

## August 2022 e-Quiz

*Notes to candidates:*

- (1) *Most of the contents of this e-Quiz are adopted from August 2020 e-Quiz.*
- (2) *Please read the scenario before attempting the questions. The subject matter and names of parties are fictitious.*
- (3) *Clause 5.3 of the CPD 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

1. Mark is a registered owner of Ground Floor, Music Garden, 74 Silver Road, Hong Kong (“**the Music Garden property**”), a 2-storey apartment which comprises the Ground floor and a basement. There are 2 bedrooms on the Ground Floor and an entertainment room in the basement.
2. Mark brought home 2 puppy golden retrievers 2 months ago. As the dogs grew bigger in size, Mark decided that he needed a larger place to live.
3. Day 1 i.e. 1st August, Mark walked into MJ Estate Agency (“**MJ**”) and signed an estate agency agreement (Form 3) with Angus, a licensed estate agent of MJ, appointing MJ as his agent to market the Music Garden property for sale at an asking price of HK\$9.8 million. However, many of the columns in Form 3 were left blank. Angus inspected the Music Garden property immediately.

Mark showed him the entertainment room as he believed it was a selling point. After taking some photos of the interior as well as the view out of the windows with his digital camera, Angus left. Mark believed that the photos were needed for file record and did not raise any objection about that.

4. On the same day, Angus inspected a few other properties and took more photos. He finally got mixed up and mistakenly attached the photos of a different property to the advertisement poster of the Music Garden property which he posted up at a conspicuous place of the shop window of MJ that evening (“**the advertisement**”).
5. Day 2, Mimi, a rich lady, walked by MJ while she was rushing to the airport to catch up a flight to Tokyo for shopping. Mimi was attracted by the stunning views shown in the advertisement. She could not resist and entered MJ for more information about the Music Garden property. Angus showed her a copy of the land search record (see **Annex**) of the Music Garden property which he conducted on 1 August and strongly pressed Mimi to make a quick decision. Though Angus was not aware of any offer having been received by the vendor, Angus told Mimi that the vendor had already received some offers close to HK\$9.8 million and the property may go in a day or two.
6. Mimi could not make up her mind, but time was running out. In order to get Angus to hold the Music Garden property for her for a week, Mimi finally agreed with Angus to put down a cheque in the amount of HK\$300,000 and sign a provisional agreement with essential terms left blank for Angus to show to the vendor to prove her sincerity in the deal so that the vendor would hold the Music Garden property for her until her return. In the event that she was satisfied with the physical condition of the Music Garden property after inspection, Angus could proceed to close the deal at HK\$ 9.8 million. After putting down a cheque and signing the provisional agreement, Mimi rushed to the airport. Angus did not report these to Mark.
7. Day 3, Angus received 2 offers of HK\$9.6 million and HK\$9.65 million from Karen and Justine respectively. Again, Angus did not report them to Mark.
8. Day 4, the government announced that the land supply would be substantially increased in the following year. Angus received numerous phone calls from the vendors saying that they were prepared to lower their asking price by 10 to 15%.
9. Day 5, seeing that it was unlikely that the Music Garden property could fetch higher prices, Angus filled out the uncompleted details of Mimi’s provisional agreement and passed it to Mark for his execution together with the cheque in the amount of HK\$300,000. Mark signed the provisional agreement and banked in the cheque.

10. Day 7, Mimi returned to Hong Kong and Angus accompanied her to view the Music Garden property. As soon as she arrived, Mimi immediately pointed out that the actual views were totally different from those depicted in the advertisement. Angus continued to show Mimi the entertainment room in the basement. At first, Mimi seemed lightened up by the basement, but as soon as she heard Mark say that the basement was an unauthorized structure, she knew she was not going to buy the Music Garden property.
11. After the inspection, Mimi told Angus that she would not proceed with the purchase and requested him to return the cheque and the provisional agreement she signed to her for cancellation immediately. Angus did not have the courage to tell Mimi the truth that he had already concluded the deal and lied to Mimi that he put those documents into the safety box of MJ and could only return them to her the following day. Mimi left.
12. In the following week, Mimi kept demanding Angus for the return of her cheque and the provisional agreement, but Angus procrastinated.
13. Day 20, Mimi received a letter from a solicitors' firm Messrs. Jones and Cheung purporting to act for Mark and forfeit the initial deposit of HK\$300,000.

---End---

**Annex 附件**

[View PROPERTY PARTICULARS](#)  
[View OWNER PARTICULARS](#)  
[View INCUMBRANCES](#)  
[View DEEDS PENDING REGISTRATION](#)

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: 01/08/2022 10:00  
查冊者姓名 NAME OF SEARCHER: MJ Estate Agency  
查冊種類 SEARCH TYPE: HISTORICAL AND CURRENT

本登記冊列明有關物業截至 01/08/2022 07:30 之資料

THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF THE PROPERTY UP TO 07:30 ON 01/08/2022.

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): X

地段編號

LOT NO.: INLAND LOT NO. 168

批約 HELD UNDER: GOVERNMENT LEASE

年期 LEASE TERM: 99 YEARS

開始日期 COMMENCEMENT OF LEASE TERM: 01/07/1898

每年地稅 RENT PER ANNUM: \$1.00

所佔地段份數

SHARE OF THE LOT:

ADDRESS: GROUND FLOOR MUSIC GARDEN  
74 SILVER ROAD  
HONG KONG

地址:香港銀色路 74 號  
音樂花園地下

備註

REMARKS: THE SHARE OF THE LOT IS 9/1524

THE PREMISES IS ALSO KNOWN AS X

**業主資料**  
**OWNER PARTICULARS**

<u>業主姓名</u> <u>NAME OF</u> <u>OWNER</u>	<u>身份</u> (如非唯一擁有人) <u>CAPACITY</u> <u>(IF NOT SOLE OWNER)</u>	<u>註冊摘要編號</u> <u>MEMORIAL NO.</u>	<u>文書日期</u> <u>DATE OF</u> <u>INSTRUMENT</u>	<u>註冊日期</u> <u>DATE OF</u> <u>REGISTRATION</u>	<u>代價</u> <u>CONSIDERATION</u>
MOVIES COMPANY LIMITED		UB200127			
備註 REMARKS: ASSIGNMENT OF IL168					
WONG MEI MEI 黃美美		UB626387	25/06/1997	24/07/1997	\$8,200,000.00
備註 REMARKS: ASSIGNMENT WITH PLAN					
MARK CHOW 周馬克		UB1228838	15/04/2003	10/05/2003	\$3,700,000.00
備註 REMARKS: ASSIGNMENT EXERCISED POWER OF SALE IN MORTGAGE MEMORIAL NO. UB626388					

**物業涉及的轉轄**  
**INCUMBRANCES**

<u>註冊摘要編號</u> MEMORIAL <u>NO.</u>	<u>文書日期</u> DATE OF INSTRUMENT	<u>註冊日期</u> DATE OF REGISTRATION	<u>文件性質</u> NATURE	<u>受惠各方</u> IN FAVOUR OF	<u>代價</u> CONSIDERATION
UB354643	03/02/1995	01/03/1995	BUILDING MORTGAGE	LOYAL BANK	
UB523648	04/05/1996	02/06/1996	DISCHARGE BY RECEIPT		
UB533923	08/08/1996	02/09/1996	OCCUPATION PERMIT		
UB544688	26/10/1996	24/11/1996	DEED OF MUTUAL COVENANT		
UB626388	25/06/1997	24/07/1997	MORTGAGE	HUGE BANK	

備註 REMARKS: POWER OF SALE EXERCISED SEE ASSIGNMENT MEMORIAL NO. 1228838

UB1213368	15/03/2003	04/04/2003	AGREEMENT FOR SALE AND PURCHASE BY HUGE BANK	MARK CHOW	
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備註 REMARKS: SEE ASSIGNMENT MEMORIAL NO. 1228838

UB1228839	15/04/2003	10/05/2003	LEGAL CHARGE	MERCY BANK	
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備註 REMARKS: THE CONSIDERATION IS ALL MONEYS

15030302376472	14/02/2015	03/03/2015	ORDER NO. A.1234/12/J UNDER SECTION 24(1) OF THE BUILDINGS ORDINANCE		
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備註 REMARKS: BY THE BUILDNG AUTHORITY

**等待註冊的契約**  
**DEED PENDING REGISTRATION**

<u>註冊摘要編號</u> MEMORIAL <u>NO.</u>	<u>文書日期</u> DATE OF INSTRUMENT	<u>註冊日期</u> DATE OF REGISTRATION	<u>文件性質</u> NATURE	<u>受惠各方</u> IN FAVOUR OF	<u>代價</u> CONSIDERATION
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\*\*\*\*\* 無 NIL \*\*\*\*\*

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

**Answer Guide for e-Quiz –**  
**August 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 August 2020 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**

Which of the following documents as revealed in the land search in the Annex should be stated on the Property Information Form (Form 1) as a subsisting encumbrance on the Music Garden property?

- (i) Building Mortgage Memorial No. UB354643
- (ii) Occupation Permit Memorial No. UB533923
- (iii) Mortgage Memorial No. UB626388
- (iv) Legal Charge Memorial No. UB1228839
- (v) Building Order Memorial No. 15030302376472

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

Answer to Question 1:

An encumbrance is a claim, burden or liability attached to the property and such liability runs with the land.

Building Mortgage Memorial No. UB354643 was apparently discharged by the Discharge by Receipt Memorial No. UB523648.

The occupation permit sets out the use of the property, but it is not an encumbrance.

The mortgagee bank Huge Bank under Mortgage Memorial No. UB626388 sold the property by way of mortgagee sale. The mortgagor failed to make repayment under the mortgage, so there was no receipt/discharge for such mortgage. However, the mortgage is no longer a subsisting encumbrance.

Legal Charge Memorial No. UB1228839 incurs a financial liability to the property and is therefore an encumbrance. This Legal Charge has not yet been discharged, so it is still a subsisting encumbrance.

Building Order Memorial No. 15030302376472 encumbrances on the property and its non-compliance may lead to the government's re-entry. No letter of compliance has been issued to discharge this Building Order.

Answer is C.



## **Question 2**

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

- (i) Mark purchased the Music Garden property from Wong Mei Mei.
  - (ii) Mark purchased the Music Garden property subject to Mortgage Memorial No. UB626388.
  - (iii) Only the current registered owner Mark is eligible to obtain a copy of the Building Order Memorial No. 15030302376472 from the Land Registry upon the payment of a prescribed fee.
  - (iv) If Mark applies for further advance from Mercy Bank on the security of the Music Garden property and such application is granted, the execution of a further charge is not necessary.
- A. (i) only
  - B. (iv) only**
  - C. (i) and (ii) only
  - D. (iii) and (iv) only
  - E. (i), (ii) and (iv) only

Answer to Question 2:

Both options (i) and (ii) are incorrect: Mark purchased the Music Garden property from Hui Bank. (see Mortgage Memorial No. UB626388 which says “power of sale exercised” and Assignment Memorial No. UB1228838 which says “Assignment exercised power of sale in Mortgage Memorial No. UB626388”)

Option (iii) is incorrect: Anyone can place orders for computerised land registers and plain or certified copies of imaged documents for properties anywhere in the territory at any of the Land Registries or through the Integrated Registration Information System (IRIS) Online Services.

Option (iv) is correct : Legal Charge Memorial No. UB1228839 is an “all monies” mortgage. Such “all monies” mortgage can normally cover immediate advance and any future advance of money to the mortgagor. Therefore, when further advance is approved, the new loan can be drawn down and no further mortgage or charge needs to be signed by the mortgagor.

Answer is B.

### **Question 3**

For the purpose of completing the information on the year of completion of the Music Garden property in the Property Information Form (Form 1), which of the following is the prescribed source for the information?

- A. the first assignment, namely Assignment with Plan Memorial No.UB626387
- B. the Discharge by Receipt Memorial No. UB523648
- C. the Deed of Mutual Covenant Memorial No. UB544688
- D. the Occupation Permit Memorial No. UB533923**
- E. the Government Lease

Answer to Question 3:

A building is completed when it is permitted to be occupied. The Occupation Permit is issued by the Building Authority when a building is permitted to be occupied.

Answer is D.

#### **Question 4**

According to the land search in the Annex, which of the following statements about the term of the Government Lease of Inland Lot No.168 are correct?

- (i) The term of the original Government Lease expired on 30th June 1997.
  - (ii) The term of the original Government Lease would be automatically renewed every 99 years.
  - (iii) The term of the original Government Lease has been automatically extended pursuant to the Joint Declaration.
  - (iv) The term of the Government Lease has been extended to 30th June 2047.
- A. (i) and (ii) only
  - B. (i) and (iii) only
  - C. (iii) and (iv) only
  - D. (i), (iii) and (iv) only**
  - E. (i), (ii), (iii) and (iv)

Answer to Question 4:

The land search states that Government Lease was for a term of 99 years. The lease term commenced on 1st July 1898, so it expired on 30th June 1997. Pursuant to Article 3 of Annex III of the Joint Declaration, this Government Lease has been automatically extended to 30th June 2047.

Answer is D.

### **Question 5**

When Angus showed a copy of the land search record of the Music Garden property (Annex) to Mimi, he should have drawn Mimi's attention to the Building Order Memorial No. 15030302376472 and advised her that:

- (i) non-compliance of such order may lead to enforcement actions or even re-entry by the government.
  - (ii) she should seek professional advice in relation to such order before entering into any provisional agreement.
  - (iii) such order may relate to the basement of the property as the property description in the Annex does not seem to include a basement and a copy of such order should be obtained to ascertain the nature and extent of the breach(es) of the Buildings Ordinance.
- A. (iii) only
  - B. (i) and (ii) only
  - C. (i) and (iii) only
  - D. (ii) and (iii) only
  - E. (i), (ii) and (iii)**

Answer to Question 5:

The Building Order was issued under Section 24(1) of the Buildings Ordinance which indicates that there might be unauthorized building works in the property. To ascertain the nature and extent of the breaches, one may obtain a copy of this Order from the Land Registry. This Building Order encumbrances on the property and its non-compliance may lead to enforcement actions or even re-entry by the government. Purchasers should be advised to seek professional advice before entering into any provisional agreement for sale and purchase where building orders are involved.

Answer is E.

## **Question 6**

Which of the following statements about “the advertisement” is/are correct?

- (i) Advertising is part of the marketing plan. Since Mark has appointed MJ as his estate agency to market the Music Garden property, no additional consent is required for Angus to issue the advertisement.
  - (ii) By allowing photos to be taken, Mark has given Angus an implied consent for the issue of the advertisement, which would suffice so far as compliance with the Practice Regulation is concerned.
  - (iii) Angus would not breach any Practice Regulation if he can obtain Mark’s written consent for the issue of advertisement as soon as reasonably practicable after the issue of the advertisement.
  - (iv) Angus has breached the Practice Regulation as the photos attached to the advertisement were false or misleading in a material particular.
- A. (ii) only  
**B. (iv) only**  
C. (i) and (ii) only  
D. (ii) and (iv) only  
E. (ii), (iii) and (iv) only

Answer to Question 6:

Section 9(2) of the Practice Regulation provides that a licensed estate agent shall obtain a vendor’s written consent prior to the issue of an advertisement in respect of the vendor's residential property.

Option (i) is incorrect as consent is required under the said Section 9(2). Implied consent in option (ii) would not suffice as the said Section 9(2) requires a written consent. Option (iii) is also incorrect as the said Section 9(2) requires that the consent be obtained prior to the issue of the advertisement.

Section 9(1) of the Practice Regulation provides that 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.

The photos attached to the advertisement were false or misleading in a material particular. It is an obvious breach of the said Section 9(1). Hence, option (iv) is correct.

Answer is B.

### **Question 7**

Which of the following statements about Angus's conduct of the negotiation with Mimi on Day 2 are correct?

- (i) Angus may have breached the Practice Regulation for exercising undue influence on Mimi for the purpose of inducing her to enter into an agreement for sale and purchase.
  - (ii) Angus may have breached the Practice Regulation if Mark did not in fact receive some offers close to HK\$9.8 million.
  - (iii) Angus should have reported Mimi's conditional offer to Mark.
  - (iv) It was in breach of the guidelines in the Practice Circular for Angus to get Mimi to sign a provisional agreement with essential items left blank.
- 
- 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)**

Answer to Question 7:

Not being aware of the vendor having received offers close to HK\$9.8 million, Angus still strongly pressed Mimi to make a quick decision by saying that the vendor had already received some offers close to HK\$9.8 million and the property may go in a day or two. What Angus did in the circumstances may amount to undue influence. (Section 11(c) of the Practice Regulation prohibits a licensee from exercising any undue influence on a vendor or a purchaser for the purpose of inducing him to enter into an agreement for sale and purchase or a lease.)

There is no evidence/information about Mark's receiving some offers close to HK\$9.8 million. Angus may have lied about the existence of such offers. (Section 11(a) of the Practice Regulation provides that a licensee shall not cause or permit a claim to be made of the existence of an offer from a purchaser unless the offer exists.)

A conditional offer is still an offer. Angus should have reported Mimi's offer to Mark for him to decide whether he would hold the Music Garden property for Mimi. (Section 11(e) of the Practice Regulation provides that a licensee shall present an offer to a client for acceptance as soon as is practicable after receiving it.)

According to Practice Circular No. 13-06(CR), licensees must not arrange for their clients to sign a provisional agreement for sale and purchase ("provisional agreement") unless all blank spaces in the agreement for providing the property description, the names of the parties to the agreement, purchase price, payment terms, completion date and all other essential terms of the transaction have been filled in.

Any explanation that arranging for a party to sign a provisional agreement with essential terms not filled in might facilitate the licensee to negotiate the terms more flexibly with the other party, and that the relevant party also consents to such an arrangement, would not be regarded as a reasonable excuse as such an arrangement would put the relevant party at risk.

It is clear that Angus has breached the provisions of the said practice circular for arranging for Mimi to sign a blank provisional agreement. The provisional agreement is an important document which evidences a deal. It should not be signed with many particulars uncompleted. It exposes Mimi to a risk that the deal would be concluded based on the provisional agreement without her consent. Mimi has not yet inspected the property and there was not even any remark about that in the signed provisional agreement.

Answer is E.

### **Question 8**

In relation to the offers from Mimi, Karen and Justine, Angus should :

- (i) have stopped marketing the Music Garden property after Mimi had signed the provisional agreement on Day 2 and accordingly declined to receive further offers from Karen and Justine on Day 3.
  - (ii) not inform Mark of the offers from Karen and Justine as both of them offered less than Mimi.
  - (iii) not inform Mark of the offers from Karen and Justine as he had agreed to hold the Music Garden property for Mimi until her return from Tokyo.
  - (iv) have presented each of the offers to Mark as soon as was practicable after receiving it.
  - (v) have advised Mark that Mimi's offer was only conditional upon her acceptance of the physical conditions of the Music Garden property after inspection and hence he should still consider other offers.
- A. (i) only  
B. (iv) only  
C. (v) only  
D. (ii) and (iii) only  
**E. (iv) and (v) only**

Answer to Question 8:

Section 11(e) of the Practice Regulation provides that a licensee shall present an offer to a client for acceptance as soon as is practicable after receiving it. Section 13(2)(a) of the PR provides that a licensee shall not continue to market a residential property after signing of an agreement for sale and purchase.

Option (i) is incorrect as no deal had yet been concluded between Mark and Mimi. Option (ii) is incorrect as Angus should have informed Mark of all offers received from Mimi, Karen and Justine. Option (iii) is also incorrect as Angus should have reported Mimi's offer to Mark for him to consider whether he should wait for Mimi's return. In the meantime, Angus should also inform Mark of the offers from Karen and Justine for him to make a decision. Options (iv) and (v) comply with the said Section 11(e).

Answer is E.



### **Question 9**

By closing the deal in the way he did on Day 5, Angus may have breached the Code of Ethics for the following reasons?

- (i) He failed to provide services to Mimi with honesty, fidelity and integrity.
  - (ii) He failed to carry out Mimi's instructions and failed to protect and promote her interests.
  - (iii) He improperly handled Mimi's money, which may bring discredit and/or disrepute to the estate agency trade.
- 
- A. (i) only
  - B. (ii) only
  - C. (iii) only
  - D. (i) and (ii) only
  - E. (i), (ii) and (iii)**

Answer to Question 9:

Seeing that the market price would fall as a result of the government's announcement, Angus proceeded to conclude the deal contrary to Mimi's instructions and without her consent. (Paragraph 3.3.1 of the Code of Ethics provides that estate agents and salespersons should, in the course of business, provide services to clients with honesty, fidelity and integrity. They should protect their clients against fraud, misrepresentation or any unethical practices in connection with real estate transactions. Paragraph 3.4.1 of the Code of Ethics provides that 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.)

Mimi gave Angus her cheque for him to show to Mark to prove her sincerity in the deal only, but Angus gave it to Mark to conclude the deal contrary to Mimi's instructions. (Paragraph 3.7.2 of the Code of Ethics provides that estate agents and salespersons should avoid any practice which may bring discredit and/or disrepute to the estate agency trade.)

Answer is E.

### **Question 10**

The implications of the forfeiture of the initial deposit of HK\$300,000 may include:

- (i) Mimi may commence legal proceedings against Mark for recovery of the sum of HK\$300,000 on the basis that no contract was formed between them and the cheque of HK\$300,000 was wrongfully passed to him without her consent.
  - (ii) Mark may sue MJ for the agency commissions receivable from Mimi.
  - (iii) Mimi may commence proceedings against Angus and MJ for recovery of the sum of HK\$300,000 based on negligence.
- 
- A. (i) only
  - B. (ii) only
  - C. (i) and (ii) only
  - D. (i) and (iii) only**
  - E. (ii) and (iii) only

Answer to Question 10:

Mimi may argue that no contract was formed between Mark and her and seek to recover the sum of HK\$300,000 from Mark.

Angus was negligent in attaching the wrong photos to the advertisement and Mimi suffered loss as a result. MJ, as Angus's employer, is vicariously liable for Angus's negligence.

Answer is D.