



## CIRCULAR - EXTENSION PREMIUM SCHEME FOR GOVERNMENT SALE SITES

### Project Completion Period and Liquidated Damages

- 1 The sale conditions of all government sale sites include a requirement that the development must be completed within a specified project completion period (PCP). Previously under the conditions of sale, developers who failed to complete their projects within the PCP were required to pay the government liquidated damages calculated at a rate of 2% of the land price per month of delay in the completion of the projects.

### Extension Premium Scheme

- 2 With effect from 1 May 2000, the land sales conditions for new government sale sites will no longer carry a liquidated damages (LD) clause for late completion of the project. Instead, developers who need more time to complete their development will need to apply to the respective government land sales agent to extend the project completion period (PCP). Any extension given will be subject to payment of an extension premium based on the following schedule of rates:

Period of extension of the PCP	Rate per annum* (as a percentage of the tendered land price)
1st year	8%
2nd year	16%
3rd and subsequent years	24%

\* The rate may be revised from time to time

- 3 The extension premium scheme will be more effective in encouraging developers to address early the problems which may lead to delay in completing their projects. This is because the developer has to apply for approval to extend the PCP before the stipulated completion date and pay for the extension up front. On the other hand, the LD clause operates only after the due completion date, hence some developers may neglect the problems causing delays until it is too late.

### Extensions of PCP for Reasons beyond the Developer's Control

- 4 The government will continue to allow developers extensions of the PCP for delays in work progress due to reasons beyond their control eg. unexpected technical problems in developing the project. Such extensions, if allowed, are not subject to any charge or payment.

### Application Details

- 5 The application for extensions of the PCP must be submitted at least three months before the due dates for obtaining temporary occupation permits (TOP) as stipulated in the building agreements. Applications for extensions must be in terms of multiples of a month and the extension premium must be paid upon approval of the application. No refund will be given for any unutilised portion of the extended PCP.