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ESTATE AGENTS AUTHORITY

Dear Licensees,

Re: Sale of First-hand Residential Properties by Tender

The Estate Agents Authority (“EAA”) is writing to remind all licensees to be prudent and not to infringe the relevant laws and regulations when participating in the sale of first-hand residential properties by tender.

The Government and the EAA have growing concerns with regard to the latest sales tactics deployed by developers in the first-hand residential market in which a number of new flats were sold by way of tender in the past few months.

The EAA would like to caution all licensees who participate in the sale of first-hand residential properties that they must strictly comply with the Estate Agents Ordinance, all the applicable guidelines set out in the Practice Circular (No. 13-04(CR)) issued by the EAA and abide by the Residential Properties (First-hand Sales) Ordinance (“Ordinance”) at all times, regardless of the method of sales adopted by developers for selling their properties.

In particular, according to the Practice Circular (No. 13-04(CR)), when preparing materials to assist vendors to promote a development, estate agency companies must take all reasonable steps to verify the accuracy of the information contained in such materials, and before issuance, obtain the vendor’s express endorsement in writing of the accuracy and completeness of the particulars contained therein, and ensure that the relevant requirements in the Ordinance are complied with. Moreover, under the Ordinance, a person commits an offence if the person disseminates or authorizes the dissemination of information that is likely to induce another person to purchase any first-hand residential property, and if the person knows that, or is reckless as to whether, the information is false or misleading as to a material fact. Therefore, licensees must not, whether directly or indirectly, issue or release any materials promoting the sales of any first-hand residential properties by



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tender (including but not limited to materials containing information on the suggested bidding price) without obtaining the vendor's express prior written endorsement of the accuracy and completeness of the information contained therein.

In addition, licensees are also reminded to observe and comply with the *Code of Ethics* issued by the EAA, protect and promote the interests of their clients, and act in an impartial and just manner to all parties involved in the transaction. They must exercise honesty, due care and prudence when providing services to potential purchasers.

The EAA will closely monitor the market situation and will collaborate closely with the Government in adopting all necessary measures to address the subject.

Estate Agents Authority

12 April 2019