

(Translation)

Motion on
“Strengthening the regulation of the sale of residential properties”
moved by Hon James TO Kun-sun
at the Legislative Council meeting
of Wednesday, 28 April 2010

Motion as amended by Hon WONG Kwok-hing

That, as the sale of first-hand residential properties in Hong Kong has all along relied on advertising and publicity, sales brochures, visits to show flats, real estate agents and newspapers to provide information about properties and the property market to the public, and while the Government, The Real Estate Developers Association of Hong Kong (‘REDA’), the Estate Agents Authority (‘EAA’) and the Consumer Council have repeatedly laid down guidelines, launched publicity and issued reminders, cases of advertisements with ambiguous content, sales brochures without clear and detailed information, discrepancies between show flats and actual flats for sale, confusing market information, etc. still continue to occur; this Council urges the Government to adopt the following measures and put forward an implementation timetable to enhance the transparency and fairness in property sales and protect the interests of home buyers:

- (a) on the basis of the Sales Descriptions of Uncompleted Residential Properties Bill which was published as a White Bill in 2000, to introduce legislation to regulate the sale of uncompleted residential properties;
- (b) to revise the ‘Consent Scheme’ by incorporating into its conditions all the relevant guidelines drawn up by REDA, and prescribing more detailed requirements to require compliance by developers, including strengthening the restrictions on the content of promotional materials and sales brochures as well as tightening the requirements on show flats, and requiring developers to provide on their web pages and in their sales offices more detailed property sales information, including the full version of the sales brochure, the content of land leases and deeds of mutual covenant, every price list, records of sale and purchase agreements and completion of transactions, information on connected party transactions, information on related transactions, and details of internal and private sales, etc., with a view to providing clear and detailed information, and hence avoiding misunderstandings and preventing the public from being easily confused by rumours in the market;

- (c) to provide additional resources to step up inspections, remind real estate developers, estate agencies and estate agency practitioners to comply with the codes and circulars drawn up by EAA, and penalize the non-complying real estate developers, estate agencies and estate agency practitioners in accordance with the law, so as to enhance the credibility of real estate developers and the estate agency trade and safeguard the interests of home buyers; and
- (d) to strengthen the power of the Consumer Council to monitor real estate developers and estate agencies, including considering the introduction of legislation on cross-trade business practices, so as to enable the Consumer Council to exercise the power vested by law to name and criticize the real estate developers and estate agencies engaging in unscrupulous sales practices, and to allow people to make reports for referral to law enforcement departments for prosecution, so that home buyers can obtain adequate consumer information and protection.