

SRPA's response to media enquiries on discounted price or any types of average price

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In response to media enquiries on whether the use of discounted price or any types of average price by vendors in the sales of first-hand residential properties constitutes a contravention of the Residential Properties (First-hand Sales) Ordinance, the Sales of First-hand Residential Properties Authority made the following reply:

According to the Residential Properties (First-hand Sales) Ordinance (the Ordinance), vendors must set out in price list(s) one by one the price of each specified residential property, the price of the residential property per square foot or per square metre of the saleable area, and list out information including the terms of payment, the basis on which any discount on the price is available, and any gift or financial advantage or benefit (e.g. stamp duty subsidy or rebate) to be made available with the purchase of a specified residential property.

Regarding advertisement, the Ordinance prohibits misrepresentation or the dissemination of false or misleading information.

The spirit of the Ordinance is that vendors should provide information in accordance with the facts and transactions should be transparent and fair, with a view to protecting consumer interest. Provisions in the Ordinance on misrepresentation or dissemination of false or misleading information are similar to those in the Securities and Futures Ordinance and the Trade Descriptions Ordinance.

The Sales of First-hand Residential Properties Authority (SRPA) is of the view that the use of average price, average price per square foot or per square metre, average discounted price, average discounted price per square foot or per square metre or discounted price by vendors in promoting the sale of first-hand residential properties is highly likely to amount to misrepresentation or dissemination of false or misleading information.

This is because the price, the price per square foot or per square metre, or the discounted price for different purchasers of each of the specified residential properties of a development may be different. Average price, average price per square foot or per square metre, average discounted price, average discounted price per square foot or per square metre, or discounted price are nothing but the average of the sum total of the price, price per square foot or per square metre, the maximum discounted price per square foot or per square metre, or the maximum discounted price.

As far as the provision of information on different types of discounted prices is concerned, vendors normally impose conditions on the discounts, for example, the discounts are applicable to its members or are applicable when using a particular payment term (such as immediate installment payment method). As not all purchasers are entitled to all the discounts, SRPA reminds vendors that to avoid being considered as making a misrepresentation or disseminating false or misleading information, it is not suitable for vendors to state discounted price, average discounted price, discounted price per square foot or per square metre, and average discounted price per square foot per square metre under whatever circumstances.

To prospective purchasers, what is important are the price and the price per square foot or per square metre of each specified residential property of the development as well as the discounts applicable to them. This is because in the purchase of a specified residential property, the purchaser pays the price, the price per square foot or per square metre, or the actual discounted price as applicable to him of the property he purchases.

The SRPA is of the view, and suggests, that if vendors wish to give prospective purchasers a general picture of the prices of a specific lot of first-hand residential properties, they may consider providing in advertisement the lowest and highest price of that lot of properties, i.e. from \$XX to \$XX, or the lowest and highest price per square foot or per square metre of that lot of properties, i.e. from \$XX to \$XX.

The SRPA will examine all the sales documents, registers of transactions, vendors' designated websites, printed advertisements in major newspapers and all kinds of printed publicity materials on first-hand residential properties made available to the public by vendors. It will also inspect the sales offices and show flats of all first-hand residential properties.

If suspected contravention is spotted, the SRPA will conduct investigation. Upon completion of the investigation, the SRPA will recommend whether or not to initiate prosecutions with justifications to the Prosecutions Division of the Department of Justice for consideration.

Ends/Friday, January 10, 2014