

Estate Agents Authority

# **SAMPLE QUESTIONS**

(December 2014 version)

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## **Preface**

The Estate Agents Authority (EAA) is a statutory body established under the Estate Agents Ordinance (Cap. 511) responsible for granting licences and regulating the estate agency trade in Hong Kong.

### **1. The licensing regime**

1.1 There are three types of licences:

- (i) Estate agent's licence (individual)
- (ii) Estate agent's licence (company)
- (iii) Salesperson's licence

1.2 The main difference between an estate agent's licence (individual) and a salesperson's licence is:

- estate agent's licence (individual) – the holder may carry on estate agency business and can be appointed to be the manager of an estate agency office.
- salesperson's licence – the holder can only work as a salesperson for an estate agent. He cannot carry on estate agency business. He cannot be appointed to be the manager of an estate agency office.

1.3 The Estate Agents Ordinance and Estate Agents (Licensing) Regulation specify the requirements for the grant of an estate agent's licence (individual) and a salesperson's licence. Essentially, an applicant needs to fulfil the following requirements:

- complete an educational level of Form 5 of secondary education or its equivalent
- be at least 18 years old
- pass the requisite qualifying examination within 12 months immediately before the date of application for the grant of a licence
- be considered by the EAA a "fit and proper" person to hold a licence

### **2. The qualifying examinations**

2.1 There are two different types of qualifying examinations:

- (i) the Estate Agents Qualifying Examination (EAQE)
- (ii) the Salespersons Qualifying Examination (SQE)

- 2.2 A candidate who passes the EAQE may apply for an estate agent’s licence (individual) or a salesperson’s licence. A candidate who passes the SQE can apply only for a salesperson’s licence.
- 2.3 Successful candidates must submit their licence applications within **12 months** of the date of issuance of the qualifying examination result slips; otherwise, their results will be considered invalid for licensing purposes.
- 2.4 Before registering for an examination, candidates should consider carefully the type of licence they would like to apply for and thus the type of qualifying examination to sit.
- 2.5 The qualifying examinations are administered by the Hong Kong Examinations and Assessment Authority (Examinations Authority) on behalf of the EAA.
- 2.6 Multiple-choice questions are used in the examinations. Candidates can choose to take the examinations in either Chinese or English.
- 2.7 The qualifying examinations serve to assess whether persons who wish to practise in the estate agency trade possess the requisite knowledge to provide estate agency services. Only persons who possess the requisite knowledge and meet the other requirements are eligible to be granted a licence.
- 2.8 A comparison of the EAQE and SQE is as follows:

	<b>SQE</b>	<b>EAQE</b>
Number of questions	50 questions: Part 1: 40 stand-alone questions Part 2: 10 questions based on one or two case studies	50 questions: Part 1: 30 stand-alone questions Part 2: 20 questions based on one or two case studies
Examination time	2 hours 30 minutes	3 hours
Assessment	Must pass both parts	Must pass both parts

- 2.9 Part I of the examination paper tests candidates’ knowledge of various parts of the syllabi of the EAQE or SQE.
- 2.10 Part II of the examination paper contains one or two case studies to test in an integrated way the practical knowledge expected of estate agents or salespersons, including interpretation of land search, use of prescribed forms, the requirements

under the regulatory regime, and practical issues such as estate agency law, conveyancing and tenancy.

2.11 The questions in the examination paper of the EAQE also test the knowledge expected of estate agents in the effective management of agency and supervision of salespersons in the compliance of the requirements under the regulatory regime. These areas are not included in the syllabus of the SQE.

2.12 There are **six** parts in the syllabus of the SQE and **eight** parts in that of the EAQE, as follows<sup>1</sup>:

Topics		SQE	EAQE
Part 1:	Introduction to the real estate agency industry in Hong Kong	✓	✓
Part 2:	Estate Agents Ordinance and estate agency practice	✓	✓
Part 3:	Laws governing estate agency practice and conveyancing procedures	✓	✓
Part 4:	Introduction to land registration, land search and property-related information systems	✓	✓
Part 5:	Introduction to building-related knowledge, property classification and property management	✓	✓
Part 6:	Principles and practice of property valuation	--	✓
Part 7:	Leasing and tenancy matters	✓	✓
Part 8:	Effective agency management and supervision of salespersons to ensure compliance	--	✓

<sup>1</sup> The examination syllabi are set out in the Estate Agents and Salespersons Qualifying Examinations Handbook (“Examination Handbook”) ([www.eaa.org.hk/development/examhb.pdf](http://www.eaa.org.hk/development/examhb.pdf)).

## **“Day One Outcomes” of new licensees joining the estate agency trade**

The preambles in Appendix 1 (Estate Agents Qualifying Examination Syllabus) and Appendix 2 (Salespersons Qualifying Examination Syllabus) of the Examination Handbook contain, among other things, a section on the level of knowledge expected of estate agents and salespersons, respectively.

These expectations, formulated as “Day One Outcomes”, are grouped under three broad categories:

- (A) knowledge of the Estate Agents Ordinance and its subsidiary legislation, Code of Ethics and Practice Circulars;
- (B) knowledge of other relevant laws and practices applicable to estate agency practice;  
and
- (C) ability to apply knowledge and skill in practice, as well as the ability to behave professionally and with integrity.

For an illustration of the level of knowledge expected of estate agents and salespersons in these Day One Outcomes, please see sample questions in Appendices I-VI.

The following Day One Outcomes are expected of a licensee joining the estate agency trade:

Day One Outcomes	For Salespersons	For Estate Agents
<p><b>A. Knowledge of the Estate Agents Ordinance and its subsidiary legislation, Code of Ethics and Practice Circulars</b></p> <ul style="list-style-type: none"> <li>◆ the functions and powers of the Estate Agents Authority (EAA);</li> <li>◆ the Estate Agents Ordinance (EAO);</li> <li>◆ EAA’s licensing requirements;</li> <li>◆ Code of Ethics;</li> <li>◆ Practice Regulations; and</li> <li>◆ the practice circulars and guidelines issued by the EAA.</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Basic knowledge</b> of the EAO and its subsidiary legislation, Code of Ethics, Practice Circulars and the EAA, in order to be conversant with the prescribed practice for property transactions and to be able to deal with typical cases.</li> </ul> <p>(N.B. For an illustration of the level of knowledge expected in this Day One Outcome, please refer to the sample SQE questions in <u>Appendix I</u>)</p>	<ul style="list-style-type: none"> <li>● <b>Understanding</b> of the requirements of the EAO and its subsidiary legislation, Code of Ethics, Practice Circulars and the EAA, in order to be conversant with the prescribed practice for property transactions and to be able to deal with a wide range of cases, and in order to be able to integrate the knowledge and understanding in devising an effective management system and developing standard work procedures to ensure an agency’s or a branch office’s compliance with various regulatory requirements.</li> </ul> <p>(N.B. For an illustration of the level of knowledge expected in this Day One Outcome, please refer to the sample EAQE questions in <u>Appendix II</u>)</p>

Day One Outcomes	For Salespersons	For Estate Agents
<p><b>B. Knowledge of other relevant laws and practices applicable to estate agency practice</b></p> <ul style="list-style-type: none"> <li>◆ basic concepts of common law, equity and statute law;</li> <li>◆ principles of the law of agency;</li> <li>◆ principles of the law of contract;</li> <li>◆ definition of misrepresentation and remedies for misrepresentation;</li> <li>◆ definition of negligence;</li> <li>◆ other ordinances relating to estate agency practice: <ul style="list-style-type: none"> <li>◆ Conveyancing and Property Ordinance (Sections 3, 5 &amp; 6)</li> <li>◆ Land Registration Ordinance</li> <li>◆ Housing Ordinance (Sections 17A, 17AA, 17B, 27A &amp; Schedule)</li> <li>◆ Personal Data (Privacy) Ordinance (Sections 2, 35A to 35M &amp; Schedule 1)</li> <li>◆ Unconscionable Contracts Ordinance (Section 6)</li> <li>◆ Prevention of Bribery Ordinance (Sections 5 &amp; 9)</li> <li>◆ Misrepresentation Ordinance (Section 3)</li> <li>◆ Residential Properties (First-hand Sales) Ordinance (Sections 8(1), 10, 15, 16, 20(2), 22, 24(1), 24(5), 25, 29, 31, 32, 34, 35(1), 35(3), 42, 47, 49, 52(1), 53, 58, 60, 61, 70, 71, 73(7), 74, 75, 76, 78 and 89) ;</li> </ul> </li> <li>◆ conveyancing practice and procedures, mortgage and property-related taxation;</li> <li>◆ background of the estate agency trade and the various factors affecting it;</li> <li>◆ basic statistics relating to the real estate trade, housing</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Awareness</b> of the basic terminology and concepts of the laws</li> <li>● <b>Awareness</b> of conveyancing practice and procedures, mortgages and taxation;</li> <li>● <b>Basic knowledge</b> of the terminology and concepts of the laws relating to leasing and tenancy matters;</li> <li>● <b>Awareness</b> of the background of the estate agency trade;</li> <li>● <b>Awareness</b> of how prescribed property information is gathered and the terminology involved;</li> <li>● <b>Awareness</b> of the technical terms and salient features of searches relating to property and/or land use in order to be able to conduct searches;</li> <li>● <b>Basic Knowledge</b> as to how to interpret the information in land searches and company searches to clients; and</li> <li>● <b>Awareness</b> of the basic classification and terminology of buildings and the law regulating different aspects of buildings.</li> </ul> <p>(N.B. For an illustration of the level of knowledge expected in this Day One Outcome, please refer to the sample SQE questions in <u>Appendix III</u>)</p>	<ul style="list-style-type: none"> <li>● <b>Basic knowledge</b> of the law and how it relates to estate agency practice, as well as conveyancing procedures, mortgages and taxation;</li> <li>● <b>Understanding</b> of the laws relating to leasing and tenancy matters and how they relate to practice;</li> <li>● <b>Basic knowledge</b> of the background of the trade and the various factors affecting it;</li> <li>● <b>Understanding</b> of the essential elements of different property-related information systems and the technical terms and salient features of searches relating to property and/or land use in order to be able to conduct searches and to interpret the information in land searches and company searches to clients and to supervise others doing the same;</li> <li>● <b>Awareness</b> of the basic classification and terminology of buildings, the law regulating different aspects of buildings and technical concepts relating to buildings;</li> <li>● <b>Awareness</b> of the basic principles of property valuation so as to be able to understand all the elements of a valuation report and to know when a valuation exercise is required; and</li> <li>● <b>Understanding</b> of the requirement of effective management in order to be able to integrate the</li> </ul>



<p>information and other land/property information systems;</p> <ul style="list-style-type: none"> <li>◆ technical terms and salient features of land searches;</li> <li>◆ building-related knowledge, property classification and property management;</li> <li>◆ leasing and tenancy matters; and</li> <li>◆ principles and practice of property valuation.</li> </ul>		<p>knowledge and understanding described in earlier sections in devising an effective management system and developing standard work procedures to ensure an agency's or a branch office's compliance with various regulatory requirements.</p> <p>(N.B. For an illustration of the level of knowledge expected in this Day One Outcome, please refer to the sample EAQE questions in <u>Appendix IV</u>)</p>
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Day One Outcomes	For Salespersons	For Estate Agents
<p><b>C. Ability to apply knowledge and skill in practice, as well as the ability to behave professionally and with integrity</b></p> <p>Case studies portraying a real-life situation to test the essential practical knowledge expected of salespersons and estate agents, including interpretation of land searches, use of prescribed forms, the requirements under the regulatory regime, and professional values, behaviours, attitudes and ethics relevant to the estate agency trade.</p>	<p>Ability to:</p> <ul style="list-style-type: none"> <li>● integrate the knowledge in Outcomes A and B;</li> <li>● behave professionally and with integrity;</li> <li>● protect and promote the interests of clients;</li> <li>● act in an impartial and just manner;</li> <li>● act appropriately and effectively in dealing with clients and others from a range of social, economic and ethnic background; and</li> <li>● understand the ethical standards required in the estate agency trade.</li> </ul> <p>(N.B. For an illustration of the level of knowledge expected in this Day One Outcome, please refer to the sample SQE case study in <a href="#">Appendix V</a>)</p>	<p>Ability to:</p> <ul style="list-style-type: none"> <li>● integrate the knowledge in Outcomes A and B;</li> <li>● behave professionally and with integrity;</li> <li>● protect and promote the interests of clients;</li> <li>● act in an impartial and just manner;</li> <li>● act appropriately and effectively in dealing with clients and others from a range of social, economic and ethnic backgrounds;</li> <li>● understand the ethical standards required in the estate agency trade;</li> <li>● supervise employees to ensure compliance; and</li> <li>● devise an effective management system to ensure employees' compliance with the requirements of the relevant laws; set up monitoring mechanisms and develop standard work procedures to ensure the agency's or branch office's compliance with the relevant laws.</li> </ul> <p>(N.B. For an illustration of the level of knowledge expected in this Day One Outcome, please refer to the sample EAQE case study in <a href="#">Appendix VI</a>)</p>

## **Disclaimer**

The sample questions are intended to serve as an **illustration** of the level of knowledge expected of estate agents and salespersons in the Day One Outcomes. They are for reference only and should not be regarded as legal advice, or as training or study materials for the EAQE or SQE. The EAA does not warrant that any person who correctly answers the sample questions will pass the EAQE or SQE.

The sample questions do not cover the entire examination syllabi of the EAQE or the SQE as set out in the Examination Handbook. Examination candidates are strongly advised to study each and every part of the syllabus.

Since the relevant laws, regulations, practices and requirements may be revised, amended or updated from time to time, no express or implied warranty is given by the EAA that the content of the sample questions is up-to-date.

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## **Copyright**

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December 2014

**Notes :**

**1. All references to:**

- (a) “Hong Kong” shall mean the Hong Kong Special Administrative Region (HKSAR).
- (b) “Government” shall mean The Government of the HKSAR.
- (c) the “Code of Ethics” shall mean the Code of Ethics issued by the Estate Agents Authority.
- (d) the “Practice Circular” shall mean the practice circulars issued by the Estate Agents Authority.
- (e) the “Licensing Regulation” shall mean the Estate Agents (Licensing) Regulation.
- (f) the “Practice Regulation” shall mean the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation.
- (g) a gender shall include the opposite and the neuter gender.
- (h) the singular shall include the plural and vice versa.

**2. Unless otherwise stated:**

- (a) the Estate Agents Ordinance and its subsidiary legislation shall apply to all questions.
- (b) “estate agent”, “licensee” and “salesperson” shall mean a person holding a relevant licence under the Estate Agents Ordinance.
- (c) a “land search” refers to the land register of a property in the Land Registry.
- (d) “Property Information Form (Form 1)” and “Leasing Information Form (Form 2)” refer to the corresponding forms prescribed in the Practice Regulation.
- (e) “Estate Agency Agreement (Form 3)”, “Estate Agency Agreement (Form 4)”, “Estate Agency Agreement (Form 5)” and “Estate Agency Agreement (Form 6)” refer to the corresponding agreements prescribed in the Practice Regulation.

### 3. Table of Stamp Duty Rates:

[Where the stamp duty calculated includes a fraction of \$1, round-up the duty to the nearest \$1.]

#### Sale or Transfer of Immovable Property

##### A. Ad Valorem Stamp Duty (AVD)

For immovable property in Hong Kong, AVD is calculated at rates which vary with the amount of the consideration or market value of the property (whichever is higher) as follows:-

##### Higher Rates of AVD (Scale 1)

Amount of the consideration/Market value of the property		Rate (with effect from 23 February 2013)
Exceeds	Does not exceed	
	\$2,000,000	1.5%
\$2,000,000	\$2,176,470	\$30,000 + 20% of excess over \$2,000,000
\$2,176,470	\$3,000,000	3.00%
\$3,000,000	\$3,290,330	\$90,000 + 20% of excess over \$3,000,000
\$3,290,330	\$4,000,000	4.5%
\$4,000,000	\$4,428,580	\$180,000 + 20% of excess over \$4,000,000
\$4,428,580	\$6,000,000	6.00%
\$6,000,000	\$6,720,000	\$360,000 + 20% of excess over \$6,000,000
\$6,720,000	\$20,000,000	7.5%
\$20,000,000	\$21,739,130	\$1,500,000 + 20% of excess over \$20,000,000
\$21,739,130		8.5%

##### Lower Rates of AVD (Scale 2)

Amount of the consideration/Market value of the property		Rate (with effect from 1 April 2010)
Exceeds	Does not exceed	
	\$2,000,000	\$100
\$2,000,000	\$2,351,760	\$100 + 10% of excess over \$2,000,000
\$2,351,760	\$3,000,000	1.5%
\$3,000,000	\$3,290,320	\$45,000 + 10% of excess over \$3,000,000
\$3,290,320	\$4,000,000	2.25%
\$4,000,000	\$4,428,570	\$90,000 + 10% of excess over \$4,000,000
\$4,428,570	\$6,000,000	3.00%
\$6,000,000	\$6,720,000	\$180,000 + 10% of excess over \$6,000,000
\$6,720,000	\$20,000,000	3.75%
\$20,000,000	\$21,739,120	\$750,000 + 10% of excess over \$20,000,000
\$21,739,120		4.25%

- Note:
1. The exact consideration or value is used to compute AVD for property transfers and rounding-up to the nearest \$100 is not required.
  2. With effect from 31 January 1992, AVD is chargeable on agreements for sale and purchase of residential property. With effect from 23 February 2013, AVD is also chargeable on agreements for sale and purchase of non-residential property. After the agreement has been so stamped, the related conveyance will be chargeable with a fixed stamp duty of \$100 only.
  3. Unless specifically exempted or otherwise provided, an instrument executed on or after 23 February 2013 for acquisition or transfer of immovable property in Hong Kong is chargeable with AVD at Scale 1.

**B. Special Stamp Duty (SSD)**

With effect from 20 November 2010, any residential property acquired on or after 20 November 2010, either by an individual or a company (regardless of where it is incorporated), and resold within 24 months (the property was acquired on or after 20 November 2010 and before 27 October 2012) or 36 months (the property was acquired on or after 27 October 2012), will be subject to SSD. SSD is calculated by reference to the stated consideration or the market value of the property (whichever is the higher), at the following rates for different holding periods of the property by the seller or transferor before disposal:-

Holding period	The property was acquired on or after 20 November 2010 and before 27 October 2012	The property was acquired on or after 27 October 2012
6 months or less	15%	20%
More than 6 months but for 12 months or less	10%	15%
More than 12 months but for 24 months or less	5%	10%
More than 24 months but for 36 months or less	-	10%

**C. Buyer's Stamp Duty (BSD)**

With effect from 27 October 2012, unless specifically exempted, BSD is payable on an agreement for sale or a conveyance on sale executed for the acquisition of any residential property. BSD is charged at 15% on the stated consideration or the market value of the property (whichever is the higher).

**Lease**

For lease of immovable property in Hong Kong, stamp duty is calculated at rates which vary with the term of the lease as follows:-

Term		Rate
Not defined or is uncertain		0.25% of the yearly or average yearly rent (see Note)
Exceeds	Does not exceed	
	1 year	0.25% of the total rent payable over the term of the lease (see Note)
1 year	3 years	0.5% of the yearly or average yearly rent (see Note)
3 years		1% of the yearly or average yearly rent (see Note)
Key money, construction fee etc. mentioned in the lease		4.25% of the consideration if rent is also payable under the lease. Otherwise, same duty as for a sale of immovable property

Note: The yearly rent/average yearly rent/total rent has to be rounded-up to the nearest \$100.

**PLEASE CHOOSE THE BEST ANSWER**

\* **The answer is in boldface.**

# Appendix I

1. Mike holds a salesperson's licence and has entered the estate agency trade for three years. He is now 22 years old. He has recently applied for the post of manager offered by Excellence Estate Agency Limited ("Excellence Estate Agency") which needs to appoint a manager for the effective and separate control of the business of its branch office in compliance with the Estate Agents Ordinance. Excellence Estate Agency informed Mike subsequently that according to the Estate Agents Ordinance, he was not qualified for the post. Which of the following is probably the reason?
  - A. Mike is not a university graduate.
  - B. Mike has less than five years' experience in the trade.
  - C. Mike has not reached the age of 25.
  - D. Mike is not a partner of Excellence Estate Agency.
  - E. Mike is not a holder of an estate agent's licence.**
  
2. According to the definition of "advertisement" in the Estate Agents Ordinance, which of the following is/are advertisement(s)?
  - (i) a poster containing residential properties for sale, displayed in the Central MTR station
  - (ii) a price list of residential properties for sale, published in a newspaper
  - (iii) a leaflet containing residential properties for sale/lease, inserted into the mail boxes of a residential building
  - A. (i) only
  - B. (ii) only
  - C. (i) and (ii) only
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)**

# Appendix I

3. Under the Estate Agents Ordinance and the Practice Regulation, an estate agent who has entered into an estate agency agreement with the vendor of a residential property is required to have in his possession which of the following information relating to the property?

- (i) the unexpired term of the relevant government lease
- (ii) the year of completion
- (iii) the user

- A. (i) only
- B. (iii) only
- C. (i) and (ii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

4. Which of the following is/are specified as a criminal offence(s) under the Estate Agents Ordinance?

- (i) any licensed estate agent or licensed salesperson who, without reasonable excuse, for or in connection with an estate agency business, uses any name other than the name specified in his licence
- (ii) any person who, without reasonable excuse, furnishes misleading information to the investigator appointed under the Estate Agents Ordinance in relation to an investigation carried out by the Estate Agents Authority
- (iii) any licensed estate agent who, without reasonable excuse, issues an advertisement before obtaining the vendor's written consent

- A. (i) only
- B. (ii) only
- C. (i) and (ii) only**
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)



# Appendix I

5. Under the Estate Agents Ordinance, which of the following is a duty owed by an estate agent to his client in respect of the sale and purchase of a residential property in relation to which he has entered into an estate agency agreement?
- A. To recommend a solicitor to the client to act for the client in the sale and purchase.
  - B. To introduce a mortgagee bank to the client.
  - C. To assist the client in taking out insurance on the property.
  - D. To disclose to the client full particulars of any pecuniary or other beneficial interest which the estate agent has in the property.**
  - E. To advise the client to instruct a surveyor to conduct a valuation of the property.
6. Anna is an undischarged bankrupt. Eighteen months ago, Ben was convicted of conspiracy to defraud a bank, contrary to the Theft Ordinance, and sentenced to imprisonment for one year. Ten years ago, Carol was convicted and fined for careless driving causing a minor traffic accident, contrary to the Road Traffic Ordinance. Which of them may not be considered to be a “fit and proper person” to hold a salesperson’s licence or an estate agent’s licence under the Estate Agents Ordinance?
- (i) Anna
  - (ii) Ben
  - (iii) Carol
- A. (i) only
  - B. (ii) only
  - C. (iii) only
  - D. (i) and (ii) only**
  - E. (i) and (iii) only

# Appendix I

7. Under the Estate Agents Ordinance, which of the following statements is/are correct?

- (i) Only a holder of an estate agent's licence (individual) is required to disclose to a client any beneficial interest he has in a property.
- (ii) The manager appointed for the effective and separate control of the business of an estate agency office in compliance with the Estate Agents Ordinance must be a holder of an estate agent's licence (individual).
- (iii) Only a holder of an estate agent's licence (individual) is allowed to sign the prescribed estate agency agreement on behalf of the estate agency.

- A. **(ii) only**
- B. (iii) only
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

8. Under the Estate Agents Ordinance and the Licensing Regulation, which of the following are among the requirements that an applicant has to fulfil in order to be eligible to be granted a salesperson's licence?

- (i) He has to pass the relevant qualifying examination within six months immediately before the date of his application for the licence.
- (ii) He has attained the age of 18 at the date of his application for the licence.
- (iii) He is a fit and proper person to hold a salesperson's licence.
- (iv) He has completed the educational level of Form 5 of secondary education or its equivalent.

- A. (i) and (iii) only
- B. (ii) and (iv) only
- C. (i), (ii) and (iii) only
- D. **(ii), (iii) and (iv) only**
- E. (i), (ii), (iii) and (iv)

# Appendix I

9. Kelly's salesperson's licence will expire on 21 March 2014. If she wishes to renew her licence and continue to do estate agency work as a salesperson immediately after 21 March 2014, according to the Licensing Regulation, she should apply for the renewal of her licence:
- A. at any time before 21 March 2014.
  - B. within one month after receiving notification from the Estate Agents Authority.
  - C. on or before 21 February 2014.
  - D. not earlier than 22 September 2013 and not later than 21 February 2014.
  - E. not earlier than 22 December 2013 and not later than 21 February 2014.**
10. Edward is a salesperson who acts for a vendor to market the vendor's property. He also acts for the purchaser. In order to induce the purchaser to sign a provisional agreement for sale and purchase as soon as possible, Edward told the purchaser that two other clients had made higher offers, when in fact there was none. Edward might have breached which of the following provisions in the Code of Ethics?
- (i) to protect and promote the interests of clients
  - (ii) to adhere to the principles of fair competition and refrain from restrictive business practices
  - (iii) to provide services to clients with honesty, fidelity and integrity
- A. (i) only
  - B. (ii) only
  - C. (i) and (iii) only**
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)

# Appendix I

11. Which of the following is a provision/are provisions in the Code of Ethics issued by the Estate Agents Authority?

- (i) Estate agents and salespersons shall, in the course of business, provide services to clients with honesty, fidelity and integrity.
- (ii) Estate agents and salespersons should avoid any practice which may bring discredit and/or disrepute to the estate agency trade.
- (iii) Estate agents and salespersons shall, in fulfilling their duties, exercise due care and due diligence.

- A. (i) only
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

12. Mr. Wong was a purchaser client of ABC Estate Agency (“ABC”). He intended to purchase a residential property listed at ABC. Since Mr. Wong was concerned about whether any person had died at the property, he enquired about it with Stephen, a salesperson of ABC. Although Stephen knew that a former occupier had died at the property, he told Mr. Wong that there had been no such incident. Which of the following statements is/are correct?

- (i) Stephen might have breached his duty as a salesperson by making a misrepresentation.
- (ii) Stephen might have breached the Code of Ethics by providing service to his client while he had insider knowledge of special incidents about the property.
- (iii) Stephen might have breached the Code of Ethics by failing to provide service to his client with honesty, fidelity and integrity.

- A. (i) only
- B. (ii) only
- C. (i) and (iii) only**
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

# Appendix I

13. According to the guidelines in the Practice Circular regarding the maintenance of order at first sale sites, salespersons and estate agents should refrain from which of the following activities?

- (i) Intercepting vehicles.
- (ii) Distributing promotional pamphlets to prospective purchasers.
- (iii) Putting up banners in public places.

- A. (i) only
- B. (ii) only
- C. (i) and (ii) only
- D. (i) and (iii) only**
- E. (i), (ii) and (iii)

14. Under the Practice Regulation, which of the following is/are the duty/duties of the purchaser's estate agent in relation to the inspection of property?

- (i) to accompany the purchaser in the inspection
- (ii) to obtain the vendor's consent before arranging the inspection
- (iii) to compile and supply to the purchaser an inventory of the furniture in the property before the inspection

- A. (i) only
- B. (i) and (ii) only**
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

# Appendix I

15. Under the Practice Regulation, an estate agent must enter into an estate agency agreement with his client, using the prescribed form, in which of the following situations?

- (i) the sale of a residential flat in the secondary market
- (ii) the sale of a car parking space
- (iii) the first sale of a residential flat

- A. **(i) only**
- B. (ii) only
- C. (iii) only
- D. (i) and (ii) only
- E. (ii) and (iii) only

16. When an estate agent issues an advertisement for a residential property, which of the following are matters he should pay attention to in order to comply with the requirements of the Practice Regulation?

- (i) whether the information stated in the advertisement is accurate
- (ii) whether the vendor's prior written consent to the issuance of the advertisement has been obtained
- (iii) whether the asking price of the property stated in the advertisement is the market price
- (iv) whether the asking price of the property stated in the advertisement is in accordance with the vendor's instruction

- A. (i) and (ii) only
- B. (i) and (iii) only
- C. (ii) and (iv) only
- D. (i), (ii) and (iii) only
- E. **(i), (ii) and (iv) only**

# Appendix I

17. Under the Practice Regulation, which of the following must a salesperson inform a person of before doing any estate agency work for that person?

- (i) He is a licensed salesperson.
- (ii) The number of his salesperson's licence.
- (iii) The number of the statement of particulars of business of the estate agency company that he works for.

- A. (i) only
- B. (ii) only
- C. (i) and (ii) only**
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

18. Before arranging for a purchaser who is not legally represented to enter into an estate agency agreement in relation to a residential property, which of the following is/are the step(s) that a licensee should take in order to comply with the requirements of the Practice Regulation?

- (i) Explain to the purchaser the different types of agency appointments in the estate agency agreement and their respective implications and effects on the purchaser.
- (ii) Explain to the purchaser every term and condition in the estate agency agreement.
- (iii) Recommend that the purchaser seek legal advice if the purchaser does not understand the explanation or meaning of any term in the estate agency agreement.

- A. (i) only
- B. (ii) only
- C. (iii) only
- D. (i) and (ii) only
- E. (i), (ii) and (iii)**

# Appendix I

19. Under the Residential Properties (First-hand Sales) Ordinance, saleable area, in relation to a residential property, means the floor area of the residential property including the floor area of:

- (i) balconies
- (ii) bay windows
- (iii) cocklofts
- (iv) utility platforms

- A. (i) and (ii) only
- B. (i) and (iv) only**
- C. (ii) and (iii) only
- D. (i), (ii) and (iv) only
- E. (i), (ii), (iii) and (iv)



## Appendix II

1. Raymond is an estate agent and the sole proprietor of XYZ Estate Agency. From time to time, he receives moneys for, or on account of a client in the course of his estate agency business. With regard to the receipt of such moneys, which of the following are among the requirements that Raymond is required to comply with under the Estate Agents Ordinance and the Practice Regulation?
    - (i) To deposit the moneys into a trust account maintained at an authorised institution for the benefit of the client.
    - (ii) To use the moneys to pay the client concerned.
    - (iii) To use the moneys for making a payment in accordance with, and pursuant to, the client's prior written instructions.
    - (iv) To issue a written receipt to the client within fourteen days of receipt of the moneys.
    - (v) To retain a copy of the receipt for the moneys received for not less than three years after it is issued.
- 
- A. (i) and (iv) only
  - B. (iii) and (v) only
  - C. (ii), (iii) and (iv) only
  - D. (i), (ii), (iii) and (v) only**
  - E. (i), (ii), (iii), (iv) and (v)

## Appendix II

2. Alan is the sole proprietor and manager of the main office of ABC Estate Agency. He is about to open a new branch office. Alan will continue to be the manager for the effective and separate control of the business of the main office. He has to appoint a manager for the new branch office. Beatrice and Cathy, both licensed salespersons, have worked for ABC Estate Agency for five and ten years respectively. Doreen, a licensed estate agent, has worked for ABC Estate Agency for only one year. In the above situation and in order to comply with the requirements of the Estate Agents Ordinance, who may be appointed as the manager for the effective and separate control of the business of the new branch office in compliance with the Estate Agents Ordinance?

- (i) Alan
- (ii) Beatrice
- (iii) Cathy
- (iv) Doreen

- A. (i) only
- B. (iv) only**
- C. (i) and (iv) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii) only

## Appendix II

3. If a complaint against a licensee is well-founded, which of the following are the powers under the Estate Agents Ordinance that the Estate Agents Authority may exercise against the licensee concerned?
- (i) Admonish or reprimand the licensee.
  - (ii) Impose a fine of \$100,000 on the licensee.
  - (iii) Suspend the licence of the licensee for three years.
  - (iv) Revoke the licence of the licensee.
  - (v) Attach conditions to the licence of the licensee.
- A. (i), (iii) and (iv) only
  - B. (i), (ii), (iii) and (v) only
  - C. (i), (ii), (iv) and (v) only**
  - D. (ii), (iii), (iv) and (v) only
  - E. (i), (ii), (iii), (iv) and (v)
4. In an investigation conducted by the investigator appointed by the Estate Agents Authority under Section 28 of the Estate Agents Ordinance, which of the following are the obligations of the licensee under investigation?
- (i) If reasonably required by the investigator, to produce for the investigator records which the investigator considers to be relevant to the investigation.
  - (ii) To allow the investigator to search his residence at reasonable hours.
  - (iii) To explain a document which he has produced to the investigator if reasonably required by the investigator.
  - (iv) To pay reasonable costs and expenses of the investigation to the Estate Agents Authority upon demand.
- A. (i) and (ii) only
  - B. (i) and (iii) only**
  - C. (iii) and (iv) only
  - D. (ii), (iii) and (iv) only
  - E. (i), (ii), (iii) and (iv)

## Appendix II

5. Under the Estate Agents Ordinance, which of the following are among the factors that the Estate Agents Authority must have regard to in determining whether a person is “a fit and proper person” to hold an estate agent’s licence (individual) or a salesperson’s licence?
- (i) The person is an undischarged bankrupt.
  - (ii) The person is a mentally disordered person within the meaning of the Mental Health Ordinance.
  - (iii) The person has relevant work experience.
  - (iv) The person was convicted in Hong Kong or elsewhere of an offence which involved fraudulent, corrupt or dishonest act.
- A. (i) and (ii) only
- B. (i), (ii) and (iv) only**
- C. (i), (iii) and (iv) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix II

6. To expand its business, Good View Estate Agency Limited (“Good View”) opened a new branch office. It appointed Mr. Chan as the manager for the effective and separate control of the business of that branch office in compliance with the Estate Agents Ordinance. Under the Estate Agents Ordinance, which of the following are the requirements that Good View is required to comply with in relation to the establishment of the new branch office and the appointment of Mr. Chan as the manager of the new branch office?
- (i) Apply for a statement of particulars of business for the new branch office.
  - (ii) Notify the Estate Agents Authority of the opening of the new branch office within 31 days of opening the new branch office.
  - (iii) Notify the Estate Agents Authority of the appointment of Mr. Chan as the manager of the new branch office within 31 days of the appointment.
  - (iv) Arrange for each of the directors of Good View to apply for an estate agent’s licence.
- A. (i) and (ii) only
- B. (i) and (iii) only**
- C. (ii) and (iv) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix II

7. Under the Licensing Regulation, a holder of an estate agent's licence who operates an estate agency business is required to state which of the following information in a letter issued by him or on his behalf?
- (i) the number of his licence or the relevant statement of particulars of business
  - (ii) the business name as stated in the relevant statement of particulars of business
  - (iii) the address as stated in the relevant business registration certificate
  - (iv) the place of business as stated in the relevant statement of particulars of business
- A. (ii) and (iii) only
  - B. (iii) and (iv) only
  - C. (i), (ii) and (iv) only**
  - D. (i), (iii) and (iv) only
  - E. (i), (ii), (iii) and (iv)
8. According to the Practice Circular regarding the conduct in promotional activities and the provision of property information for the first sale of residential properties, which of the following is/are the proper practice(s) that licensees must follow when incentives are offered to prospective purchasers?
- (i) Set out in writing any promise of incentives, including any gifts, discounts or rebates that has been made to prospective purchasers, and stipulate clearly the terms and format of the incentives.
  - (ii) Advise prospective purchasers not to reveal to the vendor the offer of incentives.
  - (iii) Inform prospective purchasers of the details of any incentives which may be offered to purchasers and state clearly whether the incentives are offered by the vendor or their estate agency companies.
- A. (ii) only
  - B. (i) and (ii) only
  - C. (i) and (iii) only**
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)

## Appendix II

9. An estate agent persuades his purchaser client to buy a property owned by a company. The estate agent is a major shareholder of the company. He deliberately conceals this fact from his client. The estate agent may have breached which of the following provisions of the Code of Ethics?

- (i) Exercise due care and due diligence in fulfilling duties.
- (ii) Disclose any pecuniary or other beneficial interests in relation to the property to all parties concerned.
- (iii) Carry out the client's instructions in accordance with the estate agency agreement.
- (iv) Act in an impartial and just manner to all parties concerned in the transaction.

- A. (i) and (ii) only
- B. (ii) and (iii) only
- C. (ii) and (iv) only**
- D. (i), (iii) and (iv) only
- E. (ii), (iii) and (iv) only

10. Which of the following acts of an estate agent may breach the Code of Ethics?

- (i) He informs his client that his estate agency firm can give the client a cash rebate of \$8,000 when he knows in fact that his estate agency firm can only give a cash rebate of \$4,000.
- (ii) He passes his client's name and telephone number to his brother without the client's consent to enable his brother to market interior design services to the client.
- (iii) He falsely advises his client that a rival agency is notorious for dishonest practices.
- (iv) He introduces a firm of solicitors to his client at the client's request.

- A. (i) and (ii) only
- B. (ii) and (iii) only
- C. (iii) and (iv) only
- D. (i), (ii) and (iii) only**
- E. (ii), (iii) and (iv) only

## Appendix II

11. An estate agent is required to disclose to his client any pecuniary or other beneficial interest in the property concerned. This duty is stipulated in which of the following?

- (i) Code of Ethics
- (ii) Estate Agents Ordinance
- (iii) Conveyancing and Property Ordinance
- (iv) Unconscionable Contracts Ordinance

- A. (i) and (ii) only**
- B. (i) and (iv) only
- C. (ii) and (iii) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

12. Sean has decided to purchase a residential property. The estate agent who acts for him also acts for the vendor. The property is subject to an “all moneys” mortgage. Which of the following are the proper steps that the estate agent should take before arranging for Sean to sign the provisional agreement for sale and purchase?

- (i) The estate agent should complete the Property Information Form (Form 1).
- (ii) The estate agent should enter into the Estate Agency Agreement (Form 4) with Sean.
- (iii) The estate agent should conduct a land search of the property.
- (iv) The estate agent should check the “Owner Particulars” in the land search to ascertain if the vendor is the owner of the property.
- (v) The estate agent should advise Sean that the deposits be held by the vendor’s solicitors as stakeholders.

- A. (ii) and (iv) only
- B. (iii) and (v) only
- C. (i), (iii) and (iv) only
- D. (ii), (iii), (iv) and (v) only
- E. (i), (ii), (iii), (iv) and (v)**



## Appendix II

13. The forms of estate agency agreements prescribed under the Practice Regulation are **NOT** prescribed for which of the following purposes?

- (i) the sale of a residential property together with a car parking space
- (ii) the leasing of a residential property together with a car parking space
- (iii) the sale of a shop
- (iv) the leasing of an office
- (v) the leasing of a residential property that is not a self-contained unit (i.e. a residential property which does not have separate cooking facilities and bathroom)

- A. (i) and (ii) only
- B. (iii) and (iv) only
- C. (iii) and (v) only
- D. (iv) and (v) only
- E. (iii), (iv) and (v) only**

14. FILL IN THE BLANK:

Please choose the correct answer from A to E.

According to the Estate Agency Agreement (Form 3), the duties of an estate agent acting for a vendor in the sale of a residential property include marketing the property, obtaining information about the property for the vendor and conducting \_\_\_\_\_.

- A. an investigation of the purchaser's background
- B. an inspection of the property
- C. a bankruptcy search of the purchaser
- D. negotiation with interested purchasers**
- E. a valuation of the property

## Appendix II

15. Mr. Chan is a salesperson of XYZ Estate Agency. Mr. Chan receives \$40,000 in cash from Mrs. Poon, a purchaser. The money is for paying the initial deposit to the vendor in a property transaction. At that time, the vendor is not in Hong Kong. Under the Practice Regulation, how should Mr. Chan deal with the money in these circumstances?
- A. Mr. Chan should immediately deposit the money into a trust account maintained by the vendor's solicitors at a bank.
  - B. Mr. Chan should immediately deposit the money into a trust account maintained by Mrs. Poon's solicitors at a bank.
  - C. Mr. Chan should immediately deposit the money into the office account of XYZ Estate Agency maintained at a bank.
  - D. Mr. Chan should immediately deposit the money into his supervisor's personal account maintained at a bank.
  - E. **Mr. Chan should immediately deposit the money into a trust account of XYZ Estate Agency maintained at a bank.**
16. According to the Practice Regulation or the Licensing Regulation, which of the following statements is **INCORRECT**?
- A. An estate agent must not issue an advertisement relating to his estate agency business which contains any statement which is false or misleading in a material particular.
  - B. An estate agent must not issue any advertisement in respect of a vendor's residential property without the vendor's written consent.
  - C. **An estate agent may issue advertisements in respect of a vendor's residential property unless the vendor has specifically instructed him not to do so.**
  - D. An estate agent must state in the advertisement of a property the number of his licence or the relevant statement of particulars of business.
  - E. An estate agent who issues an advertisement in respect of a residential property which is to be sublet must state in the advertisement that the property is to be sublet.

## Appendix II

17. Simon is a salesperson. He obtained his salesperson's licence three years ago and has since then worked as a salesperson for ABC Estate Agency. One day, Mr. Pang went to ABC Estate Agency to look for a suitable property to purchase for investment. He was served by Simon. Under the Practice Regulation, which of the following are the matters that Simon must inform Mr. Pang of before he carries out estate agency work for Mr. Pang?

- (i) the fact that he is a licensed salesperson
- (ii) the number of his licence
- (iii) the year he first obtained his licence
- (iv) the validity period of his licence
- (v) the number of transactions he handled in the previous three months

- A. (i) and (ii) only
- B. (iii) and (v) only
- C. (i), (ii) and (iv) only
- D. (ii), (iii) and (v) only
- E. (i), (ii), (iii) and (iv) only

## Appendix II

18. Mr. Chan, a vendor, has entered into a provisional agreement for sale and purchase with a purchaser to sell his residential property. The transaction is handled by ABC Estate Agency. The provisional agreement for sale and purchase contains a clause which provides that Mr. Chan agrees to pay commission to ABC Estate Agency. However, Mr. Chan refuses to pay the commission. ABC Estate Agency intends to take legal action to recover the outstanding commission. According to the Estate Agents Ordinance, which of the following must ABC Estate Agency have done before it may sue Mr. Chan?

- (i) ABC Estate Agency must have first registered the provisional agreement for sale and purchase against the property in the Land Registry.
- (ii) ABC Estate Agency must have first entered into an Estate Agency Agreement (Form 3) with Mr. Chan.
- (iii) ABC Estate Agency must have first submitted an Estate Agency Agreement (Form 3) to the Estate Agents Authority for approval.

- A. (i) only
- B. (ii) only**
- C. (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

## Appendix III

20. Which of the following are the duties of an estate agent stipulated in the Estate Agency Agreement (Form 4)?

- (i) to obtain property information for the purchaser
- (ii) to arrange for the purchaser to inspect properties if so requested
- (iii) to procure a mortgage for the purchaser
- (iv) to conduct negotiations for the purchaser
- (v) to assist the purchaser in entering into an agreement for sale and purchase with the vendor

- A. (i), (iv) and (v) only
- B. (ii), (iii) and (iv) only
- C. (i), (ii), (iv) and (v) only**
- D. (ii), (iii), (iv) and (v) only
- E. (i), (ii), (iii), (iv) and (v)

21. The vendor of a “Home Ownership Scheme” property should pay the premium to which of the following departments/organisations if he sells his property in the open market rather than under the HOS Secondary Market Scheme?

- A. Lands Department
- B. Hong Kong Housing Society
- C. Rating and Valuation Department
- D. Hong Kong Housing Authority**
- E. Transport and Housing Bureau

## Appendix III

22. Under the Unconscionable Contracts Ordinance, which of the following matters may the court have regard to in determining whether a contract or part of a contract was unconscionable in the circumstances relating to the contract at the time it was made?

- (i) the relative strengths of the bargaining positions of the parties
- (ii) whether the consumer was able to understand any documents relating to the supply of goods or services
- (iii) whether any undue influence or pressure was exerted on the consumer or any unfair tactics used against him

- A. (iii) only
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

23. FILL IN THE BLANK:

Please choose the correct answer from A to E.

In the sale of a “Home Ownership Scheme” flat in the open market where 5 years has elapsed since the date of the first assignment and the premium has not yet been paid to the Hong Kong Housing Authority, the agreement for sale and purchase must state that, unless the Director of Housing stipulates otherwise, the vendor must pay the premium to the Hong Kong Housing Authority within \_\_\_\_\_ of the date of the agreement for sale and purchase and before assignment.

- A. 7 days
- B. 14 days
- C. 21 days
- D. 28 days**
- E. 30 days

## Appendix III

24. Raymond is an estate agent who often refers clients to Big Profit Bank for mortgages. In order to obtain a favourable valuation, he gives a clerk in the mortgage department of the bank \$10,000 per month. Which of the following may Raymond have breached?

- (i) Prevention of Bribery Ordinance
- (ii) Conveyancing and Property Ordinance
- (iii) Code of Ethics

- A. (i) only
- B. (ii) only
- C. (iii) only
- D. (i) and (iii) only**
- E. (ii) and (iii) only

25. Under the Prevention of Bribery Ordinance, an agent commits an offence if he, without his principal's consent, accepts from a third party any advantage as reward for doing, or forbearing to do, any act in relation to his principal's business. Which of the following constitutes an "advantage" under the Prevention of Bribery Ordinance?

- (i) a commission
- (ii) the gift of a gold watch
- (iii) a loan

- A. (i) only
- B. (iii) only
- C. (i) and (ii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

## Appendix III

26. A salesperson uses personal data which are saved in the computer record of his estate agency to make telephone calls to a number of property owners to offer his service. To comply with the provisions of the Personal Data (Privacy) Ordinance on direct marketing, which of the following statements should the salesperson make to the property owners when he calls them for the first time?

- (i) "I am required to store your personal data in a manner specified by you."
- (ii) "If you make a request for me to cease using your personal data for direct marketing, I shall do so without charge."
- (iii) "I am obliged to return your personal data to you after use."

- A. **(ii) only**
- B. (iii) only
- C. (i) and (ii) only
- D. (i) and (iii) only
- E. (ii) and (iii) only

27. Under the Land Registration Ordinance, which of the following instruments is/are registrable in the Land Registry?

- (i) A deed of gift in respect of a residential property.
- (ii) A mortgage in respect of a car-parking space.
- (iii) A charging order in respect of a commercial property.

- A. (ii) only
- B. (iii) only
- C. (i) and (ii) only
- D. (ii) and (iii) only
- E. **(i), (ii) and (iii)**



## Appendix III

28. The land search of a flat which Mrs. Lam plans to purchase reveals that a dangerous hillside order has been registered recently. The order requires the owners of the building to carry out maintenance work on a slope adjacent to the building. Which of the following pieces of advice given by the salesperson acting for Mrs. Lam is/are correct?

- (i) Mrs. Lam may disregard the order, as it was issued before she enters into the provisional agreement for sale and purchase.
- (ii) The provisional agreement for sale and purchase should stipulate which party shall bear the cost of the maintenance work.
- (iii) The Incorporated Owners will be responsible for slope maintenance and Mrs. Lam will not have to bear the costs of the maintenance work.

- A. (i) only
- B. (ii) only**
- C. (iii) only
- D. (i) and (iii) only
- E. (i), (ii) and (iii)

29. Under the Stamp Duty Ordinance, stamp duty is payable on which of the following instruments pertaining to a residential property?

- (i) deed of gift
- (ii) assignment
- (iii) deed of mutual covenant
- (iv) agreement for sale and purchase

- A. (i), (ii) and (iii) only
- B. (i), (ii) and (iv) only**
- C. (i), (iii) and (iv) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix III

30. Mr. Li decided to buy a ground floor unit which had been used as a restaurant for nearly ten years. After paying the further deposit and signing the formal agreement for sale and purchase, he was told by his lawyer that the occupation permit of the building showed that the permitted user of the unit was “domestic”. Which of the following statements is/are correct?

- (i) The permitted user of the unit can always be changed upon payment of a premium.
- (ii) The Building Authority may by notice require the owner to discontinue the use of the unit as a restaurant.
- (iii) The use of the unit as a restaurant might contravene the Deed of Mutual Covenant of the building.

- A. (i) only
- B. (iii) only
- C. (i) and (ii) only
- D. (ii) and (iii) only**
- E. (i), (ii) and (iii)

31. Under the Stamp Duty Ordinance, the prescribed time limit for stamping and the maximum penalty payable for late stamping of a tenancy agreement are respectively:

- A. 7 days after execution; two times the amount of the stamp duty
- B. 14 days after execution; four times the amount of the stamp duty
- C. 15 days after execution; six times the amount of the stamp duty
- D. 30 days after execution; two times the amount of the stamp duty
- E. 30 days after execution; ten times the amount of the stamp duty**

## Appendix III

32. A purchaser purchases a property. Under the agreement for sale and purchase, the vendor shall deliver vacant possession of the property on completion. To protect the purchaser's interest, the estate agent acting for the purchaser should advise the purchaser to inspect the property before completion for which of the following purposes?
- (i) to ascertain that the vendor has removed from the property all chattels and furniture not sold together with the property
  - (ii) to ascertain that the vendor is indeed in a position to deliver vacant possession of the property on completion
  - (iii) to arrange for decoration of the property
- A. (i) only
  - B. (ii) only
  - C. (i) and (ii) only**
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)
33. When a provisional agreement for sale and purchase provides that the property will be sold on an "as is" basis, it means which of the following?
- A. Vacant possession of the property will be delivered to the purchaser upon completion.
  - B. A warranty is given by the vendor on the physical condition of the property.
  - C. The property has no unauthorised building works.
  - D. The property is sold to the purchaser in such physical condition as at the time the provisional agreement for sale and purchase was entered into.**
  - E. The property is sold to the purchaser in such physical condition as at the time of purchase by the first-hand owner from the developer.

## Appendix III

34. The Estate Agents Authority has issued a Practice Circular giving guidelines to estate agency practitioners on the prevention of money laundering activities. According to the Practice Circular, estate agency practitioners should report a suspicious case of money laundering to which of the following?
- A. Narcotics Division, Security Bureau
  - B. Hong Kong Monetary Authority
  - C. Joint Financial Intelligence Unit**
  - D. Transport and Housing Bureau
  - E. Estate Agents Authority
35. A land search reveals that a property was purchased three years ago for \$5 million. The property is subject to an “all monies” mortgage, and the vendor agrees to sell it for \$3.8 million because the property market has gone down. Which of the following steps should the salesperson acting for the purchaser take in the circumstances?
- (i) Suggest to the purchaser that the deposits should be stakeheld by a firm of solicitors.
  - (ii) Explain to the purchaser the risks of not arranging for the stakeholding of the deposits.
  - (iii) If the purchaser chooses not to arrange for the stakeholding of the deposit, obtain a written acknowledgement from the purchaser that the salesperson has provided suggestions and explanations to the purchaser on the stakeholding of deposits.
- A. (i) only
  - B. (ii) only
  - C. (i) and (iii) only
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)**

## Appendix III

36. Which of the following statements regarding the deed of mutual covenant of a building is **NOT CORRECT**?

- A. It states that the owner of a unit in the building shall not use his unit for certain purposes.
- B. It is a deed entered into between the developer of the building and the first purchaser of a unit in the building.
- C. Its terms relate to the management of the building.
- D. It is a deed by which the owners of the building mutually covenanted to exchange their units.**
- E. It is a document which can be registered in the Land Registry.

37. Which of the following documents may state the permitted user of a building?

- (i) building mortgage
  - (ii) nomination
  - (iii) occupation permit
- 
- A. (i) only
  - B. (ii) only
  - C. (iii) only**
  - D. (i) and (ii) only
  - E. (ii) and (iii) only

## Appendix III

38. An estate agent should draw his purchaser client's attention to which of the following documents under the column of "Incumbrances" in a land search?

- (i) A tenancy agreement for a term which has not yet expired.
- (ii) A building order which has not been complied with.
- (iii) A building mortgage which has been discharged.

- A. (i) only
- B. (iii) only
- C. (i) and (ii) only**
- D. (i) and (iii) only
- E. (i), (ii) and (iii)

39. Mr. Lam intends to purchase a property which is owned by a private limited company incorporated in Hong Kong under the Companies Ordinance. In order to protect Mr. Lam's interests, which of the following information should his estate agent ascertain from a search of the company in the Companies Registry?

- (i) the registered office of the company
- (ii) the name(s) of the director(s) of the company
- (iii) the name of the secretary of the company
- (iv) whether a receiver or liquidator has been appointed

- A. (i) and (iv) only
- B. (ii) and (iii) only
- C. (iii) and (iv) only
- D. (i), (ii) and (iv) only**
- E. (ii), (iii) and (iv) only

## Appendix III

40. Which of the following documents in a land search would reveal that a particular mortgage on the property has been discharged?
- (i) a “receipt on discharge of a charge” registered after the particular mortgage
  - (ii) a “letter of compliance” registered after the particular mortgage
  - (iii) a “second mortgage” registered after the particular mortgage
- A. (i) only
- B. (ii) only
- C. (i) and (ii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)
- 
41. Bobby and Mary own a property as tenants in common. Which of the following statements correctly describes the legal characteristics of this type of ownership?
- A. Only husband and wife can co-own a property as tenants in common.
  - B. If Bobby passes away, his interest in the property will pass to his estate.**
  - C. If Bobby passes away, Mary will become the sole owner of the property under the principle of right of survivorship.
  - D. They must hold the property in equal shares and shall not hold their interests in the property in other proportions.
  - E. They must mutually appoint each other as the executor/executrix of their respective wills.

## Appendix III

42. David instructed Carol, a salesperson, to act for him in the purchase of a property which is a flat on the first floor of a building. He intended to use the property as his new residence. Carol arranged for David to enter into a provisional agreement for sale and purchase of the property with the vendor. Later, David's lawyer advised David that the permitted user of all the flats on the first floor was for non-domestic use. In the circumstances, which of the following statements is **NOT CORRECT**?
- A. The title of the property may be defective if there is unauthorised change in the user of the property.
  - B. The use of the property as a residence may breach the Buildings Ordinance.
  - C. **The approval of the Rating and Valuation Department is required for the change of permitted user.**
  - D. Carol should have advised David not to purchase the property.
  - E. Carol might have breached her duty to David for failing to check the permitted user of the property.
43. Under the Buildings Ordinance, which of the following documents is the best evidence to show that an order for the demolition of an unauthorised structure at a property has been complied with?
- A. **A letter of compliance issued by the Building Authority**
  - B. A memorandum issued by the Land Registry
  - C. A certificate issued by the Lands Department
  - D. A confirmation letter issued by the management company of the building
  - E. A certificate issued by the Architectural Services Department



## Appendix III

44. Which of the following is/are the duty/duties of an owners' corporation?
- (i) Keep the common parts of the building in good condition.
  - (ii) Carry out such works in respect of the common parts of the building as ordered by the relevant Government authorities.
  - (iii) Enforce obligations contained in the deed of mutual covenant for the management of the building.
- A. (i) only
  - B. (i) and (ii) only
  - C. (i) and (iii) only
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)**
45. Which of the following documents would contain information as to which parts of a building are common areas?
- (i) the government lease relating to the building
  - (ii) the certificate of compliance relating to the building
  - (iii) the deed of mutual covenant of the building
- A. (i) only
  - B. (ii) only
  - C. (iii) only**
  - D. (i) and (ii) only
  - E. (i) and (iii) only

## Appendix III

46. What is the amount of stamp duty payable on a tenancy agreement for a term of 24 months (inclusive of a rent-free period of two months), commencing 25 March 2013, at a monthly rent of \$18,800, including one counterpart?
- A. \$522
  - B. \$945
  - C. \$1,039**
  - D. \$1,133
  - E. \$1,880
47. Under Part IV of the Landlord and Tenant (Consolidation) Ordinance, which of the following is/are the implied covenant(s) in a domestic tenancy, a breach of which by the tenant may constitute a ground for forfeiture of the tenancy?
- (i) Not to make any structural alteration to the flat without the landlord's consent.
  - (ii) Not to keep pets in the flat.
  - (iii) To pay rent within 15 days of the date when the rent falls due.
- A. (ii) only
  - B. (i) and (ii) only
  - C. (i) and (iii) only**
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)

## Appendix III

48. Mr. Leung is the sole owner of a residential property of which he has executed a mortgage in favour of Big Profit Bank. Which of the following is/are likely to be the term(s) or effect(s) of the mortgage?

- (i) When Mr. Leung has repaid to Big Profit Bank all his debts secured by the mortgage, he will have the right to request Big Profit Bank to release the mortgaged property to him.
- (ii) When Mr. Leung defaults in his repayment of the mortgage loan, Big Profit Bank will be entitled to enter into possession of his property.
- (iii) Mr. Leung should not let the property unless he has obtained the consent of Big Profit Bank.

- A. (i) only
- B. (ii) only
- C. (i) and (ii) only
- D. (i) and (iii) only
- E. (i), (ii) and (iii)**

49. Which of the following are matters that an estate agent should attend to when handling the sub-letting of a property?

- (i) Find out if the principal tenancy agreement prohibits sub-letting.
- (ii) Inform the Buildings Department of the sub-letting.
- (iii) If the principal tenancy agreement prohibits sub-letting, request the principal tenant to produce proof of the landlord's consent to the sub-letting.
- (iv) Ensure that the term of the sub-tenancy does not exceed the term of the principal tenancy.

- A. (i) and (ii) only
- B. (ii) and (iii) only
- C. (i), (ii) and (iii) only
- D. (i), (iii) and (iv) only**
- E. (i), (ii), (iii) and (iv)

## Appendix III

50. An estate agent acts for both the landlord and the tenant in a leasing transaction. Before arranging for the parties to sign the tenancy agreement, the estate agent should advise the landlord and the tenant that they have to agree on the responsibility for the payment of which of the following expenses?

- (i) rates
- (ii) management fees
- (iii) costs of repair of the electrical appliances included in the tenancy agreement

- A. (ii) only
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

## Appendix IV

19. Which of the following is/are the effect(s) of a clause in a provisional agreement for sale and purchase which provides that the vendor agrees to sell and the purchaser agrees to purchase the property on an “as is” basis?

- (i) A warranty is given by the vendor that all alterations made to the property are in compliance with the Buildings Ordinance as at the date of the provisional agreement for sale and purchase.
- (ii) The purchaser accepts to be bound by the tenancy agreement of the property subsisting at the date of the provisional agreement for sale and purchase.
- (iii) The purchaser accepts that the property is sold in such physical state and condition as at the time when the provisional agreement for sale and purchase is made.

- A. (i) only
- B. (ii) only
- C. (iii) only**
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

## Appendix IV

20. Which of the following are the expectations of the community on the estate agency trade?

- (i) Estate agents should have sufficient knowledge of the law, and other relevant matters relating to property transactions.
- (ii) Estate agents should supply clients with correct and accurate property information.
- (iii) Estate agents should protect the interests of clients in carrying out their instructions with due care and due diligence.
- (iv) Estate agents should not exert undue influence or coercion, but should give clients sufficient time and freedom to make decisions about a property transaction.

- A. (i) and (ii) only
- B. (ii) and (iii) only
- C. (iii) and (iv) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)**

21. Under common law, which of the following are required for the formation of a contract?

- (i) Offer
- (ii) Acceptance of offer
- (iii) Intention of the parties to create legal relation
- (iv) Agreement as to how contractual disputes are to be resolved
- (v) Consideration for the contract

- A. (i), (ii) and (iii) only
- B. (i), (iv) and (v) only
- C. (i), (ii), (iii) and (v) only**
- D. (ii), (iii), (iv) and (v) only
- E. (i), (ii), (iii), (iv) and (v)

## Appendix IV

22. Mr. Chow, an estate agent, made a photocopy of the Hong Kong identity card of his vendor client, John. Without telling John, Mr. Chow made another copy and gave it to a friend who worked as an insurance broker so that his friend could market his services to John. Mr. Chow then lost his copy of John's identity card. A week later, John asked Mr. Chow whether he still had the copy of his identity card. Mr. Chow could not produce it. Which of the following Data Protection Principles under the Personal Data (Privacy) Ordinance might Mr. Chow have breached?

- (i) Ensuring the accuracy of the personal data collected.
- (ii) Not using personal data for any purpose other than that for which it is collected.
- (iii) Taking all practicable steps to ensure that personal data held by a data user are protected against unauthorised or accidental access.
- (iv) Allowing a data subject to correct his personal data.

- A. (i) and (ii) only
- B. (ii) and (iii) only**
- C. (i), (ii) and (iii) only
- D. (i), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix IV

23. An estate agent received three offers to purchase a property listed by his client. One interested purchaser (who made the lowest offer) proposed to the agent that he was prepared to pay the agent an extra commission of \$30,000 if the agent would not relay the other two offers to the vendor. Which of the following regulations/ordinances might the agent have breached if he accepts the extra commission and if he does not relay the other two offers to the vendor?

- (i) Unconscionable Contracts Ordinance
- (ii) Prevention of Bribery Ordinance
- (iii) Practice Regulation
- (iv) Estate Agents (Determination of Commission Disputes) Regulation
- (v) Personal Data (Privacy) Ordinance

- A. (i) and (iv) only
- B. (ii) and (iii) only**
- C. (ii), (iii) and (iv) only
- D. (iii), (iv) and (v) only
- E. (i), (ii), (iii), (iv) and (v)

24. Mr. Chan purchased a “Home Ownership Scheme” flat from the Hong Kong Housing Authority eight years ago. He now intends to sell it in the open market, but the premium has yet to be paid. Which of the following documents relating to the sale must state that, unless the Director of Housing stipulates otherwise, Mr. Chan must pay a premium to the Hong Kong Housing Authority within 28 days of the date of the agreement for sale and purchase, and before the assignment?

- A. The certificate of availability for sale
- B. The certificate of eligibility to purchase
- C. The letter of nomination
- D. The agreement for sale and purchase**
- E. The assignment



## Appendix IV

25. Generally speaking, if a purchaser fails to complete a transaction in accordance with the agreement for sale and purchase, which of the following actions may the vendor take?

- (i) He may forfeit the deposits.
- (ii) He may terminate the agreement for sale and purchase, and resell the property.
- (iii) He may register a Memorandum of Charge against the property at the Land Registry.

- A. (i) only
- B. (i) and (ii) only**
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

26. If a purchaser client intends to purchase a property from a confirmor by way of a sub-sale agreement, which of the following is/are the matter(s) that the estate agent should draw the purchaser client's attention to in order to protect his interests?

- (i) whether the agreement for sale and purchase between the head vendor of the property and the confirmor restricts sub-sale
- (ii) whether the balance of the purchase price payable by the client to the confirmor is sufficient to cover the balance of the purchase price payable by the confirmor to the head vendor under the agreement for sale and purchase between the confirmor and the head vendor
- (iii) whether the client has an opportunity to inspect the property before he enters into the sub-sale agreement

- A. (i) only
- B. (ii) only
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

## Appendix IV

27. To best protect his client's interests in the purchase of a property, under which of the following situations should an estate agent advise the purchaser to pay the deposit to a firm of solicitors to hold the deposit as stakeholders?

- (i) where the property is sold subject to an existing tenancy
- (ii) where the property is subject to a mortgage and the property is negative equity
- (iii) where the vendor is selling the property as the surviving joint tenant
- (iv) where the property is subject to a charging order
- (v) where the vendor sells the property as a confirmor

- A. (i), (ii) and (iii) only
- B. (i), (iii) and (iv) only
- C. (ii), (iii) and (v) only
- D. (ii), (iv) and (v) only**
- E. (i), (ii), (iii), (iv) and (v)

28. Tommy, an estate agent, has arranged for his purchaser client, Mr. Chan, to sign a provisional agreement for sale and purchase of a residential property. Two days later, Mr. Chan intends to execute a nomination to nominate his business partner to hold the property together with him as joint tenants. Which of the following are the proper pieces of advice for Tommy to give to Mr. Chan?

- (i) Mr. Chan must execute a deed of gift in favour of his business partner.
- (ii) Stamp duty is payable on the nomination.
- (iii) Mr. Chan and his business partner cannot hold the property as joint tenants because only a married couple can be joint tenants.
- (iv) If Mr. Chan and his business partner hold the property as joint tenants and if Mr. Chan predeceases his business partner, Mr. Chan's interest in the property will pass to his business partner upon his death.

- A. (i) and (iii) only
- B. (ii) and (iv) only**
- C. (i), (ii) and (iii) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix IV

29. If an estate agent intends to include the floor area information in the advertisement of a residential property and if the saleable area of the property can be obtained from the Rating and Valuation Department or the agreement for sale and purchase of the first assignment, according to the guidelines in the Practice Circular in relation to the provision of floor area information for second-hand residential properties, which of the following must the estate agent do?

- (i) The estate agent must provide the saleable area of the property in the advertisement.
- (ii) The estate agent must provide both the saleable area and the gross floor area of the property in the advertisement.
- (iii) The estate agent must clearly state in the advertisement that the floor area provided is the saleable area of the property.
- (iv) The estate agent must clearly state in the advertisement the source of the floor area provided.

- A. (i) and (iii) only
- B. (ii) and (iii) only
- C. (ii) and (iv) only
- D. (i), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix IV

30. FILL IN THE BLANKS:

Please choose the correct answer from A to E. The first part of the answers applies to the first blank and the second part applies to the second blank.

To prove title to a property, the vendor is required to produce to the purchaser the government lease as well as proof of title extending not less than \_\_\_ years before the date of the agreement for sale and purchase commencing with an \_\_\_\_\_, a mortgage by assignment or a legal charge, each dealing with the whole estate and interest in that property.

- A. 10.....assignment
- B. 15.....occupation permit
- C. 15.....assignment**
- D. 20.....agreement for sale and purchase
- E. 25.....assignment

31. The purchaser client of an estate agent is about to enter into a provisional agreement for sale and purchase of a property owned by a private limited Hong Kong company. The client wants to check whether the property is subject to any mortgages or charges. Which of the following documents may contain the above information?

- (i) the memorandum of association of the vendor company
- (ii) an up-to-date land search of the property at the Land Registry
- (iii) an up-to-date search of the Mortgage or Charge Details/Statement of Particulars of Charge filed by the vendor company with the Companies Registry
- (iv) the Certificate of Incorporation of the vendor company
- (v) the Business Registration Certificate of the vendor company

- A. (i) and (ii) only
- B. (ii) and (iii) only**
- C. (ii) and (v) only
- D. (i), (iii) and (iv) only
- E. (ii), (iv) and (v) only

## Appendix IV

32. Leo (a landlord) intends to enter into a tenancy agreement of a residential property with Tina (a tenant) for a term of one year. The land search of the property shows the following registered documents:

- (i) a legal charge registered by a mortgagee bank
- (ii) a second legal charge registered by a finance company
- (iii) a memorandum of a charge of outstanding management fees registered by the management company of the building of which the property forms a part
- (iv) a building order of the property registered by the Building Authority

As Tina's estate agent, you should advise Tina to require Leo to obtain the consent of which of the following before entering into the tenancy agreement?

- A. The mortgagee bank in (i) only
- B. The finance company in (ii) only
- C. The mortgagee bank in (i) and the finance company in (ii) only**
- D. The management company in (iii) only
- E. The Building Authority in (iv) only

33. Which of the following information may be found in the occupation permit of a building?

- (i) gross floor area of the building
- (ii) permitted user of the units of the building
- (iii) term of the relevant Government Lease
- (iv) saleable area of the building

- A. (ii) only**
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (iii) and (iv) only
- E. (ii), (iii) and (iv) only

## Appendix IV

34. A purchaser asks his estate agent to find out the permitted use of the unbuilt land adjacent to the property which he intends to purchase. The unbuilt land has been bought by a developer. The estate agent may obtain the information about the permitted user of the unbuilt land in which of the following documents?

- (i) the “Outline Zoning Plan” which includes the unbuilt land
- (ii) the land search of the property which the purchaser intends to purchase
- (iii) the Government lease of the unbuilt land

- A. (i) only
- B. (ii) only
- C. (i) and (ii) only
- D. (i) and (iii) only**
- E. (ii) and (iii) only

35. Generally speaking, which of the following information may be found in the deed of mutual covenant of a building?

- (i) the name of the first purchaser who purchased a unit/units in the building
- (ii) the allocation of undivided shares to the various parts of the building
- (iii) the parts which are designated as common areas in the building
- (iv) the share of management fees that each owner of a unit in the building is liable to pay

- A. (i) and (ii) only
- B. (i) and (iv) only
- C. (i), (ii) and (iii) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)**

## Appendix IV

36. Which of the following is/are the proper step(s) that the owner of a private residential flat should take if he intends to demolish a structural wall in his flat?

- (i) Notify the Lands Department in writing about the intended works.
- (ii) Seek the approval of the Housing Department for the intended works.
- (iii) Appoint an “authorised person” under the Buildings Ordinance to prepare and submit plans for the works for approval by the Building Authority.

- A. (i) only
- B. (ii) only
- C. (iii) only**
- D. (i) and (ii) only
- E. (i) and (iii) only

37. A property whose permitted user is “garage” has been used as a shop. The purchaser is aware of the permitted user but believes that he can in the meantime continue to use the property as a shop. Which of the following statements is/are correct?

- (i) The Building Authority may, by order, require the owner or the occupier to discontinue the use of the property as a shop.
- (ii) The Building Authority may prohibit the use of the property as a shop on the ground that the property is not suitable for such use.
- (iii) The unauthorised change of user may render the title of the property defective.

- A. (i) only
- B. (ii) only
- C. (iii) only
- D. (i) and (ii) only
- E. (i), (ii) and (iii)**

## Appendix IV

38. A valuation report usually contains which of the following information?
- (i) level of mortgage rate
  - (ii) date of valuation
  - (iii) valuation of the property
  - (iv) fee for the report
- A. (i) and (ii) only
- B. (i) and (iii) only
- C. (ii) and (iii) only**
- D. (ii) and (iv) only
- E. (iii) and (iv) only
- 
39. Under what circumstances would you consider the “Market Comparison Method” of valuation to be the most reliable?
- (i) when general property prices have gone up by more than 50% in the past twelve months
  - (ii) when there are steady and substantial monthly transactions of similar properties in the market
  - (iii) when properties in a particular sector of the market have a high level of physical similarity
- A. (i) only
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (ii) and (iii) only**
- E. (i), (ii) and (iii)



## Appendix IV

40. Calculate the stamp duty chargeable for a tenancy agreement for a domestic property (including its counterpart) based on the following terms:

Term: five years  
Rent: \$100,000 per month  
Rent-free period: first two months  
Option to renew: a further term of three years at \$120,000 per month

- A. \$100  
B. \$105  
C. \$3,005  
**D. \$11,605**  
E. \$12,005
41. Susan (a landlord) and David (a tenant) entered into a residential tenancy agreement for a term of two years commencing on 1 October 2013. The tenancy agreement does not have any express term which gives Susan the right of forfeiture for non-payment of rent. If David fails to pay his rent, can Susan forfeit the tenancy?
- A. Yes, if David fails to pay rent within seven days of the date when the rent falls due.  
B. Yes, if David fails to pay rent within ten days of the date when the rent falls due.  
C. Yes, if David fails to pay rent within fourteen days of the date when the rent falls due.  
**D. Yes, if David fails to pay rent within fifteen days of the date when the rent falls due.**  
E. No.

## Appendix IV

42. A tenant has entered into a tenancy agreement for a term of two years with the option to renew for a further term of two years. In order to protect the tenant's interests, which of the following steps should the estate agent advise the tenant to take?

- (i) The tenant shall let the estate agent sign the tenancy agreement for him.
- (ii) The tenancy agreement should be stamped.
- (iii) The tenancy agreement should be registered with the Land Registry.
- (iv) The tenancy agreement should be filed with the Buildings Department.

- A. (i) and (ii) only
- B. (i) and (iv) only
- C. (ii) and (iii) only**
- D. (iii) and (iv) only
- E. (ii), (iii) and (iv) only

## Appendix IV

43. Ken has recently let his flat to his friend, Joyce. They entered into a tenancy agreement whereby Ken was to let the flat to Joyce for two years from 15 June 2013 for domestic use at a monthly rent of \$10,000 payable on the 15<sup>th</sup> day of each month. The tenancy agreement did not contain any clause which prohibited sub-letting. Under the Landlord and Tenant (Consolidation) Ordinance, Ken may forfeit the tenancy in which of the following circumstances?

- (i) if Joyce sublets the flat to her friend
- (ii) if Joyce uses the property for illegal purposes
- (iii) if Joyce causes unnecessary annoyance to her neighbours
- (iv) if Joyce makes any structural alterations to the property without Ken's prior written consent

- A. (i) and (iv) only
- B. (ii) and (iii) only
- C. (iii) and (iv) only
- D. (i), (ii) and (iii) only
- E. (ii), (iii) and (iv) only**

44. Which of the following is **NOT** a usual clause in a tenancy agreement for domestic premises?

- A. The tenant shall permit the landlord and all his authorised persons to enter and view the state of the property and to carry out any required works at all reasonable times with prior notice.
- B. The tenant shall not assign, underlet or part with possession of the property or any part of it.
- C. The tenant shall keep and maintain the interior of the property in good condition (fair wear and tear excepted).
- D. The tenant shall keep and maintain the exterior and the structure of the property in good condition (fair wear and tear excepted).**
- E. The tenant shall pay the utility charges (e.g. electricity and water charges) of the property.

## Appendix IV

45. Under which of the following circumstances should a Form CR109 be lodged with the Rating and Valuation Department?

- (i) where there is a new letting of residential premises
- (ii) where there is a renewal of an existing tenancy of residential premises
- (iii) where the tenant surrenders the tenancy of residential premises
- (iv) where there is a new letting of commercial premises

A. (iii) only

**B. (i) and (ii) only**

C. (i) and (iv) only

D. (i), (ii) and (iii) only

E. (i), (ii) and (iv) only

## Appendix IV

46. Which of the following are measures that the manager of an estate agency firm should adopt in order to help prevent or detect money laundering and/or financing of terrorism?

- (i) Take note of the statements issued by the Financial Action Task Force on Money Laundering from time to time, and increase scrutiny and enhance due diligence in respect of transactions associated with countries or districts considered to be at higher risk of money laundering or financing of terrorism.
- (ii) Examine the prescribed estate agency agreement to ensure that the name of the corporate client's signatory and the particulars of his identity or travel document have been properly recorded when arranging for the sale and purchase of a property for a corporate client.
- (iii) State in the prescribed estate agency agreement the address of the property transacted, the transaction price, and the date of the signing of the provisional agreement for sale and purchase.
- (iv) Retain the prescribed estate agency agreement for at least five years from the date of the signing of the provisional agreement for sale and purchase.
- (v) Provide copies of all estate agency agreements to the police for record keeping.

- A. (i), (ii) and (iv) only
- B. (i), (iii) and (iv) only
- C. (ii), (iii) and (v) only
- D. (i), (ii), (iii) and (iv) only**
- E. (i), (ii), (iii), (iv) and (v)

## Appendix IV

47. Peter is the manager of a branch office of Wonderful Estate Agency. In order to ensure that a proper information technology (“IT”) system is in place in compliance with legal requirements and to protect personal data, which of the following is/are the proper step(s) that Peter should take in discharge of his duty to provide effective management and control?

- (i) Prohibit the use of pirated software.
- (ii) Devise and implement procedures to reduce information security risks.
- (iii) Include terms in the contract with the IT contractor to safeguard the confidentiality of the data in the computer system.

- A. (i) only
- B. (ii) only
- C. (i) and (ii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

48. Which of the following statements concerning the management of an estate agency business are correct?

- (i) Management must ensure that any person who signs a provisional agreement for sale and purchase as the witness is the holder of an estate agent’s licence.
- (ii) Management must ensure that the business at each office of the estate agency is under the effective and separate control of a manager.
- (iii) Management must not employ any unlicensed person to do estate agency work.
- (iv) Management must notify the Estate Agents Authority in every case of transfer of a licensed estate agent from one branch office to another.

- A. (i) and (iii) only
- B. (i) and (iv) only
- C. (ii) and (iii) only**
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix IV

49. Two weeks ago, YY Estate Agency Limited employed Mimi as a salesperson. One week ago, Lily, a licensed estate agent, was appointed as the manager for the effective and separate control of the business of the branch office of YY Estate Agency Limited at Connaught Road (“the Connaught Road Branch Office”). Yesterday, YY Estate Agency Limited appointed Simon as its director and posted Bo Bo, a salesperson, from the head office to the Connaught Road Branch Office. Under the Estate Agents Ordinance, which of the following matters must YY Estate Agency Limited notify the Estate Agents Authority of?

- (i) Mimi’s employment as a salesperson
- (ii) Lily’s appointment as a manager of the Connaught Road Branch Office
- (iii) Simon’s appointment as a director of the company
- (iv) Bo Bo’s posting from the head office to the Connaught Road Branch Office

- A. (i) and (ii) only
- B. (iii) and (iv) only
- C. (i), (ii) and (iii) only**
- D. (i), (ii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix IV

50. Under the Estate Agents Ordinance, an estate agent who employs a person who is not the holder of a licence to do estate agency work may:

- (i) be subject to disciplinary sanctions by the Estate Agents Authority
- (ii) be sued by any person who has suffered loss or damage by reason of his employment of the unlicensed person to do estate agency work
- (iii) have committed a criminal offence under the Estate Agents Ordinance

- A. (i) only
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**



# Appendix V

## Case Study

Amy Chan (“Amy”) was the owner of a residential flat at Unit 8, 5<sup>th</sup> Floor, Ko Fung Court, No. 1 Ko Fung Street, Hong Kong (“the Property”). She decided to sell the Property because she was in financial trouble. On 5 January 2013, Amy made a call to Sunlight Estate Agency Limited (“Sunlight”) and instructed it to market the Property.

On 7 January 2013, Amy went to Sunlight. She was served by John Lee (“John”), a salesperson of Sunlight. John asked Amy to sign an Estate Agency Agreement (Form 3) with Sunlight. Amy replied that she would sign later when the Property was successfully sold. Amy told John that she would like to sell the Property for \$3 million, but that John should list it at the asking price of \$3.2 million. Amy provided some photos of the Property to John. She told John that the floor area of the Property was approximately 400 square feet. She offered to give John personally a cash incentive of \$5,000 (in addition to the commission payable to Sunlight) if he successfully sold the Property. John accepted the offer. Sunlight had a rule prohibiting its staff from accepting incentives from clients without the supervisor’s approval, but John did not reveal to his supervisor Amy’s offer of a cash incentive.

John conducted a land search of the Property, which is shown in the **Annex**. He also completed the Property Information Form (Form 1).

On 9 January 2013, in order to fetch a higher price for the Property, John decided to issue an advertisement in the newspaper for the sale of the Property at \$3.5 million. He also put up a poster on the shop window of Sunlight with the following description: “*High floor, Ko Fung Court, saleable area 600 square feet, \$3.5 million, Mortgagee Sale*” the same day. On lampposts in the streets near the Property, he also posted advertising bills with the following terms: “*Nicely refurbished property for sale, owner direct, tel number: 6123 4567*”. This was in fact Sunlight’s telephone number.

John introduced the Property to one of his clients, Mrs. Poon. On 25 January 2013, on behalf of Sunlight, John entered into an Estate Agency Agreement (Form 4) with Mrs. Poon. John did not disclose to Mrs. Poon that Amy would pay him personally an extra cash incentive of \$5,000 if he successfully sold the Property.

During the inspection of the Property, Mrs. Poon noticed that the Property had recently been renovated, with new wallpaper and many built-in cabinets. Mrs. Poon also noticed that there was no partition wall between the dining area and the adjoining

## Appendix V

large open kitchen. Mrs. Poon asked John if the open kitchen was an unauthorised alteration. Without making any enquiry, John told Mrs. Poon that a number of other flats in Ko Fung Court had similar open kitchens and that there should not be any problem. In fact, John did not know if his statement was accurate or not. Eventually, on 31 January 2013, a provisional agreement for the sale and purchase of the Property at the price of \$3.2 million was entered into between Mrs. Poon and Amy. The agreement provided that the Property would be sold on an “as is” basis. John did not supply a copy of the land search of the Property to Mrs. Poon. He also forgot to arrange for Amy to enter into an Estate Agency Agreement (Form 3) with Sunlight.

**Please answer the following questions**

# Appendix V

Annex

Land Register

**土地註冊處 THE LAND REGISTRY**  
**土地登記冊 LAND REGISTER**

印製於 PRINTED AT: INTERNET SEARCH (DOWNLOAD)  
查冊日期及時間 SEARCH DATE AND TIME: 7/1/2013  
查冊者姓名 NAME OF SEARCHER: Sunlight Estate Agency Limited  
查冊種類 SEARCH TYPE: HISTORICAL AND CURRENT  
本登記冊列明有關物業截至 7/1/2013 07:30 之資料  
THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF THE PROPERTY UP TO 07:30 ON 7/1/2013.

物業參考編號  
PROPERTY REFERENCE NUMBER (PRN): A4114619

備存土地紀錄以供市民查閱旨在防止秘密及有欺詐成分的物業轉易，以及提供容易追溯和確定土地財產及不動產業權的方法。土地紀錄內載的資料不得用於與土地紀錄的宗旨無關之目的，使用所提供的資料須符合《個人資料（私隱）條例》的規定。

The land records are kept and made available to members of the public to prevent secret and fraudulent conveyances, and to provide means whereby the titles to real and immovable property may be easily traced and ascertained. The information contained in the land records shall not be used for purposes that are not related to the purposes of the land records. The use of information provided is subject to the provisions in the Personal Data (Privacy) Ordinance.

**物業資料**  
**PROPERTY PARTICULARS**  
\*\*\*\*\*

地段編號		批約	HELD UNDER: GOVERNMENT LEASE
LOT NO.:	SECTION C OF INLAND LOT NO.2828	年期	LEASE TERM: 999 YEARS
		開始日期	COMMENCEMENT OF LEASE TERM: 7/1/1862
		每年地稅	RENT PER ANNUM: \$10.00

所佔地段份數  
SHARE OF THE LOT : 62/4500

ADDRESS: UNIT 8 ON FIFTH FLOOR	地址：香港高峰街 1 號
KO FUNG COURT	高峰台
NO. 1 KO FUNG STREET	5 樓 8 室
HONG KONG	

備註 REMARKS: -

**業主資料**  
**OWNER PARTICULARS**  
\*\*\*\*\*

業主姓名 NAME OF OWNER	身份 CAPACITY (IF NOT SOLE OWNER)	註冊摘要編號 MEMORIAL NO.	文件日期 DATE OF INSTRUMENT	註冊日期 DATE OF REGISTRATION	成交價錢 CONSIDERATION
KO FUNG INVESTMENT LIMITED		UB4104510	30/11/1985	21/12/1985	\$52,878,200.00
REMARKS: ASSIGNMENT WITH PLAN OF IL 2828 S.C					
HO YIN LING		UB4553822	3/12/1990	27/12/1990	\$1,487,200.00
REMARKS: ASSIGNMENT WITH PLAN					
SO SIU KIN		UB6551092	15/2/1996	13/3/1996	\$2,400,000.00
AMY CHAN		07101300960088	14/9/2007	13/10/2007	\$3,000,000.00

# Appendix V

## 物業涉及的轉讓

### INCUMBRANCES

\*\*\*\*\*

註冊摘要編號 MEMORIAL NO.	文件日期 DATE OF INSTRUMENT	註冊日期 DATE OF REGISTRATION	文件性質 NATURE	受益人 IN FAVOUR OF	成交價錢 CONSIDERATION
UB3393906	25/6/1990	30/6/1990	OCCUPATION PERMIT NO. H6/19	-	-
UB4393909	10/7/1990	30/7/1990	DEED OF MUTUAL COVENANTS WITH PLANS	-	-
UB4449376	8/9/1990	20/9/1990	AGREEMENT FOR SALE AND PURCHASE WITH PLAN	HO YIN LING REMARKS: SEE ASSIGNMENT MEM. NO. UB4553822	\$1,487,200.00
UB4553823	3/12/1990	27/12/1990	MORTGAGE TO SECURE GENERAL CREDIT FACILITIES	CREDIT FINANCE LIMITED REMARKS: THE CONSIDERATION IS ALL MONEYS	-
UB5113895	28/2/1992	27/3/1992	RELEASE		
UB6536477	10/1/1996	7/2/1996	AGREEMENT FOR SALE AND PURCHASE	SO SIU KIN REMARKS: SEE ASSIGNMENT MEM. NO.UB6551092	\$2,400,000.00
UB6551093	15/2/1996	13/3/1996	MORTGAGE	ZERO BANK LIMITED - REMARKS: THE CONSIDERATION IS ALL MONEYS EXERCISE POWER OF SALE, SEE ASSIGNMENT MEM. NO. 07101300960088	
UB6634446	27/8/1996	3/9/1996	SEALED COPY ORDER IMPOSING CHARGE ON LAND: NOTICE TO SHOW CAUSE	SHARK FINANCE CO. LTD "PLAINTIFF" SO SIU KIN "DEFENDANT" REMARKS: IN H.C. ACTION NO.A6847 OF 1996	
UB6665515	19/9/1996	1/10/1996	SEALED COPY OF CHARGING ORDER ABSOLUTE	SHARK FINANCE CO. LTD "PLAINTIFF" SO SIU KIN "DEFENDANT" REMARKS: IN H.C. ACTION NO.A6847 OF 1996	
07090300184455	22/8/2007	3/9/2007	AGREEMENT FOR SALE AND PURCHASE	AMY CHAN REMARKS: SEE ASSIGNMENT MEM. NO. 07101300960088	\$3,000,000.00
07101300960099	14/9/2007	13/10/2007	LEGAL CHARGE TO SECURE GENERAL BANKING FACILITIES	PROFIT BANK LIMITED - REMARKS: THE CONSIDERATION IS ALL MONEYS	
12122300150651	1/12/2012	23/12/2012	MEMORANDUM OF OUTSTANDING MANAGEMENT FEES AND OTHER CHARGES	REMARKS: BY KO FUNG PROPERTIES MANAGEMENT LIMITED	

## 等待註冊的契約

### DEEDS PENDING REGISTRATION

\*\*\*\*\*

NIL

\*\*\*\*\* END OF REGISTER \*\*\*\*\*

## Appendix V

1. For the purpose of completing the Property Information Form (Form 1), which of the following are the current and subsisting encumbrances of the Property as found in the land search in the **Annex**?

- (i) Mortgage Memorial No. UB6551093
- (ii) Sealed Copy Order Imposing Charge on Land: Notice to Show Cause Memorial No. UB6634446
- (iii) Sealed Copy of Charging Order Absolute Memorial No. UB6665515
- (iv) Legal Charge Memorial No. 07101300960099
- (v) Memorandum Memorial No. 12122300150651

- A. (iv) and (v) only**
- B. (i), (ii) and (iii) only
- C. (i), (iv) and (v) only
- D. (iii), (iv) and (v) only
- E. (i), (ii), (iii), (iv) and (v)

2. According to the land search in the **Annex**, who is the present mortgagee of the Property?

- A. Credit Finance Limited
- B. Zero Bank Limited
- C. Shark Finance Co. Ltd.
- D. Profit Bank Limited**
- E. Ko Fung Properties Management Limited

## Appendix V

3. For the purpose of completing the information on the saleable area of the Property in the Property Information Form (Form 1), which of the following is the prescribed source for such information?
- A. Occupation Permit Memorial No. UB3393906
  - B. Deed of Mutual Covenants with Plans Memorial No. UB4393909
  - C. Assignment Memorial No. UB4104510
  - D. Assignment Memorial No. UB4553822
  - E. The “Property Information Online” service provided by the Rating and Valuation Department**
4. With regard to Memorandum Memorial No. 12122300150651, which of the following statements is/are probably correct?
- (i) Management fees for the Property have not been paid.
  - (ii) Ko Fung Properties Management Limited was the party which registered this instrument in the Land Registry.
  - (iii) The Property can be assigned only after the consent of Ko Fung Properties Management Limited has been obtained.
  - (iv) This Memorandum would cease to have effect upon the sale of the Property.
- A. (i) only
  - B. (i) and (ii) only**
  - C. (i) and (iv) only
  - D. (ii) and (iii) only
  - E. (iii) and (iv) only

## Appendix V

5. According to the land search in the **Annex**, what is the unexpired term of the Government Lease of Section C of Inland Lot No. 2828 as at the date of the search?
- A. 50 years
  - B. 99 years
  - C. 848 years**
  - D. 999 years
  - E. 2047 years
6. To comply with the Practice Regulation, what is the latest time for Sunlight to enter into an Estate Agency Agreement (Form 3) with Amy?
- A. 5 January 2013
  - B. 7 January 2013
  - C. Within 7 working days after 5 January 2013
  - D. 9 January 2013**
  - E. 31 January 2013

## Appendix V

7. With regard to the shop window poster and the lamppost bills to advertise the Property, which of the following provisions in the Practice Regulation has Sunlight contravened?

- (i) A licensed estate agent shall obtain the vendor's written consent prior to the issue of an advertisement in respect of the vendor's residential property.
- (ii) A licensed estate agent shall not cause or permit to be advertised a residential property in respect of which he is acting as the agent at a price or on terms different from those instructed by the client concerned.
- (iii) A licensed estate agent shall not cause or permit to be issued an advertisement wholly or partly relating to his estate agency business which includes any statement or particular that is false or misleading in a material particular.

- A. (i) only
- B. (ii) only
- C. (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

8. To comply with the Estate Agents Ordinance, Practice Regulation and Code of Ethics, which of the following matters should John disclose to Mrs. Poon?

- (i) his salesperson's licence number
- (ii) Amy's offer to give him personally an extra cash incentive of \$5,000 if he successfully sold the Property
- (iii) the subsisting encumbrances on the Property
- (iv) the reason why Amy wanted to sell the Property

- A. (i) only
- B. (ii) and (iii) only
- C. (i), (ii) and (iii) only**
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)



## Appendix V

9. Which of the following acts/omissions on the part of John may subject him to disciplinary sanctions by the Estate Agents Authority?
- (i) John did not supply a copy of the land search to Mrs. Poon before the provisional agreement for sale and purchase of the Property was entered into.
  - (ii) John issued an advertisement for the sale of the Property at \$3.5 million instead of \$3.2 million as instructed by Amy.
  - (iii) John posted advertising bills on lampposts in the streets.
  - (iv) John entered into an Estate Agency Agreement (Form 4) on behalf of Sunlight with Mrs. Poon on 25 January 2013.
  - (v) In reply to Mrs. Poon's question as to whether the open kitchen was an unauthorised alteration, John advised that there should not be any problem.
- A. (i), (ii) and (iii) only  
B. (i), (iii) and (iv) only  
C. (ii), (iv) and (v) only  
**D. (i), (ii), (iii) and (v) only**  
E. (ii), (iii), (iv) and (v) only

## Appendix V

10. Which of the following acts/omissions may be in contravention of the Practice Regulation and/or are improper practices?

- (i) John accepted Amy's offer to give him personally an extra cash incentive of \$5,000 and did not reveal this to his supervisor.
- (ii) John did not disclose to Mrs. Poon that he would receive an extra cash incentive of \$5,000 from Amy.
- (iii) Sunlight did not enter into an estate agency agreement (Form 3) with Amy.
- (iv) John did not make any enquiries before replying to Mrs. Poon's question about the open kitchen.

- A. (i) and (ii) only
- B. (iii) and (iv) only
- C. (i), (ii) and (iii) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)**

# Appendix VI

## Case Study

Mr. Wan Kwok Wah (“Mr. Wan”) was a co-owner of a residential flat at Flat G, 6<sup>th</sup> Floor, Elite Mansion, No. 2 Elite Avenue, Hong Kong (“the Property”). In November 2012, as Mr. Wan wished to move out from the Property, he listed the Property for sale with Bright Property Agency Limited (“Bright Agency”) under an exclusive agency agreement for three months.

Edith Wong (“Edith”), an estate agent and branch manager of Smart Property Agency Limited (“Smart Agency”), learnt from Tom, a salesperson of Bright Agency, that Mr. Wan had entered into an exclusive agency agreement to list the Property with Bright Agency. Edith approached Mr. Wan and told him that she could sell the Property for him at a good price within two weeks. Mr. Wan asked Edith whether there would be an additional commission if he appointed Smart Agency to sell the Property. Edith told him that since Bright Agency had not introduced any purchasers to him, he could terminate the appointment of Bright Agency by giving it a notice of termination and he would then not be liable to pay Bright Agency any commission. Relying on Edith’s assurance, Mr. Wan entered into an Estate Agency Agreement (Form 3) with Smart Agency on 20 January 2013 and instructed Edith to list the Property for sale at the price of \$6.5 million. Mr. Wan also informed Edith that he and his brother had held the Property as tenants in common, and that his brother had passed away the previous year, leaving a will appointing Mr. Wan as his sole executor. Edith advised Mr. Wan to produce his brother’s death certificate and will to prove that he was able to sell the Property alone. Edith also told Mr. Wan that Smart Agency would issue an advertisement for the Property.

In the **Annex** is a land search of the Property. The land search revealed that the building (i.e. Elite Mansion), of which the Property formed part, was subject to a Building Order Memorial No. 10122800250061 issued by the Building Authority (“Building Order”). Mr. Wan informed Edith that the Building Order was related to the maintenance of a dangerous slope adjacent to Elite Mansion. Mr. Wan told Edith that he had already paid his contribution towards the maintenance works, and produced a receipt issued by the Incorporated Owners of Elite Mansion as evidence. Mr. Wan suggested to Edith that since he had already paid his contribution to the costs of the slope maintenance works, there was no need to tell potential purchasers about the Building Order. Mr. Wan told Edith that he was worried that purchasers might raise requisitions on the Building Order. He therefore offered to pay Edith \$5,000 and asked Edith not to mention the Building Order in the Property Information Form

## Appendix VI

(Form 1). Edith took the money and assured Mr. Wan that there was no need to mention the Building Order in Form 1 or the provisional agreement for sale and purchase, and also that she would not make a fuss.

Since the market had slowed down, one month after listing the Property, Edith called Mr. Wan and asked him to consider reducing the sale price. Mr. Wan orally agreed to reduce the list price of the Property to \$6 million.

Sunny was a salesperson of Smart Agency and worked under the supervision of Edith. One of Sunny's clients, Polly Cheung ("Polly"), was interested in the Property because her mother lived nearby. She had decided to move near her mother so that her newborn baby could be taken care of. She informed Sunny that she would need to take out a mortgage to finance her purchase of the Property.

Sunny did not provide a copy of the land search of the Property to Polly. He told Polly that the Property was not subject to any subsisting encumbrances.

Sunny suggested to Polly that, in order to show her sincerity, Polly should sign a provisional agreement for sale and purchase with the terms left unfilled and give him a deposit to facilitate his negotiation with the vendor. He informed Polly that if her offer was acceptable to the vendor, he would ask the vendor to sign a provisional agreement for sale and purchase and he would pay the deposit to the vendor. Relying on such advice, Polly signed a provisional agreement for sale and purchase with the terms unfilled and gave Sunny \$50,000 in cash for the payment of deposit. Polly also agreed to pay a commission in the sum of \$80,000 to Smart Agency. As he was in a hurry, Sunny forgot to ask Polly to enter into an Estate Agency Agreement (Form 4) with Smart Agency.

Edith informed Mr. Wan that Polly had offered to purchase the Property at \$6.3 million. Edith impressed upon Mr. Wan that this was a very good offer under the then market conditions and urged him to accept it without delay. The following day, Mr. Wan accepted the offer and entered into a provisional agreement for sale and purchase at the price of \$6.3 million with Polly ("Provisional Agreement"). The Provisional Agreement stipulated that Mr. Wan would deliver vacant possession of the Property on completion. The Provisional Agreement did not mention the Building Order.

A few days later, Polly was advised by her solicitor that the Property was subject to a building order. As a result, she could not obtain mortgage financing for the purchase

## Appendix VI

and had to borrow money from her mother to pay the balance of the purchase price. Dissatisfied with Sunny's service, Polly lodged a complaint against Sunny with the Estate Agents Authority.

Upon completion of the sale and purchase transaction, Smart Agency demanded Polly pay the commission of \$80,000. Polly refused to pay because she was not satisfied with Sunny's service. Smart Agency decided to engage a debt-collection company to recover the commission. Smart Agency passed a copy of Polly's identity card and the address of the Property to the debt-collection company and informed the debt-collection company of the amount to be collected. Smart Agency also gave the telephone number of Polly's mother to the debt-collection company. The debt-collection company faxed a demand letter to Polly's employer. As a result, her colleagues came to know about the matter.

**Please answer the following questions**

# Appendix VI

Annex

## 土地註冊處 THE LAND REGISTRY 土地登記冊 LAND REGISTER

印製於 PRINTED AT: INTERNET SEARCH (DOWNLOAD)  
查冊日期及時間 SEARCH DATE AND TIME: 20/01/2013 12:28  
查冊者姓名 NAME OF SEARCHER: Smart Agency  
查冊種類 SEARCH TYPE: HISTORICAL AND CURRENT

本登記冊列明有關物業截至 20/01/2013 07:30 之資料  
THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF THE PROPERTY UP TO 07:30 ON 20/01/2013.

備存土地紀錄以供市民查閱旨在防止秘密及有欺詐成分的物業轉易，以及提供容易追溯和確定土地財產及不動產業權的方法。土地紀錄內載的資料不得用於與土地紀錄的宗旨無關之目的，使用所提供的資料須符合《個人資料（私隱）條例》的規定。

The land records are kept and made available to members of the public to prevent secret and fraudulent conveyances, and to provide means whereby the titles to real and immovable property may be easily traced and ascertained. The information contained in the land records shall not be used for purposes that are not related to the purposes of the land records. The use of information provided is subject to the provisions in the Personal Data (Privacy) Ordinance.

### 物業資料

#### PROPERTY PARTICULARS

物業參考編號

PROPERTY REFERENCE NUMBER (PRN): A1838802

地段編號

LOT NO.: INLAND LOT NO. 8780

批約 HELD UNDER: CONDITIONS OF EXCHANGE NO.12213  
年期 LEASE TERM: FROM 2 JUNE 1992 TO 23 FEBRUARY 2032  
開始日期 COMMENCEMENT OF LEASE TERM: 02/06/1992  
每年地稅 RENT PER ANNUM: -

所佔地段份數

SHARE OF THE LOT: 75/306

ADDRESS: FLAT G ON 6TH FLOOR  
ELITE MANSION  
NO. 2 ELITE AVENUE  
HONG KONG

地址: 香港精英里 2 號  
精英大廈  
6 樓 G 室

備註

REMARKS: THE RENT IS AS SPECIFIED IN G.C. (1) OF C/E 12213 (IL 8780)  
CONSENT GIVEN BY DIRECTOR OF LANDS DATED 6.7.95 TO ENTER INTO AGREEMENTS FOR SALE AND PURCHASE  
THE ABOVE CONSENT RE RESIDENTIAL UNITS, CAR PARKING SPACES AND RESERVED SPACES

### 業主資料

#### OWNER PARTICULARS

業主姓名 NAME OF OWNER	身份 (如非唯一擁有人) CAPACITY (IF NOT SOLE OWNER)	註冊摘要編號 MEMORIAL NO.	文書日期 DATE OF INSTRUMENT	註冊日期 DATE OF REGISTRATION	代價 CONSIDERATION
HC BANKING LIMITED		-	-	-	-
			備註	REMARKS: CONDITIONS OF EXCHANGE NO.12213 OF IL 8780	
EVER GOOD IMITATION JEWELLERY LIMITED		UB6660751	10/06/1996	29/06/1996	\$4,822,000.00
			備註	REMARKS: ASSIGNMENT WITH PLAN	
LEE WAI SUM		UB7414491	23/01/1998	13/02/1998	\$8,700,000.00
WAN KWOK WAH	TENANT IN COMMON (1/2)	05042702460788	31/03/2005	27/04/2005	\$5,480,000.00 (PT.)
WAN KWOK KEI	TENANT IN COMMON (1/2)				
			備註	REMARKS: ASSIGNMENT	
WAN KWOK WAH	EXECUTOR	08101633448001	27/09/2008	16/10/2008	-
			備註	REMARKS: PROBATE OF WAN KWOK KEI "DECEASED" RE 1/2 SHARE	

# Appendix VI

## 物業涉及的轉轉 INCUMBRANCES

註冊摘要編號 MEMORIAL NO.	文書日期 DATE OF INSTRUMENT	註冊日期 DATE OF REGISTRATION	文書性質 NATURE	受惠各方 IN FAVOUR OF	代價 CONSIDERATION
UB6238051	24/02/1995	10/03/1995	MODIFICATION LETTER WITH PLAN 備註 REMARKS: RE IL 8780	- -	-
UB6329301	15/06/1995	29/06/1995	DEED POLL 備註 REMARKS: RE IL 8780 R.P. & IL 8780 S.A.		
UB6377410	22/08/1995	24/08/1995	UNDERTAKING BY HANG WENG BANK LIMITED	THE GOVERNMENT OF HONG KONG AND THE DIRECTOR OF LANDS -	-
UB6405718	02/09/1995	23/09/1995	AGREEMENT FOR SALE AND PURCHASE WITH PLAN 備註 REMARKS: SEE ASSIGNMENT MEM. NO.UB6660751	EVER GOOD IMITATION JEWELLERY LIMITED -	\$4,822,000.00
UB6420855	28/09/1995	13/10/1995	EQUITABLE MORTGAGE TO SECURE GENERAL BANKING FACILITIES 備註 REMARKS: BY EVER GOOD IMITATION JEWELLERY LIMITED	KWONG HON BANK, LIMITED -	\$2,500,000.00
UB7414490	23/01/1998	13/02/1998	RECEIPT ON DISCHARGE	- -	-
UB6554556	31/01/1996	15/03/1996	OCCUPATION PERMIT NO. H8/97	- -	-
UB6643382	29/05/1996	14/06/1996	DEED OF MUTUAL COVENANT AND MANAGEMENT AGREEMENT WITH PLANS	ELITE MANAGEMENT COMPANY LIMITED "THE MANAGER" -	-
UB6660752	10/06/1996	29/06/1996	LEGAL CHARGE	KWONG HON BANK, LIMITED -	\$2,500,000.00
UB7414490	23/01/1998	13/02/1998	RECEIPT ON DISCHARGE	- -	-
UB7378816	10/12/1997	29/12/1997	AGREEMENT FOR SALE AND PURCHASE 備註 REMARKS: SEE ASSIGNMENT MEM.NO.UB7414491	LEE WAI SUM -	\$8,700,000.00
UB7414492	23/01/1998	13/02/1998	LEGAL CHARGE TO SECURE GENERAL CREDIT FACILITIES 備註 REMARKS: THE CONSIDERATION IS ALL MONEYS	AMERICAN INTERNATIONAL COMPANY (BERMUDA) LIMITED -	-
05042702460777	31/03/2005	27/04/2005	RELEASE	- -	-
05031001490315	01/02/2005	10/03/2005	AGREEMENT FOR SALE AND PURCHASE	WAN KWOK WAH (TENANT IN COMMON) (1/2) WAN KWOK KEI (TENANT IN COMMON) (1/2)	\$5,480,000.00 (PT.)

# Appendix VI

備註 REMARKS: SEE ASSIGNMENT MEM. NO. 05042702460788

05042702460799	31/03/2005	27/04/2005	MORTGAGE TO SECURE GENERAL BANKING FACILITIES	WAYFREE FINANCE LIMITED
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備註 REMARKS: THE CONSIDERATION IS ALL MONEYS

10122800250061	28/10/2010	28/12/2010	ORDER NO.DH0133/HK/10C BY THE BUILDING AUTHORITY UNDER S.27A OF THE BUILDINGS ORDINANCE WITH PLAN
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12121800090009	30/11/2012	18/12/2012	MEMORANDUM OF CHARGE	ELITE MANAGEMENT COMPANY LIMITED "THE MANAGER"	-
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等待註冊的契約

**DEEDS PENDING REGISTRATION**

註冊摘要編號 MEMORIAL NO.	文書日期 DATE OF INSTRUMENT	交付日期 DATE OF DELIVERY	文書性質 NATURE	受惠各方 IN FAVOUR OF	代價 CONSIDERATION
NIL					

\*\*\*\*\* 登記冊末端 END OF REGISTER \*\*\*\*\*



## Appendix VI

1. For the purpose of completing the Property Information Form (Form 1), which of the following are the current and subsisting encumbrances on the Property, according to the land search in the **Annex**?

- (i) Undertaking Memorial No. UB6377410
- (ii) Mortgage Memorial No. 05042702460799
- (iii) Order Memorial No. 10122800250061
- (iv) Memorandum of Charge Memorial No. 12121800090009

- A. (i) and (ii) only
- B. (ii) and (iii) only
- C. (iii) and (iv) only
- D. (ii), (iii) and (iv) only**
- E. (i), (ii), (iii) and (iv)

2. Which of the following documents would likely set out the rights and obligations of the owners of Inland Lot No. 8780 and/or Elite Mansion?

- (i) Deed of Mutual Covenant and Management Agreement with Plans Memorial No. UB6643382
- (ii) Assignment Memorial No. 05042702460788
- (iii) Conditions of Exchange No. 12213
- (iv) Agreement for Sale and Purchase with Plan Memorial No. UB6405718

- A. (i) and (ii) only
- B. (i) and (iii) only**
- C. (iii) and (iv) only
- D. (i), (ii) and (iv) only
- E. (ii), (iii) and (iv) only

## Appendix VI

3. According to the land search in the **Annex**, which of the following statements is/are probably correct?

- (i) The share of the Property in Inland Lot No. 8780 is 75 out of 306 equal undivided shares.
- (ii) The building of which the Property forms part was completed in 1996.
- (iii) The lease term of the Conditions of Exchange No. 12213 of Inland Lot No. 8780 is 75 years renewable for 75 years.

- A. (i) only
- B. (ii) only
- C. (i) and (ii) only**
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

4. When completing the Property Information Form (Form 1) for the Property, Edith may check:

- (i) Conditions of Exchange No. 12213 of Inland Lot No. 8780 to find out the saleable area of the Property
- (ii) Occupation Permit Memorial No. UB6554556 to find out the year of completion of the Property
- (iii) Occupation Permit Memorial No. UB6554556 to find out the permitted user of the Property
- (iv) Agreement for Sale and Purchase with Plan Memorial No. UB6405718 to find out the saleable area of the Property

- A. (i), (ii) and (iii) only
- B. (i), (ii) and (iv) only
- C. (i), (iii) and (iv) only
- D. (ii), (iii) and (iv) only**
- E. (i), (ii), (iii) and (iv)

## Appendix VI

5. For which of the following documents registered in the land register of the Property should Sunny advise Polly to obtain legal advice?

- (i) Assignment Memorial No. 05042702460788
- (ii) Order Memorial No. 10122800250061
- (iii) Memorandum of Charge Memorial No. 12121800090009

- A. (i) only
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (ii) and (iii) only**
- E. (i), (ii) and (iii)

6. Based on the information available from the land search in the **Annex**, which of the following statements regarding the instrument registered with Memorial No. 12121800090009 is/are correct?

- (i) It is a record of the monthly management fees payable by each owner of Elite Mansion.
- (ii) It is an encumbrance affecting the Property.
- (iii) It should be stated in the provisional agreement for sale and purchase that this instrument must be discharged on or before completion.

- A. (i) only
- B. (ii) only
- C. (iii) only
- D. (ii) and (iii) only**
- E. (i), (ii) and (iii)

## Appendix VI

7. According to the land search in the **Annex**, which of the following statements is/are correct?

- (i) The unexpired term of Conditions of Exchange No. 12213 of Inland Lot No. 8780 as at the date of the land search is more than 30 years.
- (ii) The vendor of the Property in Assignment Memorial No. 05042702460788 was Lee Wai Sum.
- (iii) Legal Charge Memorial No. UB6660752 was discharged on 10 June 1996.

- A. (i) only
- B. (ii) only**
- C. (i) and (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

8. On the basis of the facts in the Case Study, which of the following complaints against Sunny that Polly made to the Estate Agents Authority have reasonable grounds?

- (i) Sunny failed to provide her with a copy of the land search of the Property.
- (ii) Sunny misstated to her that the Property was not subject to any subsisting encumbrances.
- (iii) Sunny should not have arranged for her to sign a provisional agreement for sale and purchase with the terms not filled in.

- A. (i) only
- B. (ii) only
- C. (iii) only
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)**

## Appendix VI

9. Under the Practice Regulation, when must Edith provide a completed Property Information Form (Form 1) to Mr. Wan?
- A. Before she enters into an Estate Agency Agreement (Form 3) with Mr. Wan or before Mr. Wan enters into an agreement for sale and purchase with a purchaser, at the option of Edith.
  - B. Before she begins marketing the Property for Mr. Wan.
  - C. **Before she enters into an Estate Agency Agreement (Form 3) with Mr. Wan or before Mr. Wan enters into an agreement for sale and purchase with a purchaser, at the option of Mr. Wan.**
  - D. After she enters into an Estate Agency Agreement (Form 3) with Mr. Wan but before completion of the sale and purchase of the Property.
  - E. After Mr. Wan enters into an agreement for sale and purchase with a purchaser.
10. Since the land search of the Property revealed that the Property was subject to Building Order Memorial No. 10122800250061 (“Building Order”), Edith might have breached the Practice Regulation if she did not:
- (i) disclose the Building Order in the Property Information Form (Form 1).
  - (ii) attach a copy of the Building Order to the Property Information Form (Form 1) and supply them to Mr. Wan.
  - (iii) advise Mr. Wan to produce a receipt of the payment of his contribution to the costs of the maintenance work.
- A. **(i) only**
  - B. (ii) only
  - C. (iii) only
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)

## Appendix VI

11. When Smart Agency and Mr. Wan entered into an Estate Agency Agreement (Form 3), which of the following information should Smart Agency have obtained in order to comply with the requirements of the Estate Agents Ordinance and Practice Regulation?

- (i) the particulars of the current ownership of the Property
- (ii) the saleable area of the Property
- (iii) the year of completion of the Property
- (iv) the market value of the Property

- A. **(i), (ii) and (iii) only**
- B. (i), (ii) and (iv) only
- C. (i), (iii) and (iv) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

12. Regarding the fact that the Property had been held by Mr. Wan and his brother as tenants in common and that his brother had passed away the previous year, leaving a will appointing Mr. Wan as his sole executor, which of the following statements is correct?

- A. Mr. Wan should produce a letter from the Inland Revenue Department to show that the estate duty of his brother was fully settled.
- B. Mr. Wan should produce the grant of probate in respect of his brother's estate showing Mr. Wan as the sole executor of his brother's estate.**
- C. Mr. Wan has become the sole owner of the Property under the doctrine of survivorship.
- D. Mr. Wan should produce the death certificate and the will of his brother in order to show that Mr. Wan is the sole owner of the Property.
- E. The assignment of the Property must be jointly executed by Mr. Wan and the beneficiary(ies) of his brother's estate.

## Appendix VI

13. Smart Agency might not be able to claim the unpaid commission from Polly. With regard to the Estate Agents Ordinance, which of the following is/are probably the reason(s)?

- (i) Polly had lodged a complaint against Sunny with the Estate Agents Authority.
- (ii) The amount of the commission payable was more than 1% of the purchase price.
- (iii) Polly had not entered into an Estate Agency Agreement (Form 4) with Smart Agency.
- (iv) Sunny had not supplied a copy of the land search of the Property to Polly.

- A. (i) only
- B. (iii) only**
- C. (ii) and (iii) only
- D. (ii) and (iv) only
- E. (i), (iii) and (iv) only

14. With regard to the advertisement for the Property issued by Smart Agency for Mr. Wan, which of the following statements is/are consistent with the Practice Regulation?

- (i) Smart Agency should advertise the Property at the list price of \$6.5 million unless Mr. Wan changed his instructions on the list price.
- (ii) Smart Agency should advertise the Property at the prevailing market price irrespective of Mr. Wan's instruction.
- (iii) Smart Agency should remove the advertisement as soon as practicable after the Property is sold.

- A. (i) only
- B. (i) and (ii) only
- C. (i) and (iii) only**
- D. (ii) and (iii) only
- E. (i), (ii) and (iii)

## Appendix VI

15. Which of the following pieces of advice given by Edith to Mr. Wan are probably **INCORRECT**?

- (i) Mr. Wan might sell the Property as sole owner so long as he is able to produce the death certificate and the will of his brother.
- (ii) Mr. Wan would not be liable to pay any commission to Bright Agency because Bright Agency had not introduced any purchasers to Mr. Wan.
- (iii) There was no need to mention the Building Order in the Property Information Form (Form 1) or provisional agreement for sale and purchase.
- (iv) Mr. Wan could terminate Bright Agency's exclusive agency appointment by giving a notice of termination to Bright Agency.

- A. (i) and (ii) only
- B. (ii) and (iv) only
- C. (i), (ii) and (iii) only
- D. (i), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)**



## Appendix VI

16. With regard to Polly's payment of the deposit of \$50,000 in cash, which of the following are the requirements that Smart Agency should have complied with under the Practice Regulation?

- (i) Issue a written receipt to Polly acknowledging receipt of the \$50,000.
- (ii) Deposit the \$50,000 in a trust account Smart Agency maintained with a bank.
- (iii) Provide Polly with a copy of the paid-in slip for the deposit of the \$50,000 into an office account maintained by Smart Agency at a bank.
- (iv) Use the \$50,000 as partial payment of the commission by Mr. Wan to Smart Agency and issue a written receipt to Mr. Wan.

- A. (i) and (ii) only
- B. (i) and (iii) only
- C. (ii) and (iv) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii), (iii) and (iv)

## Appendix VI

17. Which of the following acts of Edith might have breached the Estate Agents Ordinance and/or Practice Regulation and/or Code of Ethics?

- (i) Edith advised Mr. Wan that he could terminate the exclusive agency agreement with Bright Agency and hence would not be liable to pay any commission to Bright Agency.
- (ii) Edith agreed not to mention the Building Order in the Property Information Form (Form 1).
- (iii) Edith told Mr. Wan that Polly offered to purchase the Property at \$6.3 million.
- (iv) Edith advised Mr. Wan to stipulate in the Provisional Agreement that he should deliver vacant possession of the Property to the purchaser on completion.

- A. **(i) and (ii) only**
- B. (ii) and (iii) only
- C. (iii) and (iv) only
- D. (i), (ii) and (iii) only
- E. (i), (ii), (iii) and (iv)

18. As Polly's agent, Sunny should have advised Polly on which of the following matters?

- (i) A debt-collection company would be appointed by Smart Agency if the commission was not paid by a certain date.
- (ii) The Property was subject to a building order.
- (iii) The Property was subject to a memorandum of charge.
- (iv) The deposit should be stakeheld by a firm of solicitors.

- A. (i) only
- B. (i) and (ii) only
- C. (iii) and (iv) only
- D. (ii), (iii) and (iv) only
- E. **(i), (ii), (iii) and (iv)**

## Appendix VI

19. Which of the following matters should Mr. Wan attend to on the day of completion in order to deliver vacant possession of the Property to Polly?

- (i) Ensure that all chattels not sold together with the Property are removed from the Property.
- (ii) Ensure that no occupier stays in the Property.
- (iii) Deliver the keys of the Property to Polly.
- (iv) Change the electricity account to Polly's name.

- A. (ii) only
- B. (i) and (ii) only
- C. (iii) and (iv) only
- D. (i), (ii) and (iii) only**
- E. (i), (ii), (iii) and (iv)

20. Which of the following acts of Smart Agency might have breached the Personal Data (Privacy) Ordinance when it instructed a debt-collection company to recover the outstanding agency commission from Polly?

- (i) Smart Agency provided the address of the Property to the debt-collection company.
- (ii) Smart Agency passed a copy of Polly's identity card to the debt-collection company.
- (iii) Smart Agency informed the debt-collection company about the amount of the commission due and owing by Polly.
- (iv) Smart Agency provided the telephone number of Polly's mother to the debt-collection company.

- A. (i) and (iii) only
- B. (ii) and (iii) only
- C. (ii) and (iv) only**
- D. (i), (ii) and (iv) only
- E. (i), (ii), (iii) and (iv)