

## **Notes to Purchasers of First-hand Residential Properties**

You are advised to take the following steps before purchasing first-hand residential properties.

### **For all first-hand residential properties**

#### **1. Important information**

- Make reference to the materials available on the Sales of First-hand Residential Properties Electronic Platform (SRPE) ([www.srpe.gov.hk](http://www.srpe.gov.hk)) on the first-hand residential property market.
- Study the information on the website designated by the vendor for the development, including the sales brochure, price lists, documents containing the sales arrangements, and the register of transactions of a development.
- Sales brochure for a development will be made available to the general public at least 7 days immediately before a date of sale while price list and sales arrangements will be made available at least 3 days immediately before the date of sale.
- Information on transactions can be found on the register of transactions on the website designated by the vendor for the development and the SRPE.

#### **2. Fees, mortgage loan and property price**

- Calculate the total expenses of the purchase, such as solicitors' fees, mortgage charges, insurance fees and stamp duties.
- Check with banks to find out if you will be able to obtain the needed mortgage loan, select the appropriate payment method and calculate the amount of the mortgage loan to ensure it is within your repayment ability.

- Check recent transaction prices of comparable properties for comparison.
- Check with the vendor or the estate agent the estimated management fee, the amount of management fee payable in advance (if any), special fund payable (if any), the amount of reimbursement of the deposits for water, electricity and gas (if any), and/or the amount of debris removal fee (if any) you have to pay to the vendor or the manager of the development.

### **3. Price list, payment terms and other financial incentives**

- Vendors may not offer to sell all the residential properties that are covered in a price list. To know which residential properties the vendors may offer to sell, pay attention to the sales arrangements which will be announced by the vendors at least 3 days before the relevant residential properties are offered to be sold.
- Pay attention to the terms of payment as set out in a price list. If there are discounts on the price, gift, or any financial advantage or benefit to be made available in connection with the purchase of the residential properties, such information will also be set out in the price list.
- If you intend to opt for any mortgage loan plans offered by financial institutions specified by the vendor, before entering into a preliminary agreement for sale and purchase (PASP), you must study the details of various mortgage loan plans<sup>1</sup> as set out in the price list concerned. If you have any questions about these mortgage loan plans, you should check with the financial institutions concerned direct before entering into a PASP.

### **4. Property area and its surroundings**

- Pay attention to the area information in the sales brochure and price list, and price per square foot/metre in the price list. According to the

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<sup>1</sup> The details of various mortgage loan plans include the 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, and the payment of administrative fees.

Residential Properties (First-hand Sales) Ordinance (Cap. 621) (the Ordinance), vendors can only present the area and price per square foot and per square metre of a residential property using saleable area. Saleable area, in relation to a residential property, means the floor area of the residential property, and includes the floor area of every one of the following to the extent that it forms part of the residential property - (i) a balcony; (ii) a utility platform; and (iii) a verandah. The saleable area excludes the area of the following which forms part of the residential property - air-conditioning plant room; bay window; cockloft; flat roof; garden; parking space; roof; stairhood; terrace and yard.

- Floor plans of all residential properties in the development have to be shown in the sales brochure. In a sales brochure, floor plans of residential properties in the development must state the external and internal dimensions of each residential property<sup>2</sup>. The external and internal dimensions of residential properties as provided in the sales brochure exclude plaster and finishes. You are advised to note this if you want to buy furniture before handing over of the residential property.
- Visit the development site and get to know the surroundings of the property (including transportation and community facilities). Check town planning proposals and decisions which may affect the property. Take a look at the location plan, aerial photograph, outline zoning plan and cross-section plan that are provided in the sales brochure.

## **5. Sales brochure**

- Ensure that the sales brochure obtained is the latest version. According to the Ordinance, the sales brochure made available to the public should be printed or examined, or examined and revised within the previous 3

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<sup>2</sup> According to section 10(2)(d) in Part 1 of Schedule 1 to the Ordinance, each of the floor plans of the residential properties in the development in the sales brochure must state the following—

- (i) the external dimensions of each residential property;
- (ii) the internal dimensions of each residential property;
- (iii) the thickness of the internal partitions of each residential property;
- (iv) the external dimensions of individual compartments in each residential property.

According to section 10(3) in Part 1 of Schedule 1 to the Ordinance, if any information required by section 10(2)(d) in Part 1 of Schedule 1 to the Ordinance is provided in the approved building plans for the development, a floor plan must state the information as so provided.

months.

- In respect of an uncompleted development, the vendor may alter the building plans (if any) whenever the vendor considers necessary. To know the latest information of an uncompleted development, keep paying attention to any revised sales brochures made available by the vendor.
- Read through the sales brochure and in particular, check the following information in the sales brochure -
  - whether there is a section on “relevant information” in the sales brochure, under which information on any matter that is known to the vendor but is not known to the general public, and is likely to materially affect the enjoyment of a residential property will be set out. Please note that information contained in a document that has been registered with the Land Registry will not be regarded as “relevant information”;
  - the cross-section plan showing a cross-section of the building in relation to every street adjacent to the building, and the level of every such street in relation to a known datum and to the level of the lowest residential floor of the building. This will help you visualize the difference in height between the lowest residential floor of a building and the street level, regardless of how that lowest residential floor is named;
  - interior and exterior fittings and finishes and appliances;
  - the basis on which management fees are shared;
  - whether individual owners have obligations or need to share the expenses for managing, operating and maintaining the public open space or public facilities inside or outside the development, and the location of the public open space or public facilities; and
  - whether individual owners have responsibility to maintain slopes.

## **6. Government land grant and deed of mutual covenant (DMC)**

- Read the Government land grant and the DMC (or the draft DMC). Information such as ownership of the rooftop and external walls can be found in the DMC. The vendor will provide copies of the Government land grant and the DMC (or the draft DMC) at the place where the sale is to take place for free inspection by prospective purchasers.
- Check the Government land grant on whether individual owners are liable to pay Government rent.
- Check the DMC on whether animals can be kept in the residential property.

## **7. Information on Availability of Residential Properties for Selection at Sales Office**

- Check with the vendor which residential properties are available for selection. If a “consumption table” is displayed by the vendor at the sales office, you may check from the table information on the progress of sale on a date of sale, including which residential properties are offered for sale at the beginning of that date of sale and which of them have been selected and sold during that date of sale.
- Do not believe in rumours about the sales condition of the development and enter into a PASP rashly.

## **8. Register of Transactions**

- Pay attention to the register of transactions for a development. A vendor must, within 24 hours after entering into a PASP with a purchaser, enter transaction information of the PASP in the register of transactions. The vendor must, within 1 working day after entering into an agreement for sale and purchase (ASP), enter transaction information of the ASP in the register of transactions. Check the register of transactions for the concerned development to learn more about the sales condition of the development.

- Never take the number of registrations of intent or cashier orders a vendor has received for the purpose of registration as an indicator of the sales volume of a development. The register of transactions for a development is the most reliable source of information from which members of the public can grasp the daily sales condition of the development.

## **9. Agreement for sale and purchase**

- Ensure that the PASP and ASP include the mandatory provisions as required by the Ordinance.
- Pay attention that fittings, finishes and appliances to be included in the sale and purchase of the property are inserted in the PASP and ASP.
- Pay attention to the area plan annexed to the ASP which shows the total area which the vendor is selling to you. The total area which the vendor is selling to you is normally greater than the saleable area of the property.
- Pay attention to the vendor's right to alter the building plans (if any) for an uncompleted development. The mandatory provisions to be incorporated in an ASP for uncompleted development as required by the Ordinance include a provision requiring the vendor to notify the purchaser in writing of such alteration if the same affects in any way the property within 14 days after its having been approved by the Building Authority.
- A preliminary deposit of **5%** of the purchase price is payable by you to the owner (i.e. the seller) on entering into a PASP.
- If you do not execute the ASP within **5 working days** (working day means a day that is not a general holiday or a Saturday or a black rainstorm warning day or gale warning day) after entering into the PASP, the PASP is terminated, the preliminary deposit (i.e. 5 % of the purchase price) is forfeited, and the owner (i.e. the seller) does not have any further claim against you for not executing the ASP.

- If you execute the ASP within 5 working days after the signing of the PASP, the owner (i.e. the seller) must execute the ASP within 8 working days after entering into the PASP.
- The deposit should be made payable to the solicitors' firm responsible for stakeholding purchasers' payments for the property.

## **10. Expression of intent of purchasing a residential property**

- Note that vendors (including their authorized representative(s)) should not seek or accept any specific or general expression of intent of purchasing any residential property before the relevant price lists for such properties are made available to the public. You therefore should not make such an offer to the vendors or their authorized representative(s).
- Note that vendors (including their authorized representative(s)) should not seek or accept any specific expression of intent of purchasing a particular residential property before the sale of the property has commenced. You therefore should not make such an offer to the vendors or their authorized representative(s).

## **11. Appointment of estate agent**

- Note that if the vendor has appointed one or more than one estate agents to act in the sale of any specified residential property in the development, the price list for the development must set out the name of all the estate agents so appointed as at the date of printing of the price list.
- You may appoint any estate agent (not necessarily from those estate agency companies appointed by the vendor) to act in the purchase of any specified residential property in the development, and may also not appoint any estate agent to act on your behalf.
- Before you appoint an estate agent to look for a property, you should -
  - find out whether the agent will act on your behalf only. If the

agent also acts for the vendor, he/she may not be able to protect your best interests in the event of a conflict of interest;

- find out whether any commission is payable by you to the estate agent and, if so, its amount and the time of payment; and
- note that only licensed estate agents or salespersons may accept your appointment. If in doubt, you should request the estate agent or salesperson to produce his/her Estate Agent Card, or check the Licence List on the Estate Agents Authority website: [www.eaa.org.hk](http://www.eaa.org.hk).

## **12. Appointment of solicitor**

- Consider appointing your own solicitor to protect your interests. If the solicitor also acts for the vendor, he/she may not be able to protect your best interests in the event of a conflict of interest.
- Compare the charges of different solicitors.

### **For first-hand uncompleted residential properties**

## **13. Pre-sale Consent**

- For uncompleted residential property under the Lands Department Consent Scheme, seek confirmation from the vendor whether the “Pre-sale Consent” has been issued by the Lands Department for the development.

## **14. Show flats**

- While the vendor is not required to make any show flat available for viewing by prospective purchasers or the general public, if the vendor wishes to make available show flats of a specified residential property, the vendor must first of all make available an unmodified show flat of that residential property and that, having made available such unmodified show flat, the vendor may then make available a modified



show flat of that residential property. In this connection, the vendor is allowed to make available more than one modified show flat of that residential property.

- If you visit the show flats, you should always look at the unmodified show flats for comparison with the modified show flats. That said, the Ordinance does not restrict the discretion of the vendor in arranging the sequence of the viewing of unmodified and modified show flats.
- Sales brochure of the development should have been made available to the public when the show flat is made available for viewing. You are advised to get a copy of the sales brochure and make reference to it when viewing the show flats.
- You may take measurements in modified and unmodified show flats, and take photographs or make video recordings of unmodified show flats, subject to reasonable restriction(s) which may be set by the vendor for ensuring safety of the persons viewing the show flat.

**For first-hand uncompleted residential properties and completed residential properties pending compliance**

**15. Estimated material date and handing over date**

- Check the estimated material date<sup>3</sup> for the development in the sales brochure.
  - The estimated material date for a development in the sales brochure is not the same as the date on which a residential property is handed over to purchaser. The latter is normally later than the former. However, the handing over date may be earlier than the estimated material date set out in the sales brochure in case of earlier completion of the development.

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<sup>3</sup> Generally speaking, “material date” means the date on which the conditions of the land grant are complied with in respect of the development, or the date on which the development is completed in all respects in compliance with the approved building plans or the conditions subject to which the certificate of exemption is issued. For details, please refer to section 2 of the Ordinance.

- Handing over date
  - The mandatory provisions to be incorporated in an ASP as required by the Ordinance include a provision requiring the vendor to apply in writing for an Occupation Document / a Certificate of Compliance or the Director of Lands' Consent to Assign (as the case may be) in respect of the development within 14 days after the estimated material date as stipulated in the ASP.
    - For development subject to the Lands Department Consent Scheme, the vendor is required to notify the purchaser in writing that the vendor is in a position validly to assign the property within one month after the issue of the Certificate of Compliance or the Consent to Assign, whichever first happens; or
    - For development not subject to the Lands Department Consent Scheme, the vendor is required to notify the purchaser in writing that the vendor is in a position validly to assign the property within 6 months after the issue of the Occupation Document including Occupation Permit.
  - The mandatory provisions to be incorporated in an ASP as required by the Ordinance include a provision requiring completion of the sale and purchase within 14 days after the date of the notification aforesaid. Upon completion, the vendor shall arrange handover of the property to the purchaser.
- Authorized Person (AP) may grant extension(s) of time for completion of the development beyond the estimated material date.
  - The mandatory provisions to be incorporated in an ASP as required by the Ordinance include a provision that the AP of a development may grant an extension of time for completion of the development beyond the estimated material date having regard to delays caused exclusively by any one or more of the following reasons:
    - strike or lock-out of workmen;
    - riots or civil commotion;

- force majeure or Act of God;
  - fire or other accident beyond the vendor's control;
  - war; or
  - inclement weather.
- The AP may grant more than once such an extension of time depending on the circumstances. That means handover of the property may be delayed.
  - The mandatory provisions to be incorporated in an ASP as required by the Ordinance also include a provision requiring the vendor to, within 14 days after the issue of an extension of time granted by the AP, furnish the purchaser with a copy of the relevant certificate of extension.
- Ask the vendor if there are any questions on handing over date.

### **For first-hand completed residential properties**

#### **16. Vendor's information form**

- Ensure that you obtain the "vendor's information form(s)" printed within the previous 3 months in relation to the residential property/properties you intend to purchase.

#### **17. Viewing of property**

- Ensure that, before you purchase a residential property, you are arranged to view the residential property that you would like to purchase or, if it is not reasonably practicable to view the property in question, a comparable property in the development, unless you agree in writing that the vendor is not required to arrange such a comparable property for viewing for you. You are advised to think carefully before signing any waiver.
- You may take measurements, take photographs or make video recordings of the property, unless the property is held under a tenancy or reasonable restriction(s) is/are needed to ensure safety of the persons

viewing the property.

For complaints and enquiries relating to the sales of first-hand residential properties by the vendors which the Ordinance applies, please contact the Sales of First-hand Residential Properties Authority -

Website	: <a href="http://www.srpa.gov.hk">www.srpa.gov.hk</a>
Telephone	: 2817 3313
Email	: <a href="mailto:enquiry_srpa@hd.gov.hk">enquiry_srpa@hd.gov.hk</a>
Fax	: 2219 2220

Other useful contacts:

**Consumer Council**

Website : [www.consumer.org.hk](http://www.consumer.org.hk)  
Telephone : 2929 2222  
Email : [cc@consumer.org.hk](mailto:cc@consumer.org.hk)  
Fax : 2856 3611

**Estate Agents Authority**

Website : [www.eaa.org.hk](http://www.eaa.org.hk)  
Telephone : 2111 2777  
Email : [enquiry@eaa.org.hk](mailto:enquiry@eaa.org.hk)  
Fax : 2598 9596

**Real Estate Developers Association of Hong Kong**

Telephone : 2826 0111  
Fax : 2845 2521

Sales of First-hand Residential Properties Authority  
Transport and Housing Bureau  
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