

(Translation)

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The Government of the Hong Kong Special Administrative Region

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By Fax  
16 July 2007

Ms Connie SZETO  
Clerk to Legco Panel on Housing  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

Dear Ms SZETO,

**Disclosure of Saleable Area in Sales Descriptions for Residential Properties**

Thank you for referring to us the letter from the Hon. Lee Wing-tat on 10 July 2007. Our responses are set out as follows.

Hong Kong Institute of Surveyors' review on saleable area

The Hong Kong Institute of Surveyors (HKIS) has already consulted its members and various stakeholders, including the Consumer Council (CC), Real Estate Developers Association of Hong Kong (REDA), the Hong Kong Institute of Architects, relevant Government departments, etc., on its proposed revisions to the code of measuring practice of saleable area (SA). We understand that HKIS will seek further comments on the review.

We encourage members of the real estate sector to reach a consensus on the SA measurement, so as to balance the interests of the parties concerned. In order not to influence the operation of the private property market while meeting the public expectation, we will, in light of the result of the review, examine carefully the possible implications of the revised measurement method on the community, and consider the need to review the relevant provisions under the Consent Scheme.

#### Checking of advertisements and sales descriptions for uncompleted flats

According to the terms of the Consent Letter, developers who apply for pre-sale consent are required to send a copy of the developments' printed advertisements to the Lands Department (LD) and sales brochures to the Transport and Housing Bureau (THB). LD and THB will check the information in advertisements and sales brochures respectively against the requirements under the Consent Scheme. If developers are found to have committed any breach, LD will take follow-up action depending on the nature of the breach, for examples, requiring the developers concerned to rectify the information or issuing warnings, etc. From 2003 to 2006, LD received 122 applications for pre-sale consent. The advertisements and sales brochures of these applications have already been checked by LD and THB. During this period, LD identified five cases in which the conditions of the Consent Scheme concerning sales brochures or advertisements were not fulfilled.

#### Surprise visits

THB, Estate Agents Authority (EAA) and CC have conducted visits to sales sites of first-hand residential property. The number and locations of the visits depend on the number of properties being put on sales and complaints received. As the visits are surprise visits, the details would not be disclosed. In our visits conducted during the past two years, we identified one case involving failure to provide adequate sales brochures; 13 cases involving estate agents' provision of price lists which were not issued by the developers; and 14 cases involving other types of breaches committed by estate agents.

#### Complaints relating to sales brochures and price lists

In 2005, REDA issued a set of more comprehensive guidelines, setting out the types of information to be disclosed in sales brochures. During 2005 to 2006, CC, EAA and THB received 26 complaints relating to

information in sales brochures. Such number of complaints, when compared with the 204 complaints received during 2003 and 2004, has dwindled from about 100 cases per year to about 10 cases per year on average. From 2003 to 2006, there were 6 complaints against the non-provision of sales brochures.

As regards complaints against provision of price lists and content of price lists, CC, EAA and THB received a total of 48 complaints between 2003 and 2006. To improve the arrangements for the release of price lists, the Government has urged REDA to enhance its guidelines in this respect. In response, REDA issued guidelines in 2006, requiring developers that the first price lists to be released must cover the prices of a minimum number of units, and that price lists for subsequent batches of units on offer must be provided and post at the sales offices prior to the commencement of their sale. Furthermore, in 2007, REDA further required developers to disclose in price lists the SA and gross floor area as well as the area of facilities such as bay windows, flat roofs and utility platforms, so as to facilitate easy comparison of prices and areas of different flats by prospective buyers. EAA has also issued practice circular, stipulating that estate agents must not publish price lists without the consent of developers. We will closely monitor the effectiveness of the new measures and consider the need to enhance the REDA's guidelines or the Consent Scheme.

Yours sincerely,

( Vic CH YAU )

for Secretary for Transport and Housing