

**CONTROLLING OFFICER'S REPLY**

**THB(H)022**

**(Question Serial No. 1659)**

Head: (62) Housing Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Private Housing

Controlling Officer: Permanent Secretary for Transport and Housing (Housing)  
(Stanley YING)

Director of Bureau: Secretary for Transport and Housing

Question:

With regard to “enhancing the transparency of the sale of first-hand residential properties”, please advise on the following:

1. the respective numbers of complaints relating to first-hand properties received by the Sales of First-hand Residential Properties Authority (SRPA) and non-compliance cases detected during inspections in the past 3 years; and among the non-compliance cases, the number of cases substantiated and the penalties imposed by SRPA;
2. whether SRPA has alerted members of the public of the risks involved regarding the practice of offering mortgage loans with high loan-to-value ratios to promote the sale of first-hand properties; if yes, the details of the work and its effectiveness; and
3. the work to be carried out to enhance the transparency of the sale of first-hand residential properties in the coming year and the expenditure to be involved.

Asked by: Hon KWOK Wai-keung (LegCo internal reference no.: 60)

Reply:

In the past 3 years, the Sales of First-hand Residential Properties Authority (SRPA) received a total of 143 complaints. A breakdown of the complaints by year and category is as follows:

	<b>Categories of complaints</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
(a)	Sales brochure	9	6	16	31
(b)	Price list	4	1	1	6
(c)	Sales arrangement	6	5	2	13
(d)	Show flat	2	1	0	3
(e)	Viewing of completed residential properties	0	0	0	0
(f)	Preliminary agreement for sale and purchase (PASP) and/or agreement for sale and purchase (ASP)	0	0	0	0
(g)	Register of transactions	1	0	0	1
(h)	Advertisement	27	7	7	41
(i)	Website	0	0	0	0
(j)	Misrepresentation and/or dissemination of false or misleading information	10	6	9	25
(k)	Others	11	5	7	23
	<b>Total</b>	<b>70</b>	<b>31</b>	<b>42</b>	<b>143</b>

From 1 January 2016 to end of 2018, 5 cases, including 1 complaint case and 4 self-initiated investigation cases, which involved 100 counts of offence, have been prosecuted and convicted for contraventions of the Residential Properties (First-hand Sales) Ordinance (Cap. 621) (the Ordinance). The charges were mainly about contraventions of the provisions of the Ordinance in respect of sales brochures, price lists, advertisements, the mandatory provisions for PASP and ASP, etc. The vendors of the developments concerned were convicted and fined a total of \$2.188 million. Details of the offences involved in the convicted cases have been uploaded to the website of the SRPA for public perusal.

To give the general public a better understanding on the points they should pay attention to when purchasing first-hand residential properties, including mortgage matters, the SRPA has published a comic booklet titled “Everything You Need to Know When Purchasing a First-hand Residential Property” to deliver the concerned messages in a simple and user-friendly manner. At the same time, the SRPA has launched a set of TV and radio Announcements in the Public Interest to remind prospective purchasers to study the sales brochures, price lists and sales arrangements made available by vendors of the development, check the payment terms, mortgage details and total expenses and think about their affordability before purchasing first-hand residential properties.

In addition, the SRPA has issued the “Notes to Purchasers of First-hand Residential Properties” (“Notes to Purchasers”), promotional pamphlet and publicity information to remind prospective purchasers to study the information about the mortgage loan plans set out in the price list. They should stay alert on whether there are ancillary conditions on the discounts offered by the vendors and the detailed terms of various payment plans. If they intend to opt for any of the mortgage loan plans offered by financial institutions specified by the vendor, they should study the details of mortgage loan plans, such as requirements for mortgagors on minimum income level, the loan limit under the first mortgage and second mortgage, the maximum loan repayment period, the change of mortgage interest rate throughout the entire repayment period, applicants’ payment of administrative fees, etc.

From May 2017 to the end of February 2019, the SRPA has distributed in sales offices and show flats “Everything You Need to Know When Purchasing a First-hand Residential Property”, “Notes to Purchasers”, promotional pamphlets and other publicity materials carrying slogans to remind prospective purchasers to check mortgage details and take into account their affordability for over 120 occasions covering over 50 first-hand residential developments/phases.

The Ordinance aims to enhance the transparency and fairness of the sales of first-hand residential properties, strengthen consumer protection, and provide a level playing field for vendors of first-hand residential properties. The Ordinance sets out detailed requirements in relation to sales brochures, price lists, sales arrangements, register of transactions, show flats, viewing of completed residential properties, advertisements, and the mandatory provisions for PASP and ASP for the sales of first-hand residential properties. It also provides for prohibitions against misrepresentation and the dissemination of false or misleading information. Since the Ordinance came into full implementation on 29 April 2013, it has been effective in allowing prospective purchasers of first-hand residential properties to get hold of the sales information on first-hand residential properties and the relevant transaction information. The sales of first-hand residential properties have become more transparent. The public education efforts of the SRPA make prospective purchasers of first-hand residential properties more aware of their rights.

In 2019-20, the establishment of the SRPA will be increased by 6 posts for enhancing compliance checking, inspections, investigations and systems technical support related to the Ordinance. Since 2019-20, the SRPA will have an establishment of 44 staff members. In addition, the estimated expenditure of the SRPA on publicity and public education is \$0.5 million. The SRPA will continue to remind prospective purchasers, through different channels including short video clips and drama series, issues that they should pay attention to when purchasing first-hand residential properties.

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