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ESTATE AGENTS AUTHORITY

Dear Licensees,

**Re: Payment Arrangements for Sale & Purchase Transactions & Related
Template Clause for Provisional Agreement for Sale and Purchase**

The Estate Agents Authority is writing to draw your attention to the banking industry's extension of the Payment Arrangements for Property Transactions ("PAPT") with effect from 28 February 2026 to cover sale and purchase of residential properties in Hong Kong's secondary market that involve the purchaser using a mortgage loan to pay for such property ("PAPT for S&P").

As background, PAPT provides an additional payment arrangement through bank-to-bank electronic fund transfer, in addition to the traditional payment arrangements via law firm's bank accounts. Since the mortgage loan proceeds will be transferred directly from bank to bank under PAPT, the transaction will be more secure and efficient. The vendor of the property may be able to receive the balance of sale proceeds by the end of the completion day the earliest.

PAPT was introduced by the banking industry in November 2022, and it hitherto covered only refinancing transactions of residential properties in Hong Kong.

Under PAPT for S&P, completion of a property sale and purchase transaction will be done on a secure platform by enabling mortgage loan proceeds to flow directly from bank to bank. Any completion money not covered by the mortgage loan proceeds under PAPT for S&P will be settled by cashier order(s) and/or solicitor's cheque(s) as with the existing practice.

To facilitate parties' adoption of PAPT for S&P, the banking industry has provided a template clause (Annex 1) for licensees' incorporation into the provisional agreement for sale and purchase ("PASP") should the vendor and purchaser both agree in principle to adopt PAPT for S&P.



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While licensees' role in the sale and purchase of Hong Kong second hand residential property transaction remains the same, in view of the implementation of PAPT for S&P, where the purchaser(s) will require a mortgage loan to complete the sale and purchase transaction, licensees are encouraged to:

- (i) draw the transaction parties' attention to the availability and objective of PAPT for S&P by providing a copy or the link of the leaflet on PAPT prepared by the Hong Kong Association of Banks and the Hong Kong Monetary Authority ("Leaflet") for the parties' consideration (a copy of the Leaflet is at Annex 2, for softcopy please click: [https://www.hkab.org.hk/files/page/property-transaction/1/PAPT_for_Sale_and_Purchase_e-leaflet_\(EN\)-1769414131.pdf](https://www.hkab.org.hk/files/page/property-transaction/1/PAPT_for_Sale_and_Purchase_e-leaflet_(EN)-1769414131.pdf)); and
- (ii) inform their clients that the key criteria for using PAPT for S&P transactions are as set out in the Leaflet and it is their choice whether to adopt PAPT for S&P.

PAPT for S&P will be provided by mortgage banks from 28 February 2026 onwards. In case the transacting parties are desirous to adopt PAPT for S&P in the relevant transaction under the PASP to be signed on or after **28 February 2026**, licensees should, **before** arranging for the parties to execute such PASP:

- (i) provide their clients with the template clause at Annex 1 for consideration;
- (ii) explain the template clause to their clients and advise them that even if PAPT for S&P is not adopted eventually after signing the PASP, the conventional approach for completion of the transaction will be followed. Such a change in the payment method shall not be a reason for either party to rescind the transaction; and
- (iii) advise their clients to consult their respective banks and/or solicitors if they have any questions or concerns about adopting the PAPT for S&P for their transaction and/or wish to make any revision to the template



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clause.

For more details about the PAPT for S&P, licensees are advised to visit the dedicated webpage of the Hong Kong Association of Banks (www.hkab.org.hk/en/useful-information/papt), which may be updated from time to time.

Estate Agents Authority

5 February 2026



For Reference only

**Template Clause for incorporating into the
Provisional Agreement for Sale and Purchase
for using PAPT for S&P**

The Purchaser and Vendor acknowledge that Payment Arrangements for Property Transactions - Sale & Purchase Scenario (“**PAPT for S&P**”) is an alternative means of payment or part payment of the balance of the purchase price that represents the mortgage loan from the Purchaser’s bank on completion through direct bank-to-bank transfer. To the extent PAPT for S&P is applicable in the present transaction, the Purchaser and the Vendor in principle agree to adopt PAPT for S&P and incorporate relevant terms to be agreed by the parties into the Formal Sale and Purchase Agreement, which shall govern the entire process for payment of the balance of the purchase price on completion. If on or before eight (8) business days before the completion date of this transaction, (a) the Purchaser or the Vendor no longer wishes to adopt PAPT for S&P, or (b) PAPT for S&P cannot be adopted for any reason, the Purchaser and the Vendor agree that (i) the balance of the purchase price shall be paid by way of cashier’s order(s) and/or solicitor’s cheque(s); and (ii) the change in the payment method shall not be a reason for either the Purchaser or the Vendor to rescind the present transaction.

In this clause, “business day” means Monday to Friday excluding Saturdays, Sundays, general holidays defined in the General Holidays Ordinance, Cap. 149 of the Laws of Hong Kong.



Payment Arrangements for Property Transactions ("PAPT")



Payment Arrangements for Property Transactions (PAPT)

To embrace the digital payment age and enhance customer protection in property transactions, the banking industry has introduced PAPT to provide customers with an additional payment arrangement through bank-to-bank electronic fund transfer as an alternative to the existing arrangement. PAPT is fully supported by the Hong Kong Monetary Authority and the Hong Kong Association of Banks, and its scope has been expanded from refinancing transactions to include the sale and purchase (S&P) of residential properties in Hong Kong's secondary market.

Benefits of PAPT to Customers



Enhance payment efficiency

PAPT streamlines the fund flow of mortgage loan in property transactions, thereby saving time.



Improve payment security

PAPT reduces payment-related risks through direct bank-to-bank electronic fund transfer.



Same-day settlement of funds

Vendors can expect to receive the balance of sale proceeds by the end of the completion day.

Key Eligible Criteria for using PAPT

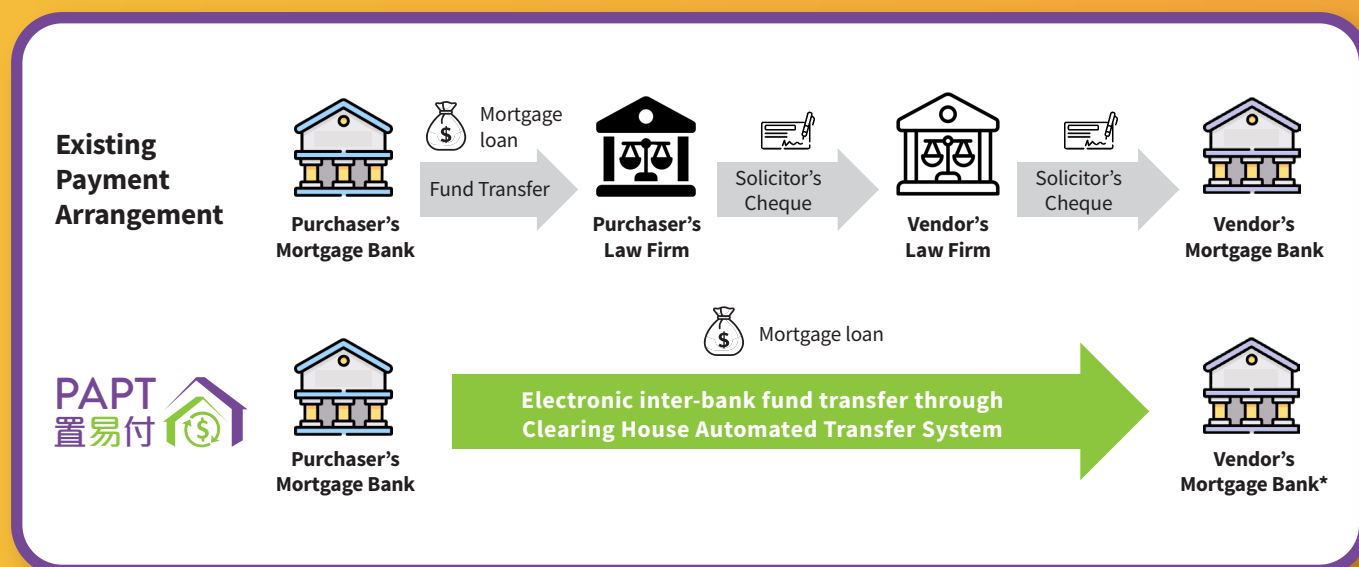
- ✓ S&P transactions of residential properties in Hong Kong's secondary market (including car parking spaces in residential buildings whether independently or together with residential units) with cash consideration only;
- ✓ The Purchaser will obtain a mortgage loan in HKD with a bank in Hong Kong that provides PAPT service;
- ✓ The Vendor has a HKD bank account in Hong Kong with a bank that provides PAPT service;
- ✓ The property is subject to no more than one mortgage, and is not subject to restrictions on alienation; and
- ✓ The Purchaser and the Vendor must either be an individual or a body corporate incorporated in Hong Kong. A Purchaser which is a body corporate must be a property-holding company.

For further details of the eligibility criteria, please contact your bank or solicitor.

Examples of Out-of-scope S&P Transactions

- Primary market and commercial property S&P transactions;
- The property is under subsidised housing schemes where the restriction on alienation has not been lifted;
- Conveyancing involving any element of non-cash consideration; and
- The property is subject to charging order(s) or encumbrances (other than a first mortgage).

Comparison of Mortgage Fund Flow between Existing Payment Arrangement and PAPT



The simplified flowchart is for illustrative purposes of typical scenario only. It does not represent all possible factual scenarios for mortgage fund flow in conveyancing transactions.

***PAPT can be used when the Vendor and Purchaser use different mortgage banks, the same mortgage bank, or when the Vendor has no existing mortgage.**

Existing Payment Arrangement	PAPT	Benefits to Purchasers and Vendors
Settlement via law firms' bank accounts	Direct electronic transfer between designated accounts of banks	✓ More secure payment
Settlement by physical cheque / cashier's order. Same-day settlement may not be possible	Electronic fund transfer via CHATS. Same-day settlement at the earliest	✓ Enhance payment efficiency
Vendor to deposit cheque	Vendor's Mortgage Bank provides settlement proof	✓ Real-time checking of credited funds through online banking

Your Choice

You can adopt PAPT for your S&P transaction by indicating your choice to your estate agent prior to signing the provisional sale and purchase agreement so that relevant PAPT clauses will be included. The solicitor and the bank appointed by you to process the new mortgage (as the Purchaser), or mortgage redemption / receipt of electronic transfer of funds (as the Vendor) will then act accordingly.

Enquiries

If you wish to learn more about PAPT and its benefits, please contact your bank or solicitor for further details.



More Information:
<https://www.hkab.org.hk/en/useful-information/papt>



HONG KONG MONETARY AUTHORITY
香港金融管理局