lease, and persons who have an interest in the land, as required under the Ordinance. Those involved in land and property transactions should also note that owners have the right to opt out from lease extension, and they should take appropriate measures to protect their own rights and interests (for example, by requesting the owners to confirm they have not opted out and will not opt out from lease extension).



地政總署 Lands Department



Enquiry

Please visit the Lands Department's dedicated webpage via the QR codes below for more information.

Dedicated webpage on the Ordinance



Frequently Asked Questions



Viewing "Extension Notices" and "Non-extension Lists"



If you have any questions, please contact the Estate Management Section of the Lands Department at:



Tel

2231 3255



Fax

2511 9861



Email

landsd@landsd.gov.hk



Address

Estate Management Section, Lands Department,
22/F, North Point Government Offices, 333 Java Road, North Point, Hong Kong