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ESTATE AGENTS AUTHORITY

Dear Licensees,

**Re: COVID-19 Clause for
Provisional Agreement for Sale and Purchase**

In view of the recent development of Coronavirus Disease 2019 (“COVID-19”) and the latest public health situation, the Estate Agents Authority has prepared a template clause (please refer to Annex) for licensees’ insertion in the provisional agreement for sale and purchase (“PASP”) should their vendor and/or purchaser clients have any concern over the possible impacts of COVID-19 on their property transactions.

Licensees should note that the template clause is provided for reference only. The contents and adoption of such a clause may be varied by the parties to a transaction and should be mutually agreed by them. Licensees should explain to their clients the meaning of such a clause and advise their clients to consider incorporating such a clause in the PASP and seek independent legal advice before proceeding to sign the PASP, if necessary.

If, despite the advice given by licensees to the clients on the inclusion of a clause in the PASP to deal with the possible impacts of COVID-19 on their transaction, the clients still decide to proceed with the sale and purchase and enter into the PASP without such a clause, it would be desirable for licensees (in order to protect their position in case of dispute) to obtain a written acknowledgment from the clients stating that they have been so advised by the licensees (including the recommendation to seek legal advice, if needed) but have nevertheless decided to proceed with the transaction to sign the PASP in absence of any contingent arrangements in relation to COVID-19.

Estate Agents Authority

10 August 2020



For Reference only

COVID-19 Clause Template

If during the period after the signing of this agreement and on or before the completion date:-

- (a) the Vendor or the Purchaser is/are hospitalized for having or suspected of having contracted Coronavirus Disease 2019 (“COVID-19”), or detained, quarantined or isolated pursuant to an order issued under the Prevention and Control of Disease Ordinance (Cap. 599) (“PCDO”) or its subsidiary legislation due to COVID-19;
- (b) the office(s) of the Vendor’s solicitors or the Purchaser’s solicitors is/are the subject of an isolation order issued under the PCDO or its subsidiary legislation due to COVID-19, or is/are required to be closed for carrying out disinfecting procedure arising from the occurrence of a case of COVID-19; or
- (c) restriction(s)/order(s) related to COVID-19 have been imposed/issued and are enforced by any government authority in Hong Kong which require persons in Hong Kong to stay indoor (such as stay-at-home, movement control or lockdown order) except for those who engage in or require essential or emergency services, carry on essential businesses in Hong Kong or are otherwise exempted by the relevant restriction(s)/order(s),

the parties agree that, upon production of the relevant medical certificate(s), order(s) and/or evidence of the power exercised against the relevant party(ies) or office(s) in writing, (i) the date for signing of the formal agreement for sale and purchase and/or payment of further deposit(s); and (ii) the completion date (as the case may be) shall respectively be postponed to the [X]^[th] and [Y]^[th] working day (in the case of (a) above) after the day on which the Vendor or the Purchaser is/are discharged from hospital or is/are no longer required to be so detained, quarantined or isolated; or (in the case of (b) or (c) above) from



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and inclusive of the day on which the office(s) of the Vendor's solicitors or the Purchaser's solicitors are re-open for business and/or the relevant restriction(s)/order(s) are no longer in force.

* [In the event that either the Vendor or the Purchaser is still unable to execute the formal agreement for sale and purchase, pay the further deposit(s) or complete the sale and purchase (as the case may be) by [date] due to any of the events mentioned in (a) and (c) above, [the relevant party]/[either party] shall be entitled, on giving to the other party or his solicitors not less than [Z] working days' notice in writing, to annul this transaction in which case the sale and purchase herein shall at the expiration of the notice be annulled, the Purchaser shall be entitled to the return of all the deposit(s) paid forthwith but without costs, interest or compensation and the parties shall enter into an agreement for cancellation at their own costs.]

** Delete if inappropriate*

In this clause, "working day" means a day on which licensed banks in Hong Kong are open for business other than a Saturday, Sunday or public holiday in Hong Kong.