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Panel on Housing

Special meeting on 5 January 2012

**Updated background brief on
Regulation of sales of first-hand private residential properties
prepared by the Legislative Council Secretariat
(position as at 23 December 2011)**

Purpose

This paper sets out the background to and the progress of regulation of the sales of first-hand private residential properties. It also provides a brief account of the views and concerns expressed by Members on the subject matter.

Problems associated with sales of uncompleted residential properties

2. Inadequate and misleading sales information on uncompleted residential properties is of concern to prospective buyers as they have no opportunity to view the properties before purchase. Problems such as inaccurate size of the property, misleading descriptions of fittings and finishes, sketchy layout and location plans were rampant in Hong Kong in the 80s and early 90s. The problems were even more serious with overseas uncompleted residential properties sold in Hong Kong, particularly those located in the Mainland. In recent years, concerns have been raised about the provision and dissemination of misleading information on the prices of property transactions and sales figures. As the number of such complaints grows, there are increasing calls for measures to address the problems.

Deliberations by Members

3. The Panel on Housing (the Panel) has been following up issues relating to the sales of uncompleted residential properties. Previous discussions prior to 2006 are summarized in the **Appendix**.

Measures to strengthen the monitoring of sales of uncompleted residential properties

4. At the meeting on 3 July 2006, the Panel was updated on developments regarding the monitoring of sales arrangements for first-hand private residential properties. According to the Administration, the three-pronged approach involving joint efforts from the Real Estate Developers Association of Hong Kong (REDA), Estate Agents Authority (EAA) and Consumer Council (CC) had greater flexibility and could better cater for the changing needs of the local residential property market compared to the option of regulation through legislation. The Lands Department (LandsD) would take appropriate action against developers if there was any breach of the requirements of the Consent Scheme for sale of uncompleted residential properties. Moreover, REDA had standardized the definition of "sales" to refer to the signing of a provisional agreement for sale and purchase in order to enhance clarity of the sales figures, and asked its members to include in their sales brochures information about "defect liability period" for first-hand residential properties and to ensure that the disclosed sales figures were accurate. EAA and CC had also jointly published a checklist listing out the things that buyers of first-hand residential properties should pay particular attention to in order to protect their own interests. The Administration re-iterated that it would consider other appropriate measures to strengthen the deterrent effect of the existing mechanism, and that it had not ruled out the option of enacting legislation to regulate the sales of uncompleted residential properties. The issue would be revisited if the situation so warranted. The Administration also undertook to follow up with REDA on members' suggestions regarding prompt provision of price list for additional units on offer during first-sale and standardization of the calculation of gross floor area of units.

5. Following media reports on incidents where some developers failed to comply with REDA's guidelines on sales of uncompleted residential properties, the Administration met with REDA, CC and EAA on 25 August 2006 to discuss the matter and reached a number of agreements. To enhance supervision on sales of uncompleted residential properties, REDA announced on 25 September 2006 that a Compliance Committee comprising industry players and legal experts would be set up to handle related complaints. Meanwhile, EAA issued on 24 October 2006 a new Practice Circular for estate agency practitioners to follow when dealing with first sales of residential properties.

6. At the Panel meeting on 4 December 2006, REDA, EAA and CC were invited to discuss the new measures initiated by REDA and EAA to improve the self-regulatory regime of developers for sales of uncompleted residential properties, and to enhance the professional standards of estate agency practitioners respectively. While appreciating REDA's efforts in improving

self-regulation, some members remained of the view that the self-regulatory regime was ineffective because unlike other professional institutions, REDA and its members were not subject to any professional accreditation and REDA did not have any statutory power to disqualify its members in the event of malpractices or misconduct. Besides, not all developers were members of REDA. Given the need to allow time to try out the new measures for improving the self-regulatory regime, the Administration was urged to continue monitoring and assessing the operation/effectiveness of the regime, and report back to the Panel after implementation of the new measures for one year.

7. In the light of increasing demand from the public and prospective buyers for greater transparency in the provision of information, particularly on definitions of floor area and public open/public facilities, by developers on uncompleted first-hand residential properties and sales arrangements, the Administration had explored with REDA, CC, EAA and other relevant parties possible improvement measures. The Panel was briefed on 3 March 2008 on measures to enhance the presentation of floor area (including saleable area) information in sales descriptions, including sales brochures and price lists, for first-hand residential properties. At the meeting on 17 June 2008, the Panel noted that the Administration had reached a consensus with REDA to issue a new guideline and a price list template for developers to adopt a standardized presentation of floor area, and to include only the area of the unit and the balcony in the calculation of the standardization definition of "saleable area". Other areas, such as bay window, should not be included but would be separately listed out item by item. Meanwhile, consideration was given to making the standardized presentation of "saleable area" a requirement under the Consent Scheme. Necessary amendment to the relevant provisions of the Consent Scheme would be made as soon as possible after consultation with relevant parties. Other improvement measures (such as enhancing transparency of information on "public open space/public facilities", enhancing sales arrangements for uncompleted properties and clarity of market information, and strengthening the regulation of estate agents and public educations) were being contemplated to offer greater protection for prospective buyers of uncompleted first-hand residential properties.

Nine new enhancement measures and 12 requirements

8. During the debate on the 2010-2011 Budget at the Council meeting on 21 April 2010, the Financial Secretary announced additional nine new enhancement measures to regulate the sales of first-hand residential properties. These measures include -

- (a) developers should duly observe REDA's guidelines when selling all uncompleted and completed first-hand private residential properties;

- (b) developers should provide on-site unit(s) at the development for the public to visit when selling completed first-hand residential properties;
- (c) developers should indicate, at the same time when making public the transaction information under the existing "five-day disclosure rule", those transactions which involve members of the Board, and their immediate family members;
- (d) show flats have to comply with a list of requirements (Annex to LC Paper No. CB(1) 1909/09-10(05)), including the requirement that there should be at least one show flat showing the same conditions of the actual flat to be handed over to buyers upon completion in respect of internal partitions, fittings and finishes, and complimentary appliances (i.e. the unmodified show flat);
- (e) more units should be included in the first price list. For small-scale developments, the minimum number of units to be included in the first price list will be 30 units or 30% of the total number of units put up for sale in each batch, whichever is the higher. For large-scale developments, the minimum number of units to be included in the first price list will be 50 units or 50% of the total number of units put up for sale in each batch, whichever is the higher;
- (f) the requirement for making public the sales brochure should be advanced from the existing 24 hours prior to the commencement of sale, to seven calendar days prior to the commencement of sale;
- (g) developers should make public the price list at least 3 calendar days in advance of the commencement of sale when selling any number of units to whichever parties;
- (h) promotional materials for the development should clearly provide the name of the district where the development is located and the address of the development; and
- (i) developers should concurrently upload the sales brochures and all the price lists onto their websites.

9. The nine new enhancement measures to strengthen the regulation of the sales of first-hand residential properties and the 12 new requirements on show flats were discussed at the Panel meeting on 24 May 2010. The majority of

Panel members held the view that Administration had inclined to developers and failed to regulate property sales in the past to protect the interest of consumers. They pointed out that there was conflict of interest on the part of REDA in enforcing the guidelines, particularly in the absence of a monitoring mechanism on REDA's operation. Besides, REDA could not ensure compliance with the guidelines by those developers who were not members of REDA. Given that the nine new enhancement measures were meant to enhance the stability and sustainability of the property market, these should be implemented in the form of legislation to provide greater protection to property buyers. Noting that the Administration would take actions as appropriate if the new enhancement measures were found to be ineffective, some members enquired if there were objective criteria to assess the effectiveness of the new measures and if so, the time frame for assessment.

10. Recent cases involving large-scale omission of floor numbers and alleged manipulation of property prices had again aroused much public concern on the need to strengthen the regulation of sales of first-hand residential properties. When the subject was discussed at the Panel meetings on 12 and 20 July 2010, the majority of members were gravely disappointed at the Administration's reluctance in introducing legislation to regulate the sales of private residential properties despite repeated requests from the Legislative Council (LegCo). The Administration was urged to relay members' views on the need for legislation to regulate property sales to the Chief Executive for consideration in his Policy Address in October 2010.

Steering Committee on the Regulation of Sale of First-hand Residential Properties by Legislation

11. To further strengthen the regulation of the sales 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 sales of first-hand properties by legislation. The Steering Committee will come up with practical recommendations for the consideration of the Secretary for Transport and Housing. The Administration's target is to take forward the subsequent consultation in the form of a White Bill in order to expedite the process.

12. The work progress of the Steering Committee was discussed at the Panel meetings on 4 April and 26 July 2011. According to the Administration, the Steering Committee had discussed and reached consensus on a number of issues, including the scope of legislation, requirements on sales brochures, price lists, show flats, as well as disclosure of information on area information in price list/sales brochure and transaction. In the light of a case of possible manipulation of property prices through the sale of a car parking space at

nominal price, some members opined that the Steering Committee should consider incorporating in the new legislation requirements for developers to clearly set out in the sales brochure the sale arrangements for car parking spaces.

13. Noting that the Steering Committee mainly comprised Government officials and professionals, some members were concerned how the views of LegCo and the general public could be incorporated in the report to ensure that the recommendations contained therein would meet public aspirations. As there was no certainty that the Chief Executive for the next term and his/her team of Government officials would agree to the introduction of the legislation, members urged the Administration to expedite the legislative process by introducing the White Bill in October 2011 in tandem with the release of the report of the Steering Committee, to be followed by a two-month public consultation in December 2011, with a view to introducing the Blue Bill in January 2012 to allow sufficient time for LegCo to complete scrutiny of the Blue Bill within the current legislative term.

Motions and questions at Council meetings

14. At the Council meeting on 28 April 2010, a motion on "Strengthening the regulation of the sale of residential properties" was carried. The wordings of the motions are hyperlinked below for ease of reference.

15. At the Council meetings on 26 May 2010 and 26 January 2011, questions were raised on the regulation of the sales of first-hand private residential properties. The questions and the Administration's response are hyperlinked below.

Consultation Paper on the Proposed Legislation to Regulate the Sale of First-hand Residential Properties

16. At the briefing by the Secretary for Transport and Housing (STH) on relevant policy initiatives in the Chief Executive's 2011-2012 Policy Address on 18 October 2011, the Administration advised that the Steering Committee had completed its work and submitted its report to STH in October 2011. The Steering Committee recommended that legislation should be introduced to regulate the sale of all types of first-hand residential properties, including projects developed under old lease conditions, Consent Scheme projects, and projects outside the Consent Scheme. It also came up with detailed recommendations on the requirements on sales brochures, price lists, show flats, transaction information, advertisement, sales arrangements, prohibition on

misrepresentation and dissemination of false and misleading information, penalties, enforcement agency, and exemption arrangements. THB was considering the Steering Committee's recommendations, and would consult the public on the recommendations in the form of a White Bill in November 2011 in order to expedite the legislation with a view to having the legislation enacted in 2012. Some members enquired if the stakeholders, particularly REDA, had been adequately consulted on the recommendations lest the White Bill could not be processed as planned as in the case of the withdrawal of the White Bill on the Sales Descriptions of Uncompleted Residential Properties in 2001.

17. In November 2011, the Administration launched a two-month public consultation on the proposed legislation to regulate the sale of first-hand residential properties. The intention of the proposed legislation is to create a clear regime to regulate the arrangements for the sale of all first-hand residential properties, including both uncompleted and completed developments. Apart from detailed requirements in relation to the sales brochures, price lists, show flats and disclosure of information on transactions, the proposed legislation also sets out the sales arrangements and conveyancing procedures as well as provisions relating to advertisements and prohibition against misrepresentation and dissemination of false or misleading information. An enforcement authority with certain statutory powers will be established to administer the proposed legislation and to supervise compliance with the provisions.

18. The Panel was briefed on the Consultation Paper on the Proposed Legislation to Regulate the Sale of First-hand Residential Properties at the Panel meeting on 5 December 2011. While welcoming the proposed legislation which was considered a step in the right direction, members raised concerns about the definition of saleable area, availability of price list and show flats etc. Some members also questioned how the Administration could deal with dissemination of misleading information about the sale of local properties in the Mainland. To gauge public views on the proposed legislation, the Panel agreed that stakeholders, including the trades and professional bodies, should be invited to express their views at a forthcoming meeting.

Latest development

19. The Panel will hold a meeting on 5 January 2012 to receive public views on the proposed legislation.

Relevant papers

Information paper provided by the Administration for the Housing Panel meeting on 2 December 1996

<http://www.legco.gov.hk/yr96-97/english/panels/hg/papers/p2067e.pdf>

Minutes of the Housing Panel meeting on 2 December 1996

<http://www.legco.gov.hk/yr96-97/english/panels/hg/minutes/hg021296.htm>

Report on Sales Descriptions of Overseas Uncompleted Residential Properties published by the Law Reform Commission of Hong Kong (LC Paper No. CB(1) 275/97-98)

Information paper provided by the Administration for the Housing Panel meeting on 17 November 1997 (LC Paper No. CB(1) 491/97-98(05))

<http://www.legco.gov.hk/yr97-98/english/panels/hg/papers/hg17114d.htm>

Minutes of the Housing Panel meeting on 17 November 1997

<http://www.legco.gov.hk/yr97-98/english/panels/hg/minutes/hg171197.htm>

Information paper provided by the Administration for the Housing Panel meeting on 1 March 1999 (LC Paper No. CB(1) 919/98-99)

http://www.legco.gov.hk/yr98-99/english/panels/hg/papers/hg0103_7.htm

(LC Paper No. CB(1) 1347/98-99(01))

<http://www.legco.gov.hk/yr98-99/english/panels/hg/papers/hg01037a.htm>

Minutes of the Housing Panel meeting on 1 March 1999

<http://www.legco.gov.hk/yr98-99/english/panels/hg/minutes/hg010399.htm>

Consultation Paper on the Sales Descriptions of Uncompleted Residential Properties Bill (LC Paper No. CB(1) 1315/99-00(01))

Minutes of the Housing Panel meeting on 7 April 2000

<http://www.legco.gov.hk/yr99-00/english/panels/hg/minutes/hg070400.pdf>

Minutes of the Subcommittee to study the Sales Descriptions of Uncompleted Residential Properties White Bill meeting on 28 April 2000

http://www.legco.gov.hk/yr99-00/english/panels/hg/un_resid/minutes/un280400.pdf

Minutes of the Subcommittee to study the Sales Descriptions of Uncompleted Residential Properties White Bill meeting on 16 May 2000

http://www.legco.gov.hk/yr99-00/english/panels/hg/un_resid/minutes/un160500.pdf

Minutes of the Subcommittee to study the Sales Descriptions of Uncompleted Residential Properties White Bill meeting on 13 June 2000

http://www.legco.gov.hk/yr99-00/english/panels/hg/un_resid/minutes/un130600.pdf

Report of the Subcommittee to study the Sales Descriptions of Uncompleted Residential Properties White Bill to Housing Panel circulated on 30 June 2000

http://www.legco.gov.hk/yr99-00/english/panels/hg/un_resid/report/a1936e.pdf

Minutes of the Housing Panel meeting on 18 July 2001

<http://www.legco.gov.hk/yr00-01/english/panels/hg/minutes/hg010718.pdf>

Report on Local Completed Residential Properties: Sale Descriptions and Pre-contractual Matters for the Housing Panel meeting on 6 January 2003 (LC Paper No. CB(1) 2597/01-02(01))

Information paper provided by the Administration for the Housing Panel meeting on 6 January 2003

<http://www.legco.gov.hk/yr02-03/english/panels/hg/papers/hg0106cb1-591-4-e.pdf>

Minutes of the Housing Panel meeting on 6 January 2003

<http://www.legco.gov.hk/yr02-03/english/panels/hg/minutes/hg030106.pdf>

Information paper provided by the Administration for the Housing Panel meeting on 12 April 2005

<http://www.legco.gov.hk/yr04-05/english/panels/hg/papers/hg0412cb1-1218-9-e.pdf>

Minutes of the Housing Panel meeting on 12 April 2005

<http://www.legco.gov.hk/yr04-05/english/panels/hg/minutes/hg050412.pdf>

Question at the Council meeting on 18 May 2005

<http://www.legco.gov.hk/yr04-05/english/counmtg/hansard/cm0518ti-translate-e.pdf>

Information papers provided by the Administration for the Housing Panel meeting on 4 July 2005

<http://www.legco.gov.hk/yr04-05/english/panels/hg/papers/hg0704cb1-1965-1-e.pdf>

<http://www.legco.gov.hk/yr04-05/english/panels/hg/papers/hg0704cb1-1944-3-e.pdf>

Minutes of the Housing Panel meeting on 4 July 2005

<http://www.legco.gov.hk/yr04-05/english/panels/hg/minutes/hg050704.pdf>

Question at the Council meeting on 26 April 2006

<http://www.legco.gov.hk/yr05-06/english/counmtg/hansard/cm0426ti-translate-e.pdf>

Motion at the Council meeting 7 June 2006

<http://www.legco.gov.hk/yr05-06/english/counmtg/hansard/cm0607-translate-e.pdf>

Speech by the Secretary for Housing, Planning and Lands at the Council meeting 7 June 2006

<http://www.info.gov.hk/gia/general/200606/07/P200606070300.htm>

Information paper provided by the Administration for the Housing Panel meeting on 3 July 2006

<http://www.legco.gov.hk/yr05-06/english/panels/hg/papers/hg0703cb1-1857-3-e.pdf>

Minutes of the Housing Panel meeting on 3 July 2006

<http://www.legco.gov.hk/yr05-06/english/panels/hg/minutes/hg060703.pdf>

Information paper provided by the Administration for the Housing Panel meeting on 4 December 2006

<http://www.legco.gov.hk/yr06-07/english/panels/hg/papers/hg1204cb1-394-5-e.pdf>

Minutes of the Housing Panel meeting on 4 December 2006

<http://www.legco.gov.hk/yr06-07/english/panels/hg/minutes/hg061204.pdf>

Information paper provided by the Administration for the Housing Panel meeting on 17 June 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/papers/hg0617cb1-1656-3-e.pdf>

Minutes of the Housing Panel meeting on 17 June 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/minutes/hg080617.pdf>

Motion moved by Hon James TO as amended by Hon WONG Kwok-hing at the Council meeting on 28 April 2010

http://www.legco.gov.hk/yr09-10/english/counmtg/motion/m_papers/cm0428cb3-619-e.pdf

Information paper provided by the Administration for the Housing Panel meeting on 24 May 2010

<http://www.legco.gov.hk/yr09-10/english/panels/hg/papers/hg0524cb1-1909-5-e.pdf>

Minutes of the Housing Panel meeting on 24 May 2010

<http://www.legco.gov.hk/yr09-10/english/panels/hg/minutes/hg20100524.pdf>

Question raised by Hon LEE Wing-tat the Council meeting on 26 May 2010

http://www.legco.gov.hk/yr09-10/english/counmtg/agenda/cm20100526.htm#q_15

Administration reply to question raised by Hon LEE Wing-tat at the Council meeting on 26 May 2010

<http://www.info.gov.hk/gia/general/201005/26/P201005260094.htm>

Question raised by Hon LEE Wing-tat the Council meeting on 26 January 2011

http://www.legco.gov.hk/yr10-11/english/counmtg/agenda/cm20110126.htm#q_3

Administration reply to question raised by Hon LEE Wing-tat at the Council meeting on 26 January 2011

<http://www.info.gov.hk/gia/general/201101/26/P201101260169.htm>

Information paper provided by the Administration for the Housing Panel meeting on 4 April 2011

<http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0404cb1-1738-3-e.pdf>

Minutes of the Housing Panel meeting on 4 April 2011

<http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20110404.pdf>

Follow-up paper provided by the Administration for the Housing Panel meeting on 4 April 2011

<http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0404cb1-2467-1-e.pdf>

Information paper provided by the Administration for the Housing Panel special meeting on 26 July 2011

<http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0726cb1-2778-3-e.pdf>

Minutes of the Housing Panel special meeting on 26 July 2011

<http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20110726.pdf>

Information paper provided by the Administration for the Housing Panel special meeting on 18 October 2011

<http://www.legco.gov.hk/yr11-12/english/panels/hg/papers/hg1018cb1-40-1-e.pdf>

Minutes of the Housing Panel special meeting on 18 October 2011

<http://www.legco.gov.hk/yr11-12/english/panels/hg/minutes/hg20111018.pdf>

Information paper provided by the Administration for the Housing Panel meeting on 5 December 2011

<http://www.legco.gov.hk/yr11-12/english/panels/hg/papers/hg1205cb1-479-1-e.pdf>

Council Business Division 1
Legislative Council Secretariat
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Proposals to tackle the problems associated with sales of uncompleted residential properties before 2006

Law Reform Commission's reports

To tackle the problems, the then Attorney General and the then Acting Chief Justice referred to the Law Reform Commission (LRC) for consideration the law governing the protection of prospective purchasers of uncompleted properties in relation to inadequate or misleading sales information or particulars in June 1992. LRC published the Report on Description of Flats on Sale (the First Report) and the Report on Sales Description of Overseas Uncompleted Residential Properties (the Second Report) in April 1995 and September 1997 respectively, which set out the recommendations for improving the quality and reliability of sales brochures and price lists in relation to local and overseas uncompleted residential properties. The reports pointed to the need of providing prospective property buyers with important information in sales brochures, including floor area, floor plan, details of fittings and finishing, location and layout plans, date of completion etc., and information on prices and number of units put up for sale before the sale. LRC recommended that the recommendations in the two reports be enforced by legislation to bring about the most effective results.

The Sales Descriptions of Uncompleted Residential Properties Bill

2. In the light of LRC's recommendations in the First Report, the Administration briefed the Panel on Housing (the Panel) on its plan to introduce the Sales Descriptions of Uncompleted Residential Properties Bill in March 1999. After taking into account the views expressed by the Panel, the Administration revised the original proposals and published a White Bill for public consultation in April 2000. The White Bill sought to enhance the accuracy, uniformity and transparency of information provided in sales brochures and advertisements regarding the public sales of local uncompleted residential flats.

3. The Panel discussed the recommendations of the First Report and the Second Report, as well as the proposals in the White Bill at a number of meetings from 1995 to 2000. Given the significant implications of the White Bill, a subcommittee was formed under the Panel to study it further. The subcommittee examined in detail the proposals contained in the White Bill, with particular focus on how the provisions would ensure the supply of accurate and adequate information on uncompleted residential properties by property developers. The report of the subcommittee is hyperlinked below.

4. On 10 July 2001, the Executive Council ordered that the need for the Bill be reassessed in the light of the latest developments. Given the significant change towards a buyers' market after the property slump in 1997, coupled with the promulgation of a set of comprehensive guidelines developed by the Real Estate Developers Association of Hong Kong (REDA) for voluntary compliance by its members in response to the community's demand for comprehensive and accurate information relating to flats for sale, the Administration considered there was a reduced need for the Bill. The matter was discussed by the Panel on 18 July 2001. In response to members' concern, the Administration affirmed that it would re-consider the introduction of the Bill in the event of recovery of the property market which warranted greater consumer protection.

5. In September 2002, LRC released the Report on Local Completed Residential Properties: Sales Descriptions and Pre-contractual Matters, which was the third part of its project on sales descriptions of residential properties. The Panel received a briefing on the report on 6 January 2003. At the meeting, some members raised concern on the Administration's failure to introduce relevant legislation to take forward the recommendations in the First Report and the Second Report. Other members however held the view that implementation of LRC's recommendations by legislation might not be necessary. The Administration explained that there were divergent views on the recommendations and hence a holistic approach had to be adopted in considering the recommendations in the three reports which were inter-related.

6. At the Panel meeting on 12 April 2005, members were up-dated on the Administration's position on the proposal to introduce legislation to regulate sales brochures for overseas and local uncompleted residential properties. According to the Administration, the self-regulatory regime on the provision of sales information on local uncompleted residential properties implemented by REDA since mid 2001 had been satisfactory, and the number of complaints received had been small and properly dealt with. Given that the self-regulatory regime had struck a proper balance between protecting consumers' interests and providing an environment conducive to business development, the Administration did not intend to resuscitate the proposal to enact legislation to regulate sales brochures for local uncompleted residential properties. Some members remained of the view that instead of relying on the non-statutory guidelines developed by REDA, the introduction of legislation to regulate the provision of sales information on residential properties could enhance protection of interests of prospective purchasers. Other members considered that the REDA's guidelines were a more flexible and practical approach in addressing public concern.

Dissemination of misleading information to the property market

7. At the Panel meeting on 4 July 2005, representatives from REDA, the Estate Agents Authority (EAA) and the Consumer Council (CC) were invited to express views on enhancement of transparency of private sale of local uncompleted residential properties, and accuracy of sales figures released to the public. The Panel noted that in the light of public concerns on the matter, REDA had issued a set of supplementary guidelines on private sale which took effect on 24 June 2005. Some members re-iterated the need for legislation to regulate sales brochures for local uncompleted residential properties, and measures (such as requiring developers to provide prospective buyers with the price list of all flats on offer) to strengthen regulation over private sale. The Administration responded that besides REDA's guidelines, CC and EAA had been respectively invited to step up publicity to promote public awareness on the protection of consumers' rights in property acquisition, and to enhance the standards and professionalism of estate agents.

8. At the Council meeting on 26 April 2006, an oral question was raised on the collection and dissemination of information on property transactions. There was concern about dissemination of false and misleading information, including prices and sales figures, by developers and estate agents in order to boost the property market. At the Council meeting on 7 June 2006, a motion on "Regulating the transactions of new private residential properties" was moved to urge the Government, among other things, to introduce the Sales Descriptions of Uncompleted Residential Properties Bill into the Legislative Council, formulate legislation for regulating the sales of new residential properties, draw up guidelines on property sales and promotion activities, and study the provision of a cooling-off period in the contracts of new private residential properties. The motion was negatived. In response to the motion, the Administration re-iterated its position that the three-pronged approach involving joint efforts from REDA, EAA and CC had greater flexibility and could better cater for the needs of the local property market compared with the option of regulating the market by means of legislation.