

Q1:

What is the legal form of the bidding consortium: a newly registered company or an association of existing companies?

A1:

Two or more companies may join together to submit the tender together without incorporating as a company, or they may incorporate as a company to submit the tender. If the tender is made by one or more parties who intend to develop the tendered lots (as defined in the respective paragraph 1 of the Form of Tender (Premium Submission) and the Form of Tender (Non-Premium Submission)) as a joint venture, then the tender must be signed by each of the joint venture partners as stated in the respective Note (1) of the Form of Tender (Premium Submission) and the Form of Tender (Non-Premium Submission).

Q2:

Are there any financing options other than the developers' equity and bank borrowing for the development of the pilot area of large-scale land disposal in Hung Shui Kiu / Ha Tsuen New Development Area ("Hung Shui Kiu Pilot Area")?

A2:

Flexible land premium payment arrangements have been introduced for the tender. Please refer to paragraph 13 of the Tender Notice for details of:

- (i) electing to pay the balance of the premium in stages; and
- (ii) further electing to offer to use the Compensation (as defined in paragraph (20) of the Form of Offering Land to Offset the Remaining Balance of Premium Payable for the tendered lots at Annex VIII to the Tender Notice ("the Form of Premium Offsetting")) for the land located within the Northern Metropolis and owned or formerly owned by the Purchaser(s) and/or its or their associated company(ies) within the meaning of the Companies Ordinance to offset the remaining balance of the premium referred to in paragraph 13(c)(ii) of the Tender Notice or any part thereof.

Q3:

In the service deed of non-premium proposal, how would the Government quantify the amount of performance bond issued by banks? Are there any

objective indicators to be included in the service deed for progress monitoring by banks?

A3:

The Form of Bank Bond is at Annex V to the Tender Notice (“Bank Bond”), setting out the terms and conditions. According to the Bank Bond, the amount of bank bond shall be up to a maximum aggregate amount of \$10 million in the case of Hung Shui Kiu Town Lot No. 19 and \$20 million each in the case of Hung Shui Kiu Town Lot Nos. 23 and 24 (“Maximum Sum”). Upon the Government making a written demand on the bank, the bank shall pay the sum so demanded unconditionally and immediately. According to Clause 14.4 of the Service Deed at Annex III to the Tender Notice (“Service Deed”), the Bank Bond may be drawn according to specific percentages of the Maximum Sum by the Government if the Purchaser has failed to meet any of its commitments in Schedule 2 of the Service Deed. As for monitoring, the Service Deed requires the Purchaser to report to the Government on the progress of the provision of the Services (as defined in the Service Deed) and submit to the Government audited financial statements. Please refer to Clauses 5 and 6 of the Service Deed.

Q4:

Since the development of the Hung Shui Kiu Pilot Area may involve several developers with different expertise, will the tender be awarded to only one entity? Also, is it possible to partition the property title (e.g. Developer A for residential development, Developer B for industry development) prior to the construction completion?

A4:

Please refer to paragraph 12 of the Tender Notice. A tenderer may act for himself and/or as an agent for and on behalf of the principal(s), designating himself and/or the principal(s) as the respective Purchasers of the tendered lots in the manner as stated in both the Form of Tender (Premium Submission) and the Form of Tender (Non-Premium Submission).

Q5:

Under the tender of the Hung Shui Kiu Pilot Area, the Government allows the agricultural land resumption in lieu of the payment of premium. Is there any valuation assumption or rationale on the agricultural land to be

resumed? Apart from agricultural land, is it possible to include other land or even land outside the Northern Metropolis for the resumption in lieu of premium payment?

A5:

Please refer to paragraph 13 of the Tender Notice and the Form of Premium Offsetting for details of the arrangement including eligibility of the lots for premium offsetting and determination of the Compensation. The Lands Department has also published the Lands Department Lands Administration Office Practice Note No. 10/2025 (www.landsd.gov.hk/en/resources/practice-notes/lao.html) about the arrangement.

Q6:

The staged payment can help alleviate the initial cash outlay. According to the arrangement, the remaining 75% land premium has to be settled before pre-sale consent could be granted to the developer.

- (i) Will the developer be allowed to make use of the residual pre-sale proceeds after repayment of relevant bank & construction loan for settlement of the staged land premium payment under an enclosed funding loop monitored by both banks and solicitor?**

- (ii) There will likely be building mortgage created over the land. In the event of default by the developer, would banks have senior priority for repayment of both construction facility and land facility over the development project than the Government if the land premium has not been settled in full?**

- (iii) Is application for pre-sale consent allowed before full payment of land premium?**

A6(i):

Please refer to Special Condition No. (21) of the Conditions of Sale governing Hung Shui Kiu Town Lot No. 18, Special Condition No. (19) of the Conditions of Sale governing Hung Shui Kiu Town Lot No. 20 and Special Condition No. (18) of the Conditions of Sale governing Hung Shui Kiu Town Lot No. 21. No consent (including pre-sale consent) will be given by the Director of Lands under the said Special Conditions before the balance of the premium as

provided in General Condition No. 2 of the respective Conditions of Sale in respect of the tendered lots shall have been paid in full in accordance with General Condition No. 2 of the respective Conditions of Sale.

A6(ii):

Please refer to General Conditions Nos. 3 and 11 of the respective Conditions of Sale governing Hung Shui Kiu Town Lot Nos. 18, 19, 20, 21, 23 and 24 for the rights of the Government in the event of any default by the Purchaser(s) in paying the premium. Furthermore, as provided in paragraph 17 of the Tender Notice, in the event that the successful tenderer has elected to pay the balance of the premium in stages as per paragraph 13(c) of the Tender Notice, upon receipt of the notification of award and acceptance of his election under paragraph 12 of the Tender Notice, the Purchaser(s) must submit to the Government a single Premium Payment Guarantee and Indemnity in the form appearing in Annex VII to the Tender Notice duly executed by a premium payment guarantor accepted by the Government to secure the due payment of the remaining balance of the premium referred to in paragraph 13(c)(ii) of the Tender Notice. The banks may take into account the rights conferred on the Government and consult their own professional advisors, if required.

A6(iii):

Please refer to the Government's responses to Q6(i) above. Moreover, any application for pre-sale consent shall comply with the Lands Department Consent Scheme.

Q7:

What is the progress of setting up government-owned entities that are in charge of the development of the Northern Metropolis?

A7:

The Government has established the Hung Shui Kiu Industry Park Company Limited ("the Park Company") to develop and operate around 23 hectares of industry land located in Hung Shui Kiu by phases through different development models. The target is for the Park Company to commence operation by mid-2026. For details, please refer to the Press Release dated 29 December 2025 (www.info.gov.hk/gia/general/202512/29/P2025122900467.htm).