

**Legislative Council Panel on Housing**  
**Dissemination of Misleading Information**  
**on Sale of Residential Properties**

**Purpose**

This paper sets out the existing measures to regulate the sales of uncompleted first-hand private residential properties, and the steps being taken by the Administration to enhance the regulation of the sales of first-hand private residential properties through legislation.

**Existing Mechanism**

2. The Government is committed to maintaining the healthy development of the private residential property market, safeguarding the rights of consumers, and ensuring that consumers have access to accurate and comprehensive property information, in particular information on uncompleted first-hand residential properties. The Government will not tolerate any conduct carried out with intent to interfere with the due process of property transactions by disseminating inaccurate information relating to the sale of first-hand private residential properties, which may mislead the market and prospective flat buyers.

3. For uncompleted first-hand residential properties approved for pre-sale under the Consent Scheme of the Lands Department (LandsD), developers concerned have to comply fully with all the requirements under the Consent Scheme. The requirements under the Consent Scheme are also found in the guidelines issued by the Real Estate Developers Association of Hong Kong (REDA).

**Regulation of the Sales of First-hand Residential Properties by Legislation**

4. To further strengthen the regulation of the sale of first-hand private residential properties, the Transport and Housing Bureau (THB) has established a Steering Committee on the Regulation of the Sale of First-hand Residential Properties by Legislation (the Steering Committee) to discuss specific issues pertaining to the regulation of the sale of first-hand properties by legislation. The

Steering Committee commenced work in November 2010 and will come up with practicable recommendations for the consideration of the Secretary for Transport and Housing by October 2011. Misrepresentation is one of the key areas which the Steering Committee will discuss. THB's target is to take forward the subsequent consultation in the form of a White Bill in order to expedite the process.

5. The Administration reported the progress of the Steering Committee to this Panel on 4 April 2011. At the request of the Panel, the Administration will submit a follow-up paper to set out in greater detail the specific issues which the Steering Committee has discussed so far.

### **A Recent Case**

6. On 19 November 2010, following the Administration's announcement on the proposed implementation of the Special Stamp Duty (SSD), a senior executive of a development company made a statement in his online blog about the purchase of uncompleted residential flats at the company's development. THB has been following up the case with REDA.

7. On 10 February 2011, REDA passed to the Panel its reply letters of 8 December 2010 and 10 February 2011 to THB and also THB's letter of 9 February 2011. The Clerk to Panel requested THB to pass to the Panel the correspondence of THB to REDA as mentioned in REDA's two letters aforementioned. Under normal circumstances, the Government will not disclose information relating to an issue which is being followed up, so as not to adversely affect and prejudice the ongoing actions. However, given that REDA had disclosed the aforementioned letters to the Panel, we considered it important that the Panel was given the exchange of the relevant correspondence to understand the matter in a comprehensive manner. We therefore passed to the Panel on the same day a copy of the correspondence of THB to REDA as mentioned in REDA's two letters.

8. Further to Members' request for the disclosure of the full set of correspondence between THB and REDA, we sought REDA's views on whether it would agree to THB passing to the Panel all the correspondence between THB and REDA on the issue. Upon REDA's agreement, THB passed to the Panel the full set of correspondence between THB and REDA on 27 April 2011.

9. THB has made repeated requests to REDA to address the key issue of whether REDA considered it appropriate for a senior executive of a development company involved in the sale of a development to have made a statement which was not qualified in any way, and in a tone and context which clearly intended to encourage people to make a last-minute or rushed decision on flat purchase, upon the announcement by the Government on 19 November 2010 of the introduction of SSD to curb short-term speculative activities in the private residential property market. As stated in REDA's letter of 11 April 2011, REDA convened the Compliance Committee on 1 December 2010 to discuss the issue. The Compliance Committee concluded that it was not in a position to decide on the issue as it was a legal matter. REDA also indicated that it had nothing to supplement on this stance and would take no further action.

10. As stated in THB's letter of 26 April 2011, THB is disappointed with REDA's reply of 11 April 2011 and that REDA has not addressed the key issue raised. We consider that it is not appropriate for the senior executive to have made the statement in such a definite way, and in such tone and context at the time, given that he occupies a senior position in the development company involved in the sales of the development concerned. The statement appears to encourage people to make a last-minute rush on flat purchase, without proper legal advice, and in order to avoid the SSD.

11. The issue has caused public concern about misrepresentation and the dissemination of false information in the sale of first-hand residential properties. We are aware that there are clear views in the community that the existing regulatory arrangements in place, namely, the Lands Department Consent Scheme and guidelines issued by REDA as a self-regulatory body for its member developers, may not be sufficient. As mentioned in paragraph 4 above, the Government has taken active steps to enhance consumer protection in the purchase of private residential properties. The Steering Committee is now examining in detail specific issues pertaining to the regulation of the sale of first-hand properties by legislation. Misrepresentation is one of the key areas which the Steering Committee will discuss. The Steering Committee will come up with practicable recommendations for the consideration of the Secretary for Transport and Housing by October 2011.

**Transport and Housing Bureau  
April 2011**