

## April 2022 e-Quiz

### *Notes to candidates:*

- 1. Most of the contents of this e-Quiz are adopted from April 2020 e-Quiz.*
- 2. Please read the scenario before attempting the questions. The subject matter and names of parties are fictitious.*
- 3. Clause 5.2 of the CPD Scheme Guidelines provides that, for the purpose of the award of the Certificate of Attainment, the following limitation applies in calculating CPD points:  
To encourage practitioners to diversify their modes of learning, certain modes may be capped. For example, the cap for EAA e-Quiz is four CPD points per a 12-month CPD period. Therefore, even if a participant completes more than four e-Quizzes (one CPD point each) during a 12-month CPD period, only four CPD points can be earned.*

**Pass Mark: You will have 10 questions in this e-Quiz. You will earn one CPD point if you can score not less than 5 correct answers.**

**Remarks: In the following questions, the following words have the following corresponding meanings:**

- “the Authority” means the Estate Agents Authority;**
- “the Ordinance” means the Estate Agents Ordinance;**
- “the Practice Regulation” means the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation;**
- “the Licensing Regulation” means the Estate Agents (Licensing) Regulation;**
- “the Code of Ethics” means the Code of Ethics issued by the Estate Agents Authority; and**
- “the Practice Circular” means the practice circulars issued by the Estate Agents Authority.**

### Case

Mr. Master is a licensed estate agent, the sole proprietor of M-Company which carries on estate agency business in a rented shop premises in Aberdeen, Hong Kong. Mr. Master has held the licence for nearly 5 years and his current licence is due to expire in less than 2 months. Besides, the term of tenancy of the shop premises where he runs his estate agency business has less than 3 months to go. For the past few years, Mr. Master has been enjoying relatively cheap rent. The landlord has indicated to him that the rent for the new term, if renewed, will be subject to a tremendous increment. To keep the business run at a relatively low cost, Mr. Master is already looking for alternative premises nearby.

Under Mr. Master's employment, there is a Mr. Agent, who is also a licensed estate agent. He has been a holder of the licence for almost 4 years. Before then, Mr. Agent had been working as a finance officer in Fair House, a finance company based in Hong Kong for almost 5 years.

Ms. Beauty, Mr. Agent's friend, is the personal assistant to Mr. Funny, the Sales and Marketing Director of Fair House. Very frequently Ms. Beauty would discreetly, without Mr. Funny's knowledge or permission, introduce the estate agency service of Mr. Agent to those influential customers of Fair House who show interest in investing in real estate in Hong Kong. In return, Mr. Agent would buy Ms. Beauty a very expensive gift after the completion of each successful deal with such of customers referred to or introduced by Ms. Beauty.

Mr. Master has recently promoted Mr. Agent to be the manager of M-Company as per s.38 of the Ordinance to ensure that the business of M-Company is under his effective and separate control. He is also thinking of recruiting at least one additional licensed estate agent. Mr. Agent recommends his nephew Carl, who is aged 17 and has just completed his Form 5 education. Carl has not yet attempted or passed the Estate Agents Qualifying Examinations but is seriously interested in joining the real estate business sector. While chatting to Carl, Mr. Master finds out that Carl has been charged for littering in a public place and he has admitted the charge. Although Mr. Master is very pleased with Carl's personality, deep down, Mr. Master is not sure if Carl's admission to the littering charge would adversely affect his eligibility to be granted an estate agent licence. Nonetheless, Mrs. Master has decided to keep Carl as his personal assistant in the office to relieve his heavy estate agency workload until such time Carl has passed the Estate Agents Qualifying Examinations. Meanwhile, Carl's duties would be confined to taking telephone calls and messages from general enquiries, arranging for the printing of the promotional pamphlets for the properties which M-Company will display for its customers, and keeping books of accounts of commission paid by customers.

One Friday afternoon, Ms. Vivian comes into the shop premises of M-Company and wishes to instruct M-Company to be her agent to sell a residential flat located at 4B, Sai Ying Building, Sai Ying Street, Sheung Wan ("Property"). Mr. Agent is the only person present at the shop premises of M-Company at the time. Ms. Vivian says she wants to sell the Property as soon as possible since the Incorporated Owners of the Sai Ying Building has recently resolved that the entire building will undergo complete renovations and repairs to its external walls, common areas and common facilities. She also tells Mr. Agent that notice of such intended renovation has been served on each unit owner although the details of the renovations and repairs such as the amount of contributions to be made by each owner are not known. Another reason for the proposed sale, as Vivian tries to explain, is that she does not want to live in the flat alone as her husband Mr. Hubby passed away last year. She has sought her lawyer's advice on the matters to be completed before she can sell the Property and she

already has the necessary papers ready for completion. She is prepared to sell the flat at HK\$5,100,000.

After hearing Ms. Vivian, Mr. Agent carries out a land search of the Property and the land search record reveals that the Property is held in the name of Ms. Vivian and Mr. Hubby as joint tenants. No entries in relation to Mr. Hubby's death have been shown on the land search record.

He then draws up an Estate Agency Agreement on which Ms. Vivian puts her signature. At the same time, he presents to her a blank Property Information Form (Form 1) for her completion but she says she needs time to go through the Property Information Form. Therefore she will bring it home to study and will bring it back in the next few days or so.

M-Company's advertisement for the sale of the Property has attracted the interest of Mr. and Mrs. Best. On the same evening they spot the advertisement, they attend the shop premises of M-Company and ask for details. This time only Mr. Master happens to be present. He agrees to act as their agent to negotiate for the purchase of the Property and an Estate Agency Agreement is signed between them. At the request of the couple, Mr. Master accompanies them to inspect the Property. During the inspection, Mr. and Mrs. Best specifically ask Mr. Master if Sai Ying Building will in the near future undergo any renovations and/or repairs. They express to Mr. Master their grave concerns over any plans for common areas renovation and/or repairs because this is something they try so hard to avoid. In fact, they reveal to Mr. Master that they are also selling the flat they are living in Causeway Bay as the Incorporated Owners of their own building have resolved to carry out full scale of renovations and repairs to the external walls and common facilities etc., and the works will take at least 10 months to complete. As they cannot stand the noise, the dust and the extreme inconvenience the renovation may cause them, they have decided to move out and find an alternative accommodation. Mr. Master then telephones Carl at the shop premises and asks him to find out if there is any information about renovation proposal for the Property. After checking the company file, Carl replies that there is nothing in the file which shows that the Property is subject to any renovation or repair notice. Mr. Master then tells Mr. and Mrs. Best that the Property is not subject to any renovation or repair plans.

Being relieved by Mr. Master's reply, Mr. and Mrs. Best counter offer HK\$4,990,000 to purchase the Property.

The counter offer is accepted by Ms. Vivian. A Provisional Agreements for Sale and Purchase ("PASP") is signed between the parties and deposit is paid to Ms. Vivian.

Owing to the fact that Mr. and Mrs. Best's solicitors fail to agree the terms of the Formal Agreement

for Sale and Purchase with Ms. Vivian's solicitors, no Formal Agreement for Sale and Purchase is signed though the further deposit is paid as provided in PASP. Just before the sale and purchase is due to complete according to the terms of the PASP, Mr. and Mrs. Best are informed by the Management Office of Sai Ying Building that the Incorporated Owners had on a date prior to the date of the signing of the PASP resolved that the building would undergo large scale of renovations and repairs and it is expected the contributions by each unit owner will be in the region of HK\$160,000 and that the renovation works would commence in the following month.

Mr. and Mrs. Best are furious about the fact that M-Company has not disclosed to them the existence of the renovation notice prior to the execution of the PASP. Reluctantly they complete the purchase but have refused to pay the commission to M-Company. They have also decided to lodge a complaint to the Estate Agent Authority against the conduct of M-Company.

Soon after this incident, Mr. Master decides to terminate Mr. Agent's appointment as M-Company's manager.

**---End---**

**Answer Guide for e-Quiz – April 2022**

Note :

1. This answer guide is prepared by the Professional Development Section of the Estate Agents Authority and provides the correct answers to the questions of the April 2022 e-Quiz.
  
2. In this answer guide, the following words have the following corresponding meanings:  
  
“the Authority” means the Estate Agents Authority;  
“the Ordinance” means the Estate Agents Ordinance;  
“the Practice Regulation” means the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation;  
“the Licensing Regulation” means the Estate Agents (Licensing) Regulation;  
“the Code of Ethics” means the Code of Ethics issued by the Estate Agents Authority;  
and  
“the Practice Circular” means the practice circulars issued by the Estate Agents Authority.
  
3. The copyright of the e-Quiz, this answer guide and all supporting materials (collectively “the materials”) belongs to the Authority, and the materials may be reproduced by candidates for the purpose of attempting the questions only. No reproduction of the materials for any other purpose is allowed without the prior written consent of the Authority.

**Question 1**

Under the Ordinance, Mr. Master, in carrying out his estate agency business,

- (i) shall notify the Authority in writing of any change of his registered address within 14 days of the change
- (ii) shall only employ someone who possesses university graduates qualifications
- (iii) should ensure the person appointed as the manager for the effective and separate control of his estate agency business is a licensed estate agent
- (iv) shall not employ any person as a salesperson who is not the holder of a licence

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

**Answer Guide:**

**Reference:**

**S. 39(1) of the Ordinance**

A licensed estate agent shall not employ or continue to employ as a salesperson any person who for the time being is not the holder of a licence.

**S. 14(3)(a) of the Ordinance**

Where an address ceases to be the registered address of a licensee, the licensee shall within the period of 14 days beginning on such cesser, notify the Authority in writing of another address to which all communications and notices may be sent.

**S. 38(1)(a) of the Ordinance**

A licensed estate agent shall ensure that his business at his principal or only office, and every one of his other offices, if any (whether such other offices are referred to as branch offices, sub-offices or otherwise), is under the effective and separate control of a manager appointed by him, and a person appointed under this subsection shall be an individual and the licensed estate agent concerned shall also ensure that such a person is the holder of an estate agent's licence.

Answer is C.

**Question 2**

Mr. Master should make his application for the renewal of his estate agent licence

- A. within 6 months before it is due to expire
- B. not more than 3 months and not less than 1 month prior to the expiration of the licence**
- C. within 1 week before it is due to expire
- D. within 1 month after the licence has expired

**Answer guide:**

**Reference:**

**S. 23(1) of the Ordinance**

A licensee may apply in the prescribed manner to the Authority to renew the relevant licence.

**S. 13 of the Licensing Regulation**

An application for the renewal of a licence shall be made not more than 3 months and not less than 1 month prior to the expiration of the licence or within such shorter period prior to the expiration thereof as the Authority may in writing permit.

Answer is B.

**Question 3**

By offering or giving expensive gifts to Ms. Beauty, what kind of rules and regulations might Mr. Agent have breached?

- (i) Code of Ethics
  - (ii) Prevention of Bribery Ordinance
  - (iii) Relevant provisions in the Ordinance which relates to accounts regulations
  - (iv) Relevant provisions in the Practice Regulation which relates to keeping of account of moneys held or paid by agent for client
- A. (i) and (ii) only
- B. (i) and (iv) only
- C. (ii) and (iii) only
- D. (i), (ii) and (iv) only

**Answer Guide:**

**Reference:**

**S. 9 of the Prevention of Bribery Ordinance**

(2) Any person who, without lawful authority or reasonable excuse, offers any advantage to any agent as an inducement to or reward for or otherwise on account of the agent's-

(a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or

(b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,  
shall be guilty of an offence.

**Estate Agent Authority's Code of Ethics**

3.1 Compliance with the law

3.1.1 Estate agents and salespersons shall refrain from activities during their practice which may infringe the law.

3.4 Ethical and moral standard during practice and responsibilities

3.4.1 Estate agents and salespersons, in engaging and accepting an appointment as an agent, should protect and promote the interests of their clients, carry out the instructions of their clients in accordance with the estate agency agreement and act in an impartial and just manner to all parties involved in the transaction.

**Estate agents should be alerted with certain improper conduct such as offering advantages. S.**

**9(2) of the Prevention of Bribery Ordinance specifically deals with “*without lawful authority, offering advantage to any agent.... as an inducement to or reward for the agent's doing any act in relation to his principal's affairs or business*”. In this example, Ms. Beauty is the agent and her principal is Mr. Funny. Mr. Agent’s offering expensive gifts (though not in money terms) to her for introducing Mr. Funny’ clients to Mr. Agent without Mr. Funny’s authority may amount to a S. 9 offence. Likewise it would amount to a breach of the Code of Ethics.**

Answer is A.

**Question 4**

For the time being, Carl is not eligible to be granted an estate agent licence because:

- (i) he has been convicted of the charge of littering
- (ii) he has not reached the age of 18
- (iii) he has not been passed the Estate Agents Qualifying Examinations
- (iv) he only a Form Five educational level

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

**Answer Guide:**

**Reference:**

**S. 6 of the Licensing Regulation**

An individual is not eligible to be granted or hold or continue to hold a licence unless he has attained the age of 18 years at the date of his application for the licence.

**S. 19 of the Ordinance**

- (1) An individual shall not be eligible to be granted or hold or continue to hold an estate agent's licence unless-
  - (a) he has attained the age which is for the time being prescribed for the purposes of this subsection;
- (2) In determining whether or not a person is fit and proper for the purpose of holding an estate agent's licence, the Authority shall have regard to the following-
  - ....
  - (d) any conviction, whether in Hong Kong or elsewhere, of the person for any offence (other than an offence under this Ordinance), being a conviction as regards which it was necessary to find that the person acted fraudulently, corruptly or dishonestly; and
  - (e) any conviction of the person under this Ordinance in respect of which he has been sentenced to imprisonment, whether the sentence is suspended or not.

**For the time being, the only barrier to Carl's eligibility to be granted an estate agent's licence is the fact he is not of the age of majority (i.e. 18).**

**(Note: Carl has to pass the Estate Agents Qualifying Examination within 12 months**

immediately before the date of his application for the grant of the licence.)

**Section 2(1B) of the Rehabilitation of Offenders Ordinance (Cap. 297) states that:**

**Where an individual pays or is ordered to pay a fixed penalty, or any additional penalty, under the Fixed Penalty (Traffic Contraventions) Ordinance (Cap 237), the Fixed Penalty (Criminal Proceedings) Ordinance (Cap 240) or the Fixed Penalty (Public Cleanliness Offences) Ordinance (Cap 571), then-**

- (a) subject to section 3(3) and (4), no evidence shall be admissible in any proceedings which tends to show that that individual has so paid or has been so ordered to pay;**
- (b) any question asked of that individual or any other person relating to, or any obligation imposed on that individual or any other person to disclose, that individual's previous convictions, offences, conduct or circumstances shall be treated as not referring to that payment or order to pay; and**
- (c) that payment or order to pay, or any failure to disclose it shall not be a lawful or proper ground for dismissing or excluding that individual from any office, profession, occupation or employment or for prejudicing him in any way in that office, profession, occupation or employment.**

**The Public Health and Municipal Services Ordinance (Cap 132) covers offences including littering and spitting. With effect from 26 June 2003, any person in breach of the provisions will be liable to a fixed penalty of \$1,500.**

**By S. 3(3) of Fixed Penalty (Public Cleanliness Offences) Ordinance, where a person has received a notice in respect of the littering offence and has paid the full amount of the fixed penalty shown in the notice, he shall not be liable to be prosecuted or convicted for the scheduled offence specified in the notice.**

**According to Schedule 1 of Fixed Penalty (Public Cleanliness Offences) Ordinance, the fixed penalty for depositing of litter in public places under Section 4(1) of Public Cleansing and Prevention of Nuisances Regulation is \$1500.**

**Carl's admission to the littering charge will not amount to a prosecution or conviction if he pays the fixed penalty of HK\$1,500. Therefore Carl's eligibility will not be affected in this way.**

Answer is B.

**(Note: Apart from satisfying the requirements on “age” and “education level” and be a “fit and proper” person, according to section 7(1)(a) of the Licensing Regulation, an individual “has, within 12 months immediately before the date of his application for the grant of the licence, passed the relevant examination”.)**

**Question 5**

In accepting Ms. Vivian’s appointment as her agent to sell the Property, what should Mr. Agent have done?

- (i) conducted a land search at the Land Registry in order to complete Part 1 of the Property Information Form (Form1)
  - (ii) entered into an estate agency agreement with Ms. Vivian
  - (iii) obtained from Ms. Vivian information about the repairs and renovations of the Property prescribed in Part 2 “Vendor’s statement” of the Property Information Form (Form1)
- A. (i) and (ii) only  
B. (i) and (iii) only  
C. (ii) and (iii) only  
D. (i), (ii) and (iii)

**Answer guide:**

**Reference:**

**S. 6(1) of the Practice Regulation**

A licensed estate agent acting for a vendor is required to enter into an estate agency agreement (Form 3) (“Form 3”) with the vendor, and a licensed estate agent acting for a landlord is required to enter into an estate agency agreement (Form 5) (“Form 5”) with the landlord.

**S. 36(1)(a)(i) of the Ordinance**

Every licensed estate agent who acts for a vendor (or landlord) is required, for as long as he so acts, to have in his possession or control certain prescribed information as regards every property in relation to which he has entered into an estate agency agreement. The prescribed information that is required is:

- (a) in the case of a sale and purchase of a residential property in Hong Kong, the prescribed property information to be included in Part B of Part 1 of the Property Information Form (Form 1); and
- (b) in the case of a lease of a residential property in Hong Kong, the prescribed property information to be included in Part B of the Leasing Information Form (Form 2).

**S. 36(1)(a)(ii) of the Ordinance**

The licensed estate agent is required to be reasonably satisfied as regards the accuracy of the prescribed property information.

To comply with the said requirement, a licensed estate agent who acts for the vendor (or landlord) must have in his possession or under his control the prescribed information **during the full period** when he so acts, starting from the commencement date of the validity period of the estate agency agreement. Unless he has already possessed the prescribed information and such information is still accurate, he is required to, on the commencement date of the validity period of the estate agency agreement, carry out a land search of the property and, if necessary:

- (a) conduct a search on the online service of the Rating and Valuation Department; or
- (b) obtain the relevant prescribed information from other prescribed sources.

Under the vendor's statement in Part 2 of Form 1, a vendor may provide additional information about the property such as structural additions, alterations, repairs or improvements to the property. Licensees should use their best efforts to urge the vendor to provide the relevant information in Part 2 of Form 1.

Licensees who fail to comply with the relevant provisions concerning property information and completion of the Property Information Form/Leasing Information Form may breach the EAO and/or the Practice Regulation and/or the Code of Ethics, and may be subject to disciplinary action.

Answer is D.

**Question 6**

As one of the joint tenants, what kind of papers which Ms. Vivian would need to produce to satisfy the purchaser that she is entitled to sell the Property in her sole name?

- (i) Certificate of Exemption of Estate Duty or Payment of Estate Duty in respect of Mr. Hubby's estate
  - (ii) Power of Attorney from Mr. Hubby executed during his lifetime authorising Ms. Vivian to sell the Property on his behalf
  - (iii) Certified copy of Death Certificate of Mr. Hubby
- A. (ii) only  
B. (iii) only  
C. (ii) and (iii) only  
D. (i), (ii) and (iii)

**Answer Guide:**

**Reference:**

**S. 11 Conveyancing and Property Ordinance - Presumption of survivorship**

- (1) ..... after the commencement of this section, 2 or more persons die in circumstances rendering it uncertain that any one of them, or which of them, survived the other or others, such deaths shall, for all purposes affecting the title to property, be presumed to have occurred in order of seniority, and accordingly the younger shall be deemed to have survived the elder.

**By the doctrine of survivorship, where a property is held by 2 or more persons as joint tenants, upon the death of one of them, the interest in the property shall pass to the survivors (in equal share if more than 1).**

**The death certificate would serve as proof of the death of Mr. Hubby and hence Ms. Vivian being the sole survivor entitled to the entire interest in the Property.**

**According to the Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006, no estate duty is chargeable in respect of deaths occurring on or after that date.**

Answer is B.

**Question 7**

While also acting for the vendor, which of the following shall constitute a cause of action whereby Mr. and Mrs. Best's damages or any other relief or remedy may be recovered against Mr. Master?

- (i) Mr. Master's failure to have in his possession or under his control prescribed information of the Property in the Property Information Form (Form 1);
  - (ii) Mr. Master should be reasonably satisfied as regards the accuracy of information prescribed
  - (iii) Mr. Master having made a misrepresentation about the non-existence of the renovation notice
  - (iv) Breach of estate agency agreement
- A. (i), (ii) and (iii) only
  - B. (i), (iii) and (iv) only
  - C. (ii), (iii) and (iv) only
  - D. (i), (ii), (iii) and (iv)

**Answer Guide:****Reference:****S. 36 of Ordinance**

- (1) (a) ..... every licensed estate agent shall, as regards every property (whether situated in Hong Kong or elsewhere) in relation to which he has entered into an estate agency agreement-
- (i) if he acts for the vendor, then for so long as he so acts, have in his possession or under his control information prescribed for the purposes of this paragraph;
  - (ii) be reasonably satisfied as regards the accuracy of information prescribed for the purposes of this paragraph;
- (4) Where as regards a particular property a licensed estate agent fails to comply with a requirement of subsection (1) which applies to him and because of any such failure the relevant client suffers loss or damage, the failure shall constitute a cause of action whereby damages or any other relief or remedy may be recovered or obtained in legal proceedings.

**S. 3 Misrepresentation Ordinance - Damages for misrepresentation**

- (1) Where a person has entered into a contract after a misrepresentation has been made to him by another party thereto and as a result thereof he has suffered loss, then, if the person making the misrepresentation would be liable to damages in respect thereof had the misrepresentation been made fraudulently, that person shall be so liable notwithstanding that the misrepresentation was not made fraudulently, unless he proves that he had reasonable grounds to believe and did believe up to the time the contract was made that the facts represented were true.

(2) Where a person has entered into a contract after a misrepresentation has been made to him otherwise than fraudulently, and he would be entitled, by reason of the misrepresentation, to rescind the contract, then, if it is claimed, in any proceedings arising out of the contract, that the contract ought to be or has been rescinded the court or arbitrator may declare the contract subsisting and award damages in lieu of rescission, if of opinion that it would be equitable to do so, having regard to the nature of the misrepresentation and the loss that would be caused by it if the contract were upheld, as well as to the loss that rescission would cause to the other party.

(3) Damages may be awarded against a person under subsection (2) whether or not he is liable to damages under subsection (1), but where he is so liable any award under subsection (2) shall be taken into account in assessing his liability under subsection (1).

### **Clause 5 of Estate Agency Agreement (FORM 3)**

#### Property Information

The Agent shall provide to the Vendor the Property Information Form including the Vendor's Statement prescribed under the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation duly completed and signed by the Agent.

**Mr. Master's failure to keep the Property Information form (Form 1) and to be satisfied as to the accuracy of the enquiries of Mr. and Mrs. Best regarding the renovations and repairs proposed for the building should be a cause of action for damages under S. 36(4) of the Ordinance. This piece of information should have been readily obtained and verified only if Mr. Master had obtained the Form 1 and made enquiries with the vendor. The statement that he has given about the non-existence of the renovations and repairs which were already in place at the time the enquires were raised is obviously untrue and misrepresenting. This may again constitute a cause of action under the Misrepresentation Ordinance. Mr. and Mrs. Best should be entitled to claim against Mr. Master for the loss and damages suffered under these 2 ordinances.**

Answer is D.

**Question 8**

In relation to the keeping of account and records, which of the following statements are true?

- (i) A licensed estate agent shall retain a copy of the receipt for not less than 3 years after it is issued.
  - (ii) Any officer of the Authority authorised in writing by the Authority shall have the right to inspect the accounts as to moneys received or held by the licensed estate agent at any time during normal office hours without prior notice and to require the licenced estate agent to furnish any information during such inspection.
  - (iii) A licensed estate agent shall issue a receipt to a client for any moneys received within 7 days of such receipt.
- A. (iii) only  
B. (i) and (ii) only  
C. (ii) and (iii) only  
D. (i), (ii) and (iii)

**Answer Guide:**

**Reference:**

**S. 12 Practice Regulation**

- (1) (a) A licensed estate agent shall keep proper accounts as to moneys received or held, or paid by the agent, for or on account of clients.  
(b) Any officer of the Authority authorized in writing by the Authority for the purpose shall have the right to inspect the accounts kept under paragraph (a) at any time during ordinary office hours without prior notice.
- (2) A licensed estate agent shall-
  - (a) issue a written receipt to a client immediately for any moneys received; and
  - (b) retain a copy of the receipt for not less than 3 years after it is issued.

**It is important that all licensees should adhere to and adopt a good accounting practice and know the right of the Authority in this regard.**

Answer is B.

**Question 9**

Where a complaint made has been considered by the Authority and the Authority is satisfied that the complaint is well-founded, the Authority may exercise which of the following powers against the estate agent or salesperson complained of?

- (i) Suspend his or her licence for a period of more than 3 years
- (ii) Revoke his or her licence
- (iii) Impose a fine of HK\$1,000,000
- (iv) Vary any condition to his or her licence

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

**Answer Guide:****Reference:****S. 30(1) of the Ordinance**

Where-

- (b) (i) a complaint made under section 29(1) or a submission made under section 29(2) is considered by the Authority or, as the case may be, a disciplinary committee; and
- (ii) the Authority or, as the case may be, the disciplinary committee is satisfied that the complaint or submission is well-founded,

the Authority or, where appropriate, the disciplinary committee may, subject to this section, exercise such of the following powers as it considers appropriate-

- (i) admonish or reprimand the licensee concerned;
- (ii) attach specified conditions to the licence concerned;
- (iii) vary any condition already attached to such licence;
- (iv) suspend such licence for a specified period not exceeding 2 years;
- (v) revoke such licence;
- (vi) impose a fine of a specified amount not exceeding \$300000;
- (vii) make such order as it thinks fit with regard to the payment of any 1 or more of the following, namely, the whole or part of its costs regarding the proceedings, or, where a recommendation referred to in paragraph (a) is made, the whole or part of the costs of the investigator by whom the recommendation was made, or the whole or part of the costs of a complainant under section 29 or of the licensee concerned.

**This question serves as a reminder to the licensees of the possible consequences of an**

**established complaint against a licensee.**

Answer is C.

**Question 10**

How should Mr. Master notify the Authority of the termination of Mr. Agent's appointment as M-Company's manager? By which time he should do so?

- A. By completing Form 9 and within 21 days of his terminating Mr. Agent's appointment as the manager
- B. By completing Form 9 and within 31 days of his terminating Mr. Agent's appointment as the manager
- C. By completing Form 10 and within 21 days of his terminating Mr. Agent's appointment as the manager
- D. By completing Form 10 and within 31 days of his terminating Mr. Agent's appointment as the manager**

**Answer Guide:**

**Reference:**

**S. 40(3) of the Ordinance**

Where a licensed estate agent-

- (a) appoints a person as a manager for the purposes of this Ordinance; or
- (b) terminates the appointment of such a manager,

the agent shall, before the expiration of the period of 31 days beginning on the date of the appointment or, where appropriate, the termination, notify the Authority in writing of the appointment or termination.

**All licensees should familiarize themselves with the reporting requirements and procedures.**

Answer is D.

FORM 10

ESTATE AGENTS ORDINANCE

(Chapter 511)

(Section 40(3))

NOTICE OF APPOINTMENT/TERMINATION OF APPOINTMENT\* OF A PERSON AS A MANAGER OF A LICENSED ESTATE AGENT

To: Estate Agents Authority  
(address)

I/We\*(1) .....  
of(2) ....., holder of estate  
agent's licence number: (3) ..... hereby give you notice that  
I/we\* appointed/terminated the appointment\*  
of(4) ....., holder of estate agent's licence  
number: (5) ..... as a manager with me/us\*  
at(6) ..... on(7) .....(D/M/Y)

.....  
Date

.....  
Signed by/on behalf of\*  
the licensed estate agent

- Note: (1) Name of the licensed estate agent.
- (2) Registered address of the licensed estate agent.
- (3) Licence number of the licensed estate agent.
- (4) Name of the manager.
- (5) Licence number of the manager.
- (6) The place of business where the manager is in effective control of the estate agency business.
- (7) Date of the appointment/termination of appointment.
- \* Delete if inappropriate.

Please file this Notice with the Estate Agents Authority before the expiration of the period of 31 days beginning on the date of the appointment or termination of appointment, as the case may be.