

**Shiyuan Construction Co., Ltd.,  
Great General Creative Advertising Co., Ltd. &  
Lipeng Asset Co., Ltd.**

1491<sup>st</sup> Commissioners' Meeting (2020)

Case: Shiyuan Construction, Great General Advertising and Lipeng Assets violated the fair Trade Law by posting false advertisements to market the "Changyao Yipin" housing project

Keyword(s): Housing project, reading room, KTV room

Reference: Fair Trade Commission Decision of June 3, 2020 (the 1491<sup>st</sup> Commissioners' Meeting); Disposition Kung Ch'u Tzu No.109036

Industry: Real Estate Development Activities (6700)

Relevant Law(s): Article 21 of the Fair Trade Law

Summary:

1. The FTC took the initiative to investigate the "Changyao Yipin" housing project in Linkou District, New Taipei City. The advertising brochures (hereinafter referred to as "the advertisement in question") available at the reception center were provided by Shiyuan Construction Co., Ltd. (hereinafter referred to as "Shiyuan Construction"), Great General Creative Advertising Co., Ltd. (hereinafter referred to as "Great General Advertising") and Lipeng Asset Co., Ltd. (hereinafter referred to as "Lipeng Assets"). In the advertisement in question were texts about a reading room and a KTV room and also photos of the two facilities. However, these two facilities were inconsistent with the information indicated in the use license and as-built drawings. It was false advertising.

2. Findings of the FTC after investigation:

Shiyuan Construction provided the fund to build the housing project and commissioned Great General Advertising and Lipeng Assets to take charge of advertising and marketing in accordance with their real estate marketing contract. Great General Advertising and Lipeng Assets used the advertisement in question at the reception center and paid for the advertising and marketing. The more they sold, the higher their profits would be. Hence, the two companies and Shiyuan Construction had a benefit-sharing relationship. For this reason, Shiyuan Construction, Great General Advertising and Lipeng Assets were all considered parties responsible for the advertisement in question. According to New Taipei City Government, the two facilities in question were originally approved as the disaster prevention center and the machine room. Changing them to become the reading room and KTV room was in violation of Article 73(2) of the Building Act.

3. Grounds for disposition:

(1) Shiyuan Construction, Great General Advertising and Lipeng Assets posted in the advertisement in question the text of "use of earth tone series to make the reading room a peaceful, comfortable and leisure spot...If you wish to sing a song or watch a movie, you can also move to the relaxing KTV room, where the ambience is just like in your own living room, to enjoy a happy time with your friends and

family” as well as photos of the reading room and KTV room. The presentation gave the general public the impression that buyers of the units of the housing project could use the reading room and KTV room legally. The FTC’s investigation, however, showed that Shiyuan Construction, Great General Advertising and Lipeng Assets did not have any documents issued by the building authority to prove the changed usage of the reading room and KTV room had been approved. In other words, the wording and photos posted by Shiyuan Construction, Great General Advertising and Lipeng Assets in the advertisement in question were inconsistent with the fact. It was in violation of Article 21(1) of the Fair Trade Law.

- (2) After assessing the motive and purpose behind the unlawful act of Shiyuan Construction, Great General Advertising and Lipeng Assets, the inappropriate profits expected, the level of harm to trading order, the duration of the unlawful act, the profits obtained, the business scale, the management condition and market status of each company, their past violations, their degree of remorse after the violation, and the level of their cooperativeness throughout the investigation, the FTC cited the first section of Article 42 of the Fair Trade Law and imposed an administrative fine of one million New Taiwan dollars (same currency applies hereinafter) on Shiyuan Construction, NT\$800,000 on Great General Advertising and NT\$500,000 on Lipeng Assets.

Appendix:

Shiyuan Construction Co., Ltd.’s Uniform Invoice Number: 53118984

Great General Creative Advertising Co., Ltd.’s Uniform Invoice Number: 53537728

Lipeng Asset Co., Ltd.’s Uniform Invoice Number: 55861621

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