# Facilitating Service

for Dissolution of Civil Servants' Co-operative Building Society

(CBS-1:KC Project & CBS-2:KC Project)

**Pamphlet** 



## URBAN REDEVELOPMENT FACILITATING SERVICES COMPANY LIMITED

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#### **OBJECTIVES AND SCOPE OF SERVICE**

- 1. The Urban Renewal Authority (URA) is committed to undertake the renewal of old urban districts, help meet the housing needs and improve the living environment of the people in Hong Kong. In response to the new housing initiatives in the 2019 Policy Address, URA has identified two clusters of buildings developed under the Civil Servants' Co-operative Building Society Scheme in Kowloon City district as pilot redevelopment projects. Once the necessary approvals are obtained, URA will proceed with acquisition of the properties in the pilot projects.
- 2. Urban Redevelopment Facilitating Services Company Limited ("URFS"), a wholly owned subsidiary of URA, is entrusted by URA to provide the service of dissolving the co-operative building societies ("CBSs") within the two pilot projects ("the Service"). After the CBSs have been dissolved successfully and their members becoming owners of individual properties, the members will be eligible to accept URA's acquisition offers. For details about the acquisition offers, please enquire through the Hotline at 2588 2333.

#### SERVICE AND WORKFLOW

- 3. Application for the Service is not required.
- 4. The costs for the Service will be borne by URA. For other fees and expenses, please refer to paragraph 8 and 9.

- 5. URFS aims at assisting the CBS members to have their CBS dissolved in 9 to 12 months. The Service and the relevant workflow are:
  - Arrange briefings for CBS members to understand the details of the Service;
  - Engage the CBS members to initiate the proposed dissolution;

According to the relevant requirements, an application for dissolution of a CBS must be supported by the agreement of at least 75% of its members.

Total number of CBS unit	The minimum number of consenting CBS members
10	8
12	9
18	14
20	15
30	23
40	30

- Appoint solicitor to assist in matters concerning dissolution including modification of Government lease, vetting of deed of mutual covenant ("DMC"), execution of DMC and assigning flats to former members, execution of legal charge in favour of Financial Secretary Incorporated and formation of owners' corporation after the issuance of the order for cancellation of the CBS registration. (Please refer to Appendix for details about the dissolution process); and
- Assist ex-CBS members in obtaining titles of land and properties after successful dissolution of the respective CBSs.
- 6. URFS will render appropriate assistance throughout the dissolution process including liaison with relevant Government Bureaux and departments with a view to shortening the processing time.

#### **FEES AND EXPENSES**

- 7. URFS will provide free service to the CBS members to facilitate the dissolution of CBSs in the pilot projects. URA will pay for the services provided by the solicitor appointed by URFS regarding dissolution, liquidation and transfer of titles to CBS members.
- 8. The CBS and its members shall be collectively responsible for the fees payable to Government such as land premium for lease modification, costs and expenses relating to formation of owners' corporation, registration of Deed of Mutual Covenant and the costs and expenses resulting from appeal (if any) against the dissolution of CBS, etc.
- 9. CBS members would be responsible for any expenses stated below: (i) seeking independent legal advice for matters peculiar to their own personal interests (such as membership succession); and (ii) repayment of outstanding loans or interests, registration of assignment in respect of each flat, registration of legal charge on each flat etc.

### WITHDRAWAL OF SERVICE

10. URFS reserves the right to withdraw the Service if situation warrants.

The pamphlet is issued for the purpose of general reference only. The information contained herein is with reference to the principles and practice of URFS prevailing at the date of issue of the pamphlet. It shall not constitute any representation on the part of URA or URFS or give rise to any expectation whatsoever and shall not be relied on as such. Each case will be considered on its own merits having regard to all factors and circumstances. URFS has absolute discretion in reviewing the principles stated herein from time to time and reserves its right to add to, amend or delete the whole or any part of this pamphlet.

### Flow-chart Summarising Procedures for Achieving Transfer of Title

Society prepares and circulates proposed terms and conditions of modification of lease and scheme of distribution of assets.

Society holds a special general meeting to consider and pass resolutions to:

- (a) apply to Government to modify its Government lease to allow its liquidator(s) to dispose of its flats and interest in the common areas of the lot to individual members and, in the case of any members not consenting to the assignment of legal title, to an owners corporation established by consenting members to manage the lot;
- (b) repay its outstanding loan and interest, if any, to the Government;
- (c) collect and pay the fees of the liquidator, cost of formation of owners corporation and other expenses;
- (d) approve the scheme of distribution of assets; and
- (e) apply to RCS to dissolve the society.

Society repays outstanding government loan, if any.

Society submits to RCS (i) application for dissolution (ii) an approved scheme of distribution of assets and (iii) written consent of at least 75% of its members to the application and the scheme and nominates liquidator(s). Society submits copy of application and executed underleases to SCS. Society submits application to D of L for modification of lease (with a copy to SCS). Society informs SCS and RCS of the names of members voting for and against the dissolution of the society.

SCS and RCS check membership and inform **D** of **L** and DAS.

DAS confirms to SCS, RCS and **D** of **L** that there is no outstanding Government loan or interest thereon.

D of L approves the modification of lease, offer basic terms on lease modification to the society and inform SCS upon receipt of confirmation of acceptance of basic terms by the society.

RCS processes the application for dissolution and approves the proposed scheme of distribution of the society's flats and undivided shares. If necessary, RCS forwards the proposed scheme of distribution to SCS, LACO/AGC for comments or advice.

RCS issues an order for cancellation of the society's registration.

2 months for appeal. Members may appeal against the dissolution to the Governor under section 38(2) of Co-operative Societies Ordinance. RCS will deal with the appeal in liaison with concerned departments.

No appeal/ Appeal not upheld.

Appeal upheld. Society functions as before.

Order for cancellation takes effect. Society dissolved. RCS appoints liquidator(s) having regard to the nomination by society. The liquidator(s) of society execute the Letter of Modification and commence work on other aspects of liquidation.

**D** of L issues a Letter of Modification with updated lease conditions where necessary to liquidator(s) for execution.

**Liquidator(s) execute Letter of Modification.** LACO arranges the registration of the Letter of Modification.

Liquidator(s) enter into DMC and assign flats to ex-members. Concurrently, exmembers execute legal charge in favour of FSI to secure land premia in respect of properties assigned by liquidator(s). **Liquidator(s) delivers to LACO/FSI the executed assignments and legal charges for safe custody.**  Consenting ex-members form an owners corporation within 12 months of dissolution or such further time as RCS may direct.

SCS and LACO/FSI should be informed of the date of formation of OC.

The owners corporation and each of the nonconsenting ex-members enter into a variation agreement to vary the terms of the underlease/ licence to the effect that. among other things, it shall not be determinable upon death, that the right of appointment of assignee (who must be an eligible civil servant) is restricted and that the duration of the underlease/ licence be extended.

Liquidator(s) assign the undivided shares of the flats of non-consenting exmembers to the owners corporation and inform SCS and LACO/FSI the names, ID numbers and addresses of the flats (and car parking spaces as the case may be) pertaining to the non-consenting ex-members.

The liquidation process continues until completion.

Non-consenting exmembers may take title to their flats from the owners corporation, subject to execution of legal charge in favour of FSI. OC delivers the executed assignment and legal charge to LACO/FSI for safe custody.

Individual owners may apply at any time to **D** of **L** and LACO to remove the alienation restriction on their properties and pay the land premia.

Notes: SCS  $\equiv$  Secretary for the Civil Service

 $D ext{ of } L ext{ } = ext{ } Director ext{ of } L ext{ ands}$ 

FSI = Financial Secretary Incorporated

RCS = Registrar of Co-operative Societies

DAS = Director of Accounting Services

LACO = Legal Advisory and Conveyancing Office

(Lands Department)

The above is for reference only and is copied from the August 1996 version of the flowchart in the "Guidelines to be followed to achieve the transfer of title to flats and land from Civil Servants' Co-operative Building Societies to their individual members" published by Civil Service Bureau of the Government.