

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

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房屋及規劃地政局
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By fax

Miss Connie Szeto
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
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Dear Miss Szeto,

**Panel on Housing
Motion passed at the meeting on 2 April 2007**

At the meeting held on 2 April, the Panel endorsed a motion on sales descriptions for residential properties. Our response to the motion is set out below.

The Sales Descriptions of Uncompleted Residential Properties Bill

The Law Reform Commission (LRC) issued in 1995 a report recommending legislative controls over sales descriptions for local uncompleted residential flats. In response to LRC's recommendations, the Administration published the Sales Descriptions of Uncompleted Residential Properties Bill as a White Bill in April 2000, followed by a three-month public consultation period.

In view of the diverse opinions collected, the Government set up in August 2001 the Committee on Sales Descriptions on Uncompleted Residential Properties (the Committee) to re-examine the desirability and feasibility of legislative control. Having considered the far-reaching consequences of the Bill, the changed market circumstances and the practical and insurmountable difficulties with a legislative approach in striking an appropriate balance between consumer protection and the operation of a free market, the Committee recommended that a flexible and responsive self-regulatory regime should be adopted.

Developers' self-regulatory regime and monitoring

At the Government's request to enhance the transparency of property sales information, the Real Estate Developers Association of Hong Kong (REDA) established a self-regulatory regime in 2001, requiring its members to comply with the Association's guidelines which prescribe the types of information to be disclosed in sales brochures of uncompleted residential properties. Similar to the White Bill, the guidelines aim to offer standardization, greater consistency and transparency of sales descriptions of residential properties.

The Government has been in regular dialogue with the Consumer Council, the Estate Agents Authority (EAA) and REDA to monitor the self-regulatory regime and identify room for further improvement. Measures have also been implemented by parties concerned to promote consumer protection whilst maintaining the free operation of the property market. Specifically, the Consumer Council has been promoting consumer education in respect of property purchase. EAA has been taking measures to regulate the practice of estate agents to promote transparency and fairness of the property market. Where the developments are governed by the Lands Department's Consent Scheme, the Lands Department will take appropriate action against developers' breaches of the provisions under the Consent Scheme.

We acknowledge that as market circumstances change, the existing requirements and standards need timely adjustments to cope with consumer expectations. Over the past few years, a number of enhancement measures have been implemented to address emerging public concerns over the disclosure of property sales information. For instance, REDA has refined its guidelines by laying down additional requirements concerning provision of price lists and release of sales figures. It also set up a Compliance Committee in 2006 to handle complaints against developers' non-compliance with the REDA guidelines. As regards consumer education, the Consumer Council and EAA have jointly published a consumer checklist to remind consumers of the matters which they need to pay attention to before making purchase decision. On regulating estate agents' practice, EAA has stepped up enforcement actions and issued updated practice circulars requiring estate agents to provide adequate sales information to property buyers.

The above enhancement measures have been timely and flexibly implemented under the existing mechanism without going through complicated legal procedures as in the case of legislation.

Next step

The Administration will continue to keep the existing regime under review and pay close attention to public views towards the provision of property sales information. To further enhance market transparency, we have requested REDA to include in its guidelines additional requirements such as disclosing saleable area information in the price list and using larger font size to highlight saleable area information in sales brochures. We will also discuss with REDA the feasibility of using the new definition of saleable area in all sales information as soon as the Hong Kong Institute of Surveyors has reached a consensus on the matter with parties concerned. Should the existing mechanism prove to be ineffective to achieve the expected result, we would not rule out the option of introducing appropriate administrative or legislative measures to reinforce the existing control.

Yours sincerely,

(K K Yeung)
for Secretary for Housing, Planning and Lands