



EAA issues guidelines on the conduct of promotional activities and provision of property information in the first sale of residential properties

(17 April 2013) In light of the coming into effect of the Residential Properties (First-hand Sales) Ordinance on 29 April 2013, the Estate Agents Authority (“EAA”) issued a new practice circular today to remind estate agents of the points to note when handling first sale of residential properties under the Ordinance. The practice circular will take effect on the same day the Ordinance comes into operation.

Since the passage of the Residential Properties (First-hand Sales) Ordinance (“the Ordinance”) last year, the EAA has been in close liaison with relevant Government departments and the estate agency trade with the aim of issuing a new practice circular to ensure the trade’s compliance with the law. The new practice circular (No. 13-04 (CR)) was endorsed by the Practice and Examination Committee of the EAA last week.

Mr William Leung Wing-cheung, Chairman of the Practice and Examination Committee, said, “The EAA is supportive of any measures that can enhance the transparency of the first sale of residential properties and protection of consumer interests. The EAA is also very concerned about the estate agents’ practices and conduct when promoting first-hand residential properties. Hence, the EAA issued this new practice circular to provide the trade with detailed guidelines to ensure that all licensees would comply with the requirements of the Ordinance.”

Mr Leung also pointed out that apart from incorporating new guidelines in light of the Ordinance, the new circular also updated the guidelines in two relevant prevailing circulars which will be superseded. The new circular covers such areas as the management and supervision of employees engaging in the promotion of properties; provision of information provided to prospective purchasers; issuance of advertisements and payment-related matters. Please refer to the **Annex** for the key points



of the circular.

According to the EAA Chief Executive Officer Mr Augustine Ng Wah-keung, in order to monitor the trade's compliance with the guidelines, the EAA would deploy manpower for compliance inspections of the first-sale sites and the advertisements issued by estate agencies. If estate agents fail to comply with the guidelines, they could be subject to disciplinary actions by the EAA, with the most severe sanction being the revocation of a licence.

EAA Director of Regulatory Affairs and General Counsel Ms Eva Lau further reminded estate agents that they must not make any misrepresentation that may mislead prospective purchasers when promoting first-hand residential properties. Under the Ordinance, a person who makes a fraudulent or reckless misrepresentation for the purpose of inducing another person to purchase any residential property commits an offence.

Mr Ng added that in order to assist the trade in understanding the guidelines, the EAA would organise related Continuing Professional Development seminars, conduct educational visits to estate agency shops and organise focus group meetings for frontline estate agents.

Moreover, the EAA has also prepared a set of relevant "Questions and Answers" and a "checklist for licensees" for the trade's reference. The above information and the practice circular are available on the EAA's website (www.eaa.org.hk) from today onwards.



地產代理監管局
ESTATE AGENTS AUTHORITY

新聞稿
Press Release



Chairman of the Practice & Examination Committee of the EAA Mr William Leung (centre), Chief Executive Officer Mr Augustine Ng (left) and Director of Regulatory Affairs & General Counsel Ms Eva Lau (right) brief the press on the new practice circular on conduct of promotional activities and provision of property information for first sale of residential properties.

– End –



Annex

Key points of the Practice Circular (13-04 CR)

1. Sales brochures and price lists

- a. Estate agents must provide prospective purchasers with copies of the sales brochures and/or price lists issued by the vendors and ensure that the copies they provide are the latest versions.
- b. If an estate agent does not provide the sales brochures and/or price lists to the prospective purchasers, he must advise them to obtain the copies from the vendor's sales office or read the information at the designated websites or the Sales of First-hand Residential Properties Electronic Platform ("SRPE").

2. Floor area information

- a. Estate agents must provide information concerning floor area and price per square foot or metre only by reference to the saleable area of the property.
- b. Estate agents must remind prospective purchasers to pay attention to the dimensions of the units as stated in the sales brochure, and not to rely on their perception on the size of the units formed from the viewing of show flats. They must also inform prospective purchasers that they may take measurements of show flats.

3. Advertisements

- a. Estate agency companies must obtain written consent of the vendor before they issue any advertisement or promotional



material. They must also obtain the vendor's express endorsement in writing of the accuracy and completeness of the particulars contained therein before issuance, and ensure that the relevant requirements in the Ordinance are complied with.

- b. Estate agency companies must take all reasonable steps to verify the accuracy of the information contained in such materials and they must not misrepresent the surroundings of a development.

4. Property information provided to prospective purchasers

- a. When estate agents provide information to prospective purchasers, they must do so only on the basis of the latest information contained in the sales brochure and documents prepared and provided by the vendor; and only after they have taken all reasonable steps and exercised all due diligence to verify the information.
- b. Estate agents must advise prospective purchasers to consult the latest version of the sales brochures, price lists, sales arrangements and the Register, the (draft) deed of mutual covenant and Government Lease before they enter into any agreement for sale and purchase.
- c. Estate agents must not make any representation that may mislead prospective purchasers.

5. Sales arrangements

- a. Estate agents (whether they are appointed by the vendor as its sales agent or otherwise) must not solicit or accept any expression of intent (whether or not accompanied by a payment of money)



before the relevant price lists of the properties are made available to the general public or the sale of the property has commenced (as the case may be).

- b. Unless appointed by the vendor as the sole sales agent for the development, licensees must inform prospective purchasers that other sales agents have also been appointed by the vendor and allotted with different flats, and their names are set out in the price list.

6. Publication of transaction information

- a. If estate agents provide transaction information, sales figures or sales performance of a development, they must provide the same based on the information from the Register only; and specify the time frame of the information.
- b. When informing prospective purchasers, by whatever means, that units on a certain floor or in a certain block or of a certain size of a development are all sold out, estate agents must, after verifying the accuracy of such information from the Register, also state whether all the units on that floor or in that block or of that size are sold out, or whether only the units allotted to their respective estate agencies are sold out.