

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

運輸及房屋局

香港九龍何文田

佛光街 33 號 1 座 6 樓



Transport and Housing Bureau

6/F, Block 1, 33 Fat Kwong Street,

Homantin, Kowloon, Hong Kong

本局檔號 Our Ref. HD/PS 9/2/1/210

來函檔號 Your Ref.

電話 Tel No. 2761 5049

圖文傳真 Fax No. 2761 7445

24 December 2009

Clerk to LegCo Panel on Housing
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road, Central
Hong Kong

(Attn: Miss Becky YU)

Dear Miss Yu,

Legislative Council Panel on Housing Meeting on 23 October 2009
Follow-up Action

At the meeting of the Legislative Council Panel on Housing on 23 October 2009, the Administration has requested to provide an information paper on the measures which the Administration has taken in further enhancing the transparency, clarity and accuracy of the sales information of uncompleted residential properties. Details are set out at the **Annex** for your reference please.

Yours sincerely,

(original signed)

for Secretary for Transport and Housing

For information

Legislative Council Panel on Housing

Measures to further enhance the transparency of transactions of uncompleted first-hand residential properties and clarity of property information

Purpose

At the Special meeting of the Panel on Housing on 23 October 2009, Members requested for an information paper on the measures which the Administration has taken in further enhancing the transparency, clarity and accuracy of the sales information of uncompleted first-hand residential properties. This paper briefly describes those measures, and the efforts of the Administration in monitoring the implementation of those measures.

Multi-pronged mechanism

2. The Government adopts a multi-pronged mechanism in enhancing the transparency of the uncompleted first-hand residential property market, safeguarding the reasonable rights of consumers, and ensuring that consumers have access to accurate and comprehensive property information when purchasing uncompleted first-hand residential properties. These include the requirements under the Lands Department's Consent Scheme (the Consent Scheme), the guidelines of the Real Estate Developers Association of Hong Kong (REDA), the regulatory work of the Estate Agents Authority (EAA) on the estate agent trade, and the promotion and consumer education work of the Consumer Council.

3. Over the years, the Government has implemented, through the Consent Scheme and/or REDA's guidelines, various measures which are conducive to enhancing the transparency and clarity of the property information of uncompleted first-hand residential properties, which include requiring developers to:

- (a) provide prospective flat purchasers with sales brochures which must include all the prescribed property information, including various types of floor area information, location plan, relevant Outline Zoning Plan(s) and details on public open space/public facilities;
- (b) make public the first price list containing not less than 20 flats or 20% of the total number of flats on offer at the first batch of sale, whichever is the higher, at least one day prior to the commencement of sale. Also, developers should make public the price lists for subsequent batches of flats prior to putting them up for sale;
- (c) register a duly signed Agreement for Sale and Purchase (ASP) in the Land Registry (LR) within one month after signing the Preliminary Agreement for Sale and Purchase (PASP);
- (d) adopt the standardized definition of “saleable area”¹ and the standardized price list for uncompleted first-hand residential projects approved for pre-sale under the Consent Scheme from 10 October 2008 onwards; and
- (e) enhance the transparency and clarity of the information on public open space/public facilities in the sales brochures.

Recent enhancement measures

4. To further enhance the transparency of transactions and the clarity and accuracy of the property information of uncompleted first-hand residential properties, the Transport and Housing Bureau (THB) reached an agreement with REDA recently to implement in November and December 2009 respectively various enhancement measures for sales

¹ The standardized definition of “saleable area” means the summation of the area of the unit, the balcony and the utility platform, if any. Other areas of the unit, such as bay windows, should be separately listed out item by item but should not be included as part of the “saleable area”.

brochures and sales arrangements through REDA's guidelines. Details are as below:

(I) New measures on the provision of price information on "saleable area"

- (a) With effect from 1 December 2009, price lists must contain information on the price per square foot/metre in "saleable area" of individual flats, in addition to the "saleable area" of the respective flats.

(II) New measures on the provision of property transaction information

- (b) With effect from 1 December 2009, developers are required to provide in their websites and sales offices information on the ASPs within 5 working days after the signing of the respective PASPs, so that the public will know about the transactions concerned in a matter of days. Information required includes the particulars of the transacted flat, date of signing the ASP and the transaction amount. Developers are still required to register the ASPs concerned in the LR within one month from the signing of the respective PASPs

(III) New measures on sales brochures and promotional materials

- (c) Sales brochures must not include information or pictures purely of promotional nature, including artist impression pictures.
- (d) Sales brochures should present the prescribed property information at the front part following the prescribed sequence as far as possible.
- (e) Floor numbering information must be set out clearly in the section on "Basic Information of the Development" at the front part of the sales brochures.
- (f) The location plan and Outline Zoning Plan in the sales

brochures must meet the minimum size requirement².

- (g) The location plan in the sales brochures must show more comprehensive location information on nearby communal and public facilities and features³, including various undesirable facilities such as landfills, cemeteries/crematoriums and funeral parlours.
- (h) Printed promotional materials showing artist impression pictures must carry a statement reminding prospective flat purchasers to make reference to the sales brochures and conduct on-site visits. The statement must meet the minimum font size requirements⁴.

Monitoring the implementation of the measures

5. The Government has been closely monitoring the implementation of the measures. THB conducts random check on the sales brochures and the price lists which developers have made available to prospective flat purchasers at the sales offices, and the relevant websites, with a view to ascertaining whether developers have adopted the new measures in full. Also, through EAA's surprise visits to the sales offices of uncompleted first-hand residential properties, we monitor whether developers have made available information on ASPs in the sales offices.

6. EAA has issued guidelines to estate agents, requiring them to provide comprehensive floor area information to prospective flat purchasers, including the "saleable area" of the flats and the price per square foot/metre in "saleable area".

² Shall not be smaller than 16cm x 16cm.

³ Location plans in the sales brochures should provide information on communal or public facilities and features within 250m from the boundaries of the properties. Under the new measures, REDA added 18 types of communal or public facilities and features to the list of examples in the appendix to its guidelines, which previously included 16 types of communal or public facilities and features.

⁴ For artist impression pictures of a full page of a regular newspaper or that of a larger size, the font size of the statement should not be smaller than 12. For artist impression pictures smaller than a full page of a regular newspaper, the font size of the statement should not be smaller than 10.

7. Also, we receive public opinions and complaints on the sales brochures of uncompleted first-hand residential properties through various channels, including THB's telephone hotline and website.

8. If it is found that developers have not complied with the requirements of the Consent Scheme, Lands Department will take follow up actions as appropriate with developers taking into account the severity of the breach of the requirements, including to issue warnings, require developers to take immediate rectification measures, and suspend temporarily or withdraw the pre-sale consent letter. If it is found that developers have not complied with REDA's guidelines, we will ask REDA to take follow up actions with the developers. REDA has set up a committee comprising independent members which may deliberate on non-compliance cases and take punitive measures, including to issue warning letters, make reprimand in private or in public.

Conclusion

9. We will continue to closely monitor the implementation of the new enhancement measures and the existing mechanism, and will maintain close liaison with relevant stakeholders. When necessary, we will explore with them possible measures and means to further enhance the mechanism, with a view to responding flexibly and promptly to market and public demand.

**Transport and Housing Bureau
December 2009**