

Legislative Council Panel on Housing

39 Conduit Road and the Regulation of Sales of Private Residential Properties

Purpose

This paper sets out the Government's position regarding the monitoring of the private residential market with a view to ensuring its stable and healthy development.

Background

2. The Government is committed to enhancing the transparency of the sales of first-hand private 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 private residential properties. The Government does not tolerate deceptive transactions and the release of misleading and incomplete information on flat sales.

3. In the past two years, the Transport and Housing Bureau (THB) has implemented, through the Lands Department's Consent Scheme and/or the guidelines of the Real Estate Developers Association of Hong Kong (REDA), a number of measures to enhance the transparency and clarity of the property information on uncompleted first-hand private residential properties. These include implementing the "nine new measures and twelve requirements"; requiring developers to make public transaction information within five working days; enhancing the transparency of sales brochures and price lists; and requiring developers to provide more comprehensive and detailed property information in the sales brochure.

4. We are beginning to see some positive changes to the arrangements on flat sales as developers comply with the new requirements. The measures have been in place for a relatively short period of time. The new practices need to be given time to be understood by developers and consumers alike. We will continue to closely monitor the effectiveness of the measures. Should the new measures prove to be less effective than we expect, the Government will not hesitate to introduce further measures as appropriate. In this regard, we do not rule out the introduction of legislative measures to regulate transactions in the first hand property market to enhance protection for home buyers.

5. On the reported transactions of 39 Conduit Road, relevant Government agencies, including the Police, have been investigating matters relating to the transactions of 39 Conduit Road. The Lands Department exchanged a series of letters with Henderson Land Development Company Limited (Henderson) to seek information on the reported transactions.

6. Under normal circumstances, the Government will not disclose information relating to a case which is under investigation by the law enforcement agencies, lest it will adversely affect or prejudice ongoing investigations or undermine any future actions that Government may take upon completion of the investigations. The decision by Henderson to release their letters to LegCo¹ has however changed the situation by removing one of the major legal considerations, i.e. the possibility of any prejudicial effect on Henderson resulting from the disclosure of the correspondence. The Administration considers that, notwithstanding the ongoing investigations, it is important that LegCo and the public are given the full picture of the exchange of the correspondence. The Administration has therefore passed to LegCo all the letters sent by the Lands Department to Henderson so far and in their entirety on 5 July, after Henderson passed to LegCo their replies earlier that day.

Enhancement Measures

7. In view of the public concern on large-scale omission of floor numbers in 39 Conduit Road, the Buildings Department has promulgated a new floor numbering system through the Practice Note for Authorised Persons, Registered Structural Engineers and Registered Geotechnical Engineers (the Practice Note) to require developers to number the floors in a reasonable way to avoid unreasonable floor numbering.

8. To further enhance the transparency of floor numbering information in the sales brochures, THB has also required developers to set out the floor numbering information clearly in the section on “Basic Information of the Development” in the front of sales brochures since December 2009. In addition, THB is liaising with REDA to further require developers to also make public the estimated date of completion

¹ Henderson informed the Lands Department in writing on 28 June 2010 that it wished to pass to LegCo a set of Henderson’s replies to the Lands Department. On 2 July, Henderson informed Lands Department that it would pass to LegCo those letters on 5 July.

of Assignment of individual transactions when making public transaction information within five working days, and to make public cancelled transactions soon after the cancellation has taken place.

Present Position

9. Investigations on the transactions of 39 Conduit Road by Government agencies, including the Police, are still ongoing.

Transport and Housing Bureau
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