

**Summary of Meeting Regarding Long Outstanding Fee of Units
Held on 27 October 2021
5:00pm at Conference Room 2, Discovery Bay Office Centre**

Present:

Representatives of Village Owners Committee ('VOC')

Ms. Janice Fung Vice Chairperson

Mr. John Antweilier Member

Mr. Nigel JH Reid Member

Representatives of City Management ('CM')

Mr. Ernest Lee Assistant Director, DBSML

Mr. G.H. Koo Senior Manager, Estate, DBSML

Mr. Ringo Yeung Manager, Estate, DBSML

Summary

Update follow-up status for the long overdue debt of a unit

- Focus on the unit ('the Unit') having a long outstanding debt since 2004. CM reported the update of recovery of the debt.
 - CM arranged to file writ of summon to the court
 - The owner of the Unit settled the principal of outstanding management fee and renovation fee at \$444,000 (as at 30 September 2021) on 30 September 2021.
 - The owner agreed based on our required conditions to settle the unpaid outstanding interest amount at about \$350,000 by installment by 30 June 2022.
 - If the owner failed to do so by breaching any condition we required, we will proceed the legal action of order for sale. Subject to the court order and the priorities of other creditors (if any), part of the proceeds of sale by auction will be paid to us for offsetting the outstanding fees.

Way to calculate interest charge

- CM uses simple interest to calculate the interest charged.
- VOC thought that using compound interest can bring a better interest to Village owners, and suggest to let the court decide if using compound interest is acceptable.
- VOC suggested to file a case with debt with the amount under the jurisdiction of Small Claim Tribunal. Using compound interest to calculate the interest charge as

a test to see whether the Tribunal will accept that.

- CM raised that it is not the matter of amount and levels of court but should refer to the principle, and therefore would stick into simple interest principle while the legal advice obtained which confirmed the same (whereas the legal advice from Barrister Ms. Carol Wong obtained by VOC about the calculation method is arguable). Discovery Bay has applied it to calculate overdue interests for many years. Many estates in Hong Kong also use simple interest rate to calculate interest charge for late payment.

Additional charge for the outstanding interest

- VOC raised that additional interest should be charged for the unpaid outstanding interest. No penalty to the debtor may encourage resident to have late payment.
- CM does perform the duty of the Sub-DMC to try to recover the outstanding fees, even there was different views between CM and VOC in using simple or compound interest calculation.

Other Discussion

- VOC raised that there should be written agreement with the debtor to ensure further action can be made if the debtor fails to pay in the future.
- VOC is concerned with whether the debtor will not continue to pay the monthly management fee again after settling the outstanding principal after 30 September 2021.
- CM will follow up with the concerns mentioned above.

Other Unit with longer debt

- CM stated that there is another unit with longer outstanding management fees amounting to about \$255,000). Memorandum of Charge to this unit has been registered. The unit is vacant and utility service was cut. CM has tried the best but failed to reach the owner by all means. CM will study whether to take further legal action (e.g. application for order for sale) for recovery.
- Having said that, CM will continue to bill the unit regularly