

二零一一年十二月二十日

討論文件

## 立法會工商事務委員會

### 調派內地及台灣人員的租金津貼

#### 目的

本文件旨在請委員支持有關改良調派政制及內地事務局轄下內地及台灣辦事處的人員和借調到內地及台灣機構的人員的現行租金津貼制度的建議。

#### 調派／借調到內地及台灣的人員的現行租金津貼安排

2. 現時，政制及內地事務局轄下有四個內地辦事處，分別是駐北京辦事處（駐京辦），以及香港駐粵、駐成都及駐上海經濟貿易辦事處（經貿辦）（統稱駐內地辦事處）。此外，我們將於本年十二月內在台灣設立香港經濟貿易文化辦事處（經貿文辦）。除了調派人員到這些內地及台灣辦事處外，現時亦有一些人員借調到內地機構工作<sup>1</sup>。

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<sup>1</sup> 借調人員的數目、借調城市及機構因時而異。截至二零一一年十一月三十日，有四名人員借調到內地機構工作，包括設於北京的國際民航組織飛程序辦公室、設於北京的世界海關組織亞太區情報聯絡中心、設於北京的中國人民公安大學，及設於珠海的港珠澳大橋管理局。

3. 根據現行安排，所有調派／借調到內地及台灣的人員可獲發租金津貼，以資助他們在調派／借調的城市租住居所。租金津貼由財務委員會（財委會）或獲其授權的人員按個別情況批准，以先付後發還的形式發放，金額是可發還的住屋開支上限<sup>2</sup>。

### 租金津貼檢討機制

4. 調派到駐內地辦事處的人員的租金津貼額，是根據他們的職級及家庭狀況而釐定；不同辦事處的租金津貼額則按不同的基礎釐定。駐京辦在一九九九年成立時，租金津貼額參照了政府產業署所取得有關適合駐北京的不同級別行政人員及僱員租用的住宅單位的市場租金資料。在二零零二年設立駐粵經貿辦時，相關的租金津貼額是按政府產業署的意見，根據獨立顧問公司經考慮一些主要的香港及國際公司的行政及管理人員在廣州一般租用的住宅單位的租金來釐定的。至於在二零零六年設立的駐上海經貿辦及駐成都經貿辦，相關的租金津貼額是按獨立顧問的建議，在考慮相關的住屋調查資料、所駐城市的住屋標準，以及駐外行政及管理人員當時一般租住的合適地區的市場住屋租金資料後而釐定的。

5. 由於沒有劃一和特定的方法調整租金津貼，租金津貼額已出現與樓宇租賃市場脫節的情況。此外，租金津貼架構亦因調派城市而有所不同，其中駐粵經貿辦按駐外人員不同的家庭狀況（單身／已婚／已婚並育有子女），將津貼額分為三級，而駐京辦、駐上海經貿辦及駐成都經貿辦則將津貼額分為兩級。

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2 可發還項目的費用包括租金、家具租用費和其他必要開支，例如管理費和服務費（如適用）。水、電和煤氣等公用設施的費用不會獲得資助。

## 調派／借調到內地及台灣的人員的建議租金津貼機制

6. 鑑於上述情況，我們認為有需要制訂機制，改良租金津貼制度。雖然調派經貿文辦的人員的特定租金津貼額已在二零一一年十一月十八日獲財委會批准，但我們仍須制訂機制，用以檢討該辦事處的租金津貼額。參照財委會在二零一一年七月十八日所通過適用於派駐海外經貿辦和借調到海外工作的人員的新定租金津貼制度，我們委託在內地及台灣樓宇租賃市場方面擁有專業知識的國際顧問世邦魏理仕有限公司(CBRE HK Limited)（顧問）研究租金津貼的機制，以制訂新的制度，用以釐定和調整調派或借調到內地及台灣人員的租金津貼額。顧問報告的摘要，包括研究的目的和方法，載於附件一。報告全文（只備英文本）可向工商事務委員會秘書處查閱。

7. 建議的新機制可提供一套客觀標準，用以釐定所有租金津貼額，而且適用於調派或借調到內地或台灣辦事處所有職級的公務員。津貼項目包括租金、家具租用費和其他必要開支，例如管理費和服務費（如適用）。顧問參照了主要香港公司及跨國公司為相若職級的駐外行政及管理人員在所派駐城市提供住屋的政策和概括標準，為不同級別和家庭狀況的人員釐定一套住屋標準。基於這些因素，顧問就相關城市的選定住宅區和屋苑進行住屋調查，並根據經核實的住宅物業租金資料，按人員的級別和家庭狀況釐定租金津貼額。顧問按不同家庭狀況（單身／已婚和已婚並育有子女），為各職級的人員釐定兩個津貼額。各級別的津貼額不會互相重疊，即已婚並育有子女的人員的津貼額，不會多於較高職級的單身／已婚人員的津貼額。

8. 此外，駐內地及台灣辦事處的主管人員須在當地代表香港，或需不時在家進行款待。為此，顧問建議在計算他們的租金津貼額時

加入 1.15（即額外 15%）的調整系數<sup>3</sup>。在釐定這個系數時，顧問採用劃一方法確定合適的住屋標準，以配合駐內地及台灣辦事處主管人員的重要角色。有關的租金、家具租用費和必要費用亦須調整，以反映與租用較大和較佳物業相稱的一般費用。

9. 如建議的租金津貼制度獲得採納，部分人員的津貼額會減少，部分則會增加。現時及擬議的租金津貼額對照表，載於附件二。為避免對已在調派城市覓得居所的現職人員造成財政困難，我們建議制訂豁免安排，假如有關人員的租金津貼額有所減少，容許他們繼續按現時金額領取租金津貼，直至他們遷往另一居所，才採用新的津貼額。至於租金津貼額獲得調高的城市，新津貼額只適用於正繳付高於現有津貼額的租金或轉換居所的現職人員。我們建議日後調整租金津貼額時，亦採用同樣的安排。

10. 由於樓宇租賃市場波動較大，經考慮顧問提出的方案後，我們建議參考個別城市的租金指數<sup>4</sup>，每年檢討內地及台灣的租金津貼額。如租金指數變動的幅度等於或超過正或負 5%<sup>5</sup>，便會調整租金

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3 僱員通常按職級和家庭狀況獲發租金津貼。調整系數綜合所有必要的調整額，目的是調高津貼，以便有關人員租住較大和較佳的居所，切合其代表身分。建議的 1.15 調整系數與其他政府採用的類似調整系數及適用於海外經貿辦主管人員的調整系數一致。

4 我們打算採用顧問、其他聲譽良好的顧問及當地政府當局提供的合適個別城市租金指數。這些指數為每年檢討相對住屋標準提供劃一、簡單和合理的依據。按年市值租金差額以按年城市指數或「住屋租金成本變動」的方式表示，為駐外人員在派駐城市的租金成本趨勢提供指標。該指數可以是正數或負數，會用來與一個變動幅度指標作出比較，以決定是否適用於現時的津貼額，從而釐定所有職級組別的人員下年度的津貼額。

5 當指數變動幅度等於或超過正或負 5%，便須將津貼額作相應的調整。不過，如指數變動幅度等於或超過正或負 10%，則應進一步注意這個地點的租金走勢，密切監察下年度的變動。如下年度的指數變動幅度又再等於或超過正或負 10%，便會重新檢討津貼額，而不是按租金指數調整津貼額。

津貼額。我們並建議在按年調整以外，每五年進行全面檢討。至於調派／借調到本文件並未涵蓋的內地及台灣辦事處或地方的人員，他們的租金津貼額會以顧問研究所採用的準則和框架來釐定<sup>6</sup>。我們亦建議授權政制及內地事務局局長和公務員事務局局長分別就政制及內地事務局轄下的內地及台灣辦事處所在城市和公務員事務局其他駐外人員所調派／借調到的內地及台灣城市，批准每年根據個別城市的指數訂定的津貼額調整幅度，以及新調派／借調城市的津貼額。

11. 上文第 6 至 10 段所載用以釐定和檢討租用津貼額的建議新制度與財委會在二零一一年七月十八日會議上所批准派駐海外經貿辦和借調到海外機構工作的人員的租金津貼制度一致（請參閱 FCR(2011-12)45 號文件）。

## 對財政的影響

12. 假如建議的租金津貼額獲採納，根據目前駐內地辦事處及經貿文辦的編制和現時借調到內地的人員的職級和數目計算，每年的租金津貼總開支約 1,598 萬元，共節省約 319 萬元。我們已在二零一一至一二年度開支預算內預留足夠的款額，應付上述開支。

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<sup>6</sup> 就持續借調到珠海的人員，考慮到上述城市與駐粵經貿辦相近，我們建議採用適用於駐粵經貿辦人員的租金津貼額。

## 徵詢意見

13. 請委員就本文件載述的建議提出意見。如委員同意，我們會在二零一二年一月，把調派／借調到內地及台灣的人員的建議租金津貼機制提交財委會審批。

政制及內地事務局  
公務員事務局  
二零一一年十二月

## 由香港調派到內地及台灣人員的租金津貼檢討

### 報告摘要 (摘錄自最終報告)

#### 報告摘要

政制及內地事務局常任秘書長代表香港特別行政區政府，委聘世邦魏理仕有限公司（下稱「世邦魏理仕」）進行顧問研究（下稱「研究」），檢討並修訂由香港調派到內地辦事處人員的租金津貼額；釐定適用於由香港調派到台灣經濟文化貿易辦事處（下稱「經貿文辦」）的人員的租金津貼額；以及建議適用於政制及內地事務局轄下所有相關辦事處人員的租金津貼調整機制。津貼額亦會適用於借調到內地及台灣工作的人員。

#### 顧問研究的背景

政府現時在內地設有四個辦事處，即駐北京辦事處和分別設於成都、廣州及上海的三個經濟貿易辦事處（下稱「經貿辦」）（統稱「駐內地辦事處」）。駐內地辦事處的人員既有由香港調派，也有在當地聘任。上述的香港駐外人員全部都獲發租金津貼，以應付他們在調派城市的住屋需要。不同辦事處擬定的租金津貼額按個別人員的職級及家庭狀況而有所不同。

由於現時的津貼額已採用多年，政府委託世邦魏理仕進行檢討，以審視現有津貼額與有關所調派內地城市現時樓宇租賃市場的情況是否相稱。此外，為籌備設立經貿文辦，亦需要釐定相關的租金津貼額。檢討工作的另一目的，是訂立客觀的制度，在日後定期調整租金津貼時採用。

世邦魏理仕分三個階段進行研究，以檢討並修訂由香港調派到駐內地及台灣辦事處的人員的租金津貼額，以及建議適用於所有相關辦事處人員的租金津貼調整機制。研究涵蓋：

- **第 1 階段：** 參照主要香港機構及跨國公司在提供住屋方面的政策和概括標準。
- **第 2 階段：** 為由香港調派到駐內地辦事處及經貿文辦的人員建議特定的住宅區和租金津貼額。
- **第 3 階段：** 建議適當的機制，在日後定期調整租金津貼額時採用。

## 研究的目的

研究檢討及修訂／釐定（視何者合適而定）了由香港調派或借調到內地及台灣工作的人員的租金津貼額，以及就日後用以定期修訂租金津貼的制度提出建議。

## 方法

世邦魏理仕設定下述方法以進行三個階段的顧問工作：

### **第 1 階段：制訂一般準則與標準**

在制訂由香港調派到駐內地辦事處及經貿文辦的人員的租住居所一般準則及標準時，世邦魏理仕憑着對當地的認識，以及在物業市場方面的專門知識和人脈聯繫，觀察主要香港機構和跨國公司就調派納入研究範圍內的城市的行政／管理人員所訂定的住屋政策和概括標準。

研究結論是經考慮下列因素而得出的：

- 屬指示性質的駐外人員薪酬水平；
- 家庭狀況（單身／已婚或已婚並育有子女）；
- 辦事處所在地，及辦事處與住所之間的路程；



- 住宅區的合適程度（特點、適合駐外人員居住的周邊環境、保安、基建設施、是否有公共交通工具、公園／休憩地方）；及
- 住屋類型（寓所式單位／獨立屋、一般樓宇面積、房間數目、屋苑式寓所的供應）。

根據觀察所得的結論，世邦魏理仕建議了一套適合香港駐內地及台灣人員的租住居所一般準則與標準，供政府考慮；不同級別的人員的住屋準則與標準，因應政府訂明的人員狀況及其他要求而異。這套一般標準與準則經政府通過後，便會作為其後建議居住地區及租金津貼額的依據。

世邦魏理仕按辦事處的編制將有關人員分為六個級別，即第 I、II、III、IV、V 及 VI 組，並按這些級別訂定相稱的津貼額。每個級別亦按人員的不同家庭狀況釐定兩個津貼額，分別適用於單身／已婚人員及已婚並育有子女的人員。世邦魏理仕建議各級別的津貼額不應重疊，例如已婚並育有子女人員的津貼額不會多於較高職級的單身／已婚人員的津貼額。

### **第 2a 階段：建議合適的住宅區及屋苑**

為了確定哪些住宅區適合駐外人員居住，世邦魏理仕借助當地的研究組及地產經紀的專門知識和實際經驗，物色針對駐外人員的住宅市場。

世邦魏理仕根據選取的住宅區的一般住屋情況和住屋供應，按照政府所訂明駐外人員的職級、家庭狀況及其他要求，選定合適的屋苑，並向政府提出建議。住屋的水平、質素和模式與當時調派有關城市的駐外人員所屬意的住屋特點一致。

研究中所考慮的市場定位參考了特定城市的駐外人員住宅市場的相對關係。

建議的住宅區及屋苑經政府同意後，世邦魏理仕便據此搜集資料。

## 第 2b 階段：建議租金津貼額

世邦魏理仕根據有關標準與準則以及所建議的住宅區及屋苑，編制並整理二零一一年八月至十月住宅市場可供租住樓宇的租金資料。世邦魏理仕接着按人員的職級／級別及家庭狀況進一步分析租金資料。

除租金津貼額外，世邦魏理仕並就以下項目進行評估：

### (i) 估算家具津貼

租金津貼額應能反映有家居設備的住屋的市場情況。世邦魏理仕在建議租金津貼額時，盡可能參照了有家居設備的住屋的租金。假如不能租住這類居所，駐外人員會獲發家具津貼，津貼額是根據有家居設備與沒有家居設備的住屋的平均租金差額估算。有家居設備的居所通常提供與居所的市場定位相稱的主要家具和器具。如爲了要迎合更高的標準而須提高津貼額，則不屬是次研究的範圍。

### (ii) 估算其他額外的必要開支

世邦魏理仕亦就市場上一般採用的租賃條款及做法作出說明。租賃條款一般包括租賃年期、每隔多久繳付租金、根據什麼和每隔多久檢討租金、續訂和提早終止租約的選擇。報告也有就出租樓宇相關的費用（例如停車位收費、管理費、住屋／物業稅、按金／轉讓費、物業代理／經紀費及公用設施費用），按照市場慣常的做法作出特別說明。

按照每個城市的住宅市場慣常做法，租金津貼已將與出租居所有關的額外必要費用，包括管理費及停車位收費，計算在內。管理費指所有住客就公用服務（例如保安員、公用地方及休憩設施的清潔和維修保養）繳付的費用，金額因地區而異。停車位收費如沒有計算在租金內，一般會包括在必要費用內。

至於公用設施費用（例如煤氣、電力及電話／傳真線）及其他服務費（例如洗衣服務），這些持續但非必要費用，不屬是次研究的範圍。一筆過支付的費用，包括但不限於按金／轉讓費及屋苑代理／經紀費，同樣不屬是次研究的範圍，且不視作租金津貼涵蓋的費用項目；就這些項目，不會有津貼。必要開支通常以月租某個百分比或根據當地市場一般收費水平釐定的劃一金額計算。

### (iii) 反映辦事處主管人員身分的調整系數

各辦事處的主管人員可能需要不時在家中進行款待。為此，除基本的租金津貼外，有需要准予按調整系數調高津貼。

在擬訂調整系數時，世邦魏理仕考慮了與款待賓客而須相稱的較佳居所的要求。調整系數按租金津貼額的某個百分比計算。同一系數同樣適用於與提高標準的住屋相稱的其他額外必要費用。

## **第3階段：檢討租金津貼機制**

世邦魏理仕在第3階段建議並分析了多個檢討租金津貼機制的方法：

- (i) 租金津貼於一段固定時間內維持不變；或
- (ii) 按個別城市的租金指數（世邦魏理仕住宅物業租金指數和官方的房屋通脹指數）調整租金津貼；或
- (iii) 採納最新研究所得的市場資料修訂租金津貼；或
- (iv) 進行全面檢討以修訂租金津貼。

## **建議的租金津貼額**

世邦魏理仕的研究結果以兩個列表按城市顯示。其中一個列表按調派人員的職級／職系詳列租住居所的一般標準與準則（即往返辦事處／機構的

估計路程、市場定位和面積) (見附錄 A)。另一個表撮述由香港調派或借調到內地及台灣人員的建議租金津貼(見附錄 B)。

### 反映辦事處主管人員身分的調整系數

有關人員通常按職級和家庭人數獲發住屋津貼。調整系數綜合所有必要的調整額，以調高津貼，讓有關人員租住切合其身分的合適住所。在計算調整系數時，假設經調高的租住物業在以下兩方面都能切合人員款待賓客的需要：

- **租住物業的面積**：假設單身/已婚及已婚並育有子女人員的標準住屋為 4 房物業；以及
- **租住物業的質素**：租住物業無論在質素和標準方面都應相對較高，並應位於較為高檔的住宅區/屋苑內。

基於上述假設，調整系數建議如下：

組別	調整系數	應用
第I組至 第III組	1.15	按總費用的某個百分比計算

調整系數應用於租金津貼的總額（含家居設備和其他必要開支相關的津貼）。1.15 這個系數是在內地及台灣所有有關辦事處的所在城市的統計平均值。我們評估每個城市內適合主管人員租住的物業的費用，然後與標準租金津貼額相比，確定兩者的差額。1.15 的調整系數與其他政府採用的類似調整系數相若，亦與經立法會財務委員會批准，現有適用於海外經濟貿易辦事處主管人員的調整系數一致。

### 租金津貼機制檢討

作為其中一個主要目的，研究建議了數個客觀的機制，用於日後定期調整調派或借調到這項研究涵蓋的城市，不同組別人員的租金津貼額。顧

問提出了多個建議的做法，供政府考慮。

### **方案 I. 租金津貼於一段固定時間內維持不變**

其中一個做法是租金津貼於一段固定時間內維持不變，並於這段時間屆滿時才進行檢討。這段時間的長短可從行政或成本的角度來決定。舉例來說，租金津貼可以在調派期開始時定下來，為期三年或以調派年期為限，最長為五年。對僱員調派海外的時間較短，或有固定期限的機構來說，這個做法較常採用。

### **方案 II. 按每個城市的租金指數調整租金津貼**

除了租金津貼額在一段長時間內不作調整這個做法之外，可於全面和徹底的檢討期間，以較簡單的調整方式進行中期調整。

在選擇租金指數時，如作調整之用的指數是以計算租金津貼額的相同或類同目標市場組別作為基礎而編制的，則最為理想。至於是否有現存的租金指數可供使用，每個城市的情況有別。租金指數通常每季或每年公布一次。

### **方案 III. 採納最新研究所得的市場數據更新租金津貼**

另一個做法是根據進行中期檢討時建議採用的標準和參數，參考最新的市場數據，進行檢討。兼顧行政便利的考慮，我們建議每年檢討一次。

### **方案 IV. 進行全面檢討更新租金津貼**

就調派或借調至各個城市的香港人員租住物業的一般標準和參數，以及租金津貼額，定期進行全面的檢討。

為不同級別和家庭狀況的調派／借調  
到內地及台灣的人員釐定住屋標準的準則

職級／職系	單身／已婚	已婚並 育有子女
第 I 組 (首長級薪級 第 6/8 點)	3 房住宅 距離有關辦事處／ 機構 25 公里內 高檔市場	3 至 4 房住宅 距離有關辦事處／ 機構 25 公里內 高檔市場
第 II 組 (首長級薪級 第 4/5 點)	2 至 3 房住宅 距離有關辦事處／ 機構 25 公里內 高檔市場	3 至 4 房住宅 距離有關辦事處／ 機構 25 公里內 高檔市場
第 III 組 (首長級薪級 第 1 至 3 點)	2 至 3 房住宅 距離有關辦事處／ 機構 25 公里內 高至中檔市場	3 至 4 房住宅 距離有關辦事處／ 機構 25 公里內 高至中檔市場
第 IV 組 (總薪級第 45 至 49 點；警務 人員薪級第 49 至 54a 點；一般 紀律人員(主任級)薪級第 33 至 39 點)	2 房住宅 距離有關辦事處／ 機構 25 公里內 中檔市場	2 至 3 房住宅 距離有關辦事處／ 機構 25 公里內 中檔市場
第 V 組 (總薪級第 28 至 44 點；警務 人員薪級第 30 至 48 點；一般 紀律人員(主任級)薪級第 14 至 32 點)	2 房住宅 距離有關辦事處／ 機構 25 公里內 中至低檔市場	2 至 3 房住宅 距離有關辦事處／ 機構 25 公里內 中至低檔市場
第 VI 組 (總薪級第 27 點或以下；警務 人員薪級第 29 點或以下；一般 紀律人員(主任級)薪級第 13 點 或以下)	1 至 2 房住宅 距離有關辦事處／ 機構 25 公里內 低檔市場	2 至 3 房住宅 距離有關辦事處／ 機構 25 公里內 低檔市場

儘管有上表所列的一般住屋標準，顧問亦可考慮有關城市本身的特別情況。

## 由香港調派／借調到內地及台灣的人員的建議租金津貼額

組別	職級／職系	家庭狀況	北京 (每月人民幣)	成都 (每月人民幣)	廣州 (每月人民幣)	上海 (每月人民幣)	台北 (每月新台幣)
第 I 組	首長級薪級第 6 至 8 點	單身／已婚	47,010	32,940	41,840	55,000	269,000
		已婚並育有子女	62,080	38,050	48,190	66,680	308,800
第 II 組	首長級薪級第 4/5 點	單身／已婚	36,760	26,110	30,310	43,010	219,900
		已婚並育有子女	45,470	31,470	34,570	48,640	255,000
第 III 組	首長級薪級第 1 至 3 點	單身／已婚	29,850	19,300	22,100	34,300	154,100
		已婚並育有子女	34,000	23,490	25,560	38,610	198,800
第 IV 組	總薪級第 45 至 49 點；警務人員薪級第 49 至 54a 點；一般紀律人員(主任級)薪級第 33 至 39 點)	單身／已婚	23,760	14,880	17,100	26,310	97,300
		已婚並育有子女	27,240	17,030	20,530	31,020	148,100
第 V 組	總薪級第 28 至 44 點；警務人員薪級第 30 至 48 點；一般紀律人員(主任級)薪級第 14 至 32 點	單身／已婚	19,250	11,440	12,500	20,370	62,000
		已婚並育有子女	22,120	14,170	15,120	23,140	70,100
第 VI 組	總薪級第 27 點或以下；警務人員薪級第 29 點或以下；一般紀律人員(主任級)第 13 點或以下	單身／已婚	14,840	8,580	9,260	15,450	44,100
		已婚並育有子女	16,690	10,300	11,110	19,650	56,200

上述租金津貼包括各項必要開支，例如停車位收費及管理費（如適用），而適用於辦事處主管人員的調整系數並未計算在內。

調派／借調到內地及台灣的人員的租金津貼  
現時的津貼額與建議津貼額對照表（以當地貨幣／港幣計）

附件 二

組別	職級	人員數目	現時的津貼額（以當地貨幣計）			建議的新津貼額（以當地貨幣計）						現時的津貼額（以港幣計）*			建議的新津貼額（以港幣計）*					
			F	M	S	F		M		S		F	M	S	F		M		S	
						沒有附加適用於辦事處主管人員的調整額	附加適用於辦事處主管人員的15%調整額	沒有附加適用於辦事處主管人員的調整額	附加適用於辦事處主管人員的15%調整額	沒有附加適用於辦事處主管人員的調整額	附加適用於辦事處主管人員的15%調整額				沒有附加適用於辦事處主管人員的調整額	附加適用於辦事處主管人員的15%調整額	沒有附加適用於辦事處主管人員的調整額	附加適用於辦事處主管人員的15%調整額	沒有附加適用於辦事處主管人員的調整額	附加適用於辦事處主管人員的15%調整額
駐北京辦事處（人民幣）																				
第 I 組	AOSGA1(D8)	1	-	-	-	62,080	71,392	47,010	54,062	47,010	54,062	-	-	-	76,079	87,491	57,611	66,252	57,611	66,252
	AOSGA(D6)		105,556	95,005	95,005	62,080	71,392	47,010	54,062	47,010	54,062	129,359	116,429	116,429	76,079	87,491	57,611	66,252	57,611	66,252
第 II 組	AOSGB1(D4)	1	91,984	82,794	82,794	45,470	52,291	36,760	42,274	36,760	42,274	112,726	101,464	101,464	55,723	64,082	45,049	51,807	45,049	51,807
						(-51%)	(-32%)	(-51%)	(-43%)	(-56%)	(-51%)				(-51%)	(-32%)	(-51%)	(-43%)	(-56%)	(-51%)
第 III 組	AOSGB(D3)	1	-	-	-	34,000	39,100	29,850	34,328	29,850	34,328	-	-	-	41,667	47,917	36,581	42,068	36,581	42,068
	AOSGC(D2)		68,968	62,096	62,096	34,000	39,100	29,850	34,328	29,850	34,328	84,520	76,099	76,099	41,667	47,917	36,581	42,068	36,581	42,068
第 IV 組	SAO/PTO/CIO/PlmO/CEO	4	46,034	41,397	41,397	27,240	-	23,760	-	23,760	-	56,415	50,732	50,732	33,383	-	29,118	-	29,118	-
						(-41%)	(-43%)	(-43%)	(-43%)	(-41%)	(-43%)				(-41%)	(-43%)	(-43%)	(-43%)	(-41%)	(-43%)
第 V 組	PIO/SIO/TO/CImO/CIP/Sl of C&E /ATCO II	6	32,207	28,978	28,978	22,120	-	19,250	-	19,250	-	39,470	35,513	35,513	27,108	-	23,591	-	23,591	-
						(-31%)	(-34%)	(-34%)	(-34%)	(-31%)	(-34%)				(-31%)	(-34%)	(-34%)	(-34%)	(-31%)	(-34%)
第 VI 組	ATOI/IO/ImO/EOI	5	23,017	20,699	20,699	22,120	-	19,250	-	19,250	-	28,207	25,367	25,367	27,108	-	23,591	-	23,591	-
	AIO/SPS/PSI		23,017	20,699	20,699	(-4%)	(-7%)	(-7%)	(-7%)	(-4%)	(-7%)				(-4%)	(-7%)	(-7%)	(-7%)	(-4%)	(-7%)
		1				16,690	-	14,840	-	14,840	-	28,207	25,367	25,367	20,454	-	18,186	-	18,186	-
						(-27%)	(-28%)	(-28%)	(-28%)	(-28%)	(-28%)				(-27%)	(-28%)	(-28%)	(-28%)	(-28%)	(-28%)
駐粵經貿辦（人民幣）																				
第 I 組	AOSGA1(D8)		-	-	-	48,190	55,419	41,840	48,116	41,840	48,116	-	-	-	59,057	67,915	51,275	58,966	51,275	58,966
	AOSGA(D6)																			
第 II 組	AOSGB1(D4)		-	-	-	34,570	39,756	30,310	34,857	30,310	34,857	-	-	-	42,366	48,720	37,145	42,717	37,145	42,717
第 III 組	AOSGB(D3)	1	32,000	28,500	25,000	25,560	29,394	22,100	25,415	22,100	25,415	39,216	34,927	30,638	31,324	36,022	27,084	31,146	27,084	31,146
	AOSGC(D2)		-	-	-	25,560	29,394	22,100	25,415	22,100	25,415	-	-	-	31,324	36,022	27,084	31,146	27,084	31,146
第 IV 組	SAO/PTO/CIO/PlmO/CEO/SE^	6	20,000	18,500	17,000	20,530	-	17,100	-	17,100	-	24,510	22,672	20,834	25,160	-	20,956	-	20,956	-
						(3%)	(-8%)	(1%)	(1%)	(3%)	(-8%)				(3%)	(-8%)	(1%)	(1%)	(3%)	(-8%)
第 V 組	TO/ATOI/PIO/SIO/IO/CImO/ImO/EOI	7	15,000	13,500	12,000	15,120	-	12,500	-	12,500	-	18,383	16,544	14,706	18,530	-	15,319	-	15,319	-
						(1%)	(-7%)	(4%)	(1%)	(-7%)	(4%)				(1%)	(-7%)	(4%)	(1%)	(-7%)	(4%)
第 VI 組	AIO/SPS/PSI		-	-	-	11,110	-	9,260	-	9,260	-	-	-	-	13,615	-	11,348	-	11,348	-
駐上海經貿辦（人民幣）																				
第 I 組	AOSGA1(D8)		-	-	-	66,680	76,682	55,000	63,250	55,000	63,250	-	-	-	81,716	93,974	67,403	77,513	67,403	77,513
	AOSGA(D6)																			
第 II 組	AOSGB1(D4)		-	-	-	48,640	55,936	43,010	49,462	43,010	49,462	-	-	-	59,608	68,550	52,709	60,615	52,709	60,615
	AOSGB(D3)		41,000	33,000	33,000	38,610	44,402	34,300	39,445	34,300	39,445	50,246	40,442	40,442	47,317	54,414	42,035	48,340	42,035	48,340
第 III 組	AOSGC(D2)	1	-	-	-	38,610	44,402	34,300	39,445	34,300	39,445	-	-	-	47,317	54,414	42,035	48,340	42,035	48,340
						(-6%)	(8%)	(4%)	(20%)	(4%)	(20%)				(-6%)	(8%)	(4%)	(20%)	(4%)	(20%)
第 IV 組	SAO/PTO/CIO/PlmO/CEO	2	27,000	22,000	22,000	31,020	-	26,310	-	26,310	-	33,089	26,961	26,961	38,015	-	32,243	-	32,243	-
						(15%)		(20%)	(20%)	(20%)	(20%)				(15%)		(20%)	(20%)	(20%)	(20%)
第 V 組	TO/ATOI/PIO/SIO/IO/CImO/ImO/EOI	3	20,000	16,000	16,000	23,140	-	20,370	-	20,370	-	24,510	19,608	19,608	28,358	-	24,963	-	24,963	-
						(16%)		(27%)	(27%)	(27%)	(27%)				(16%)		(27%)	(27%)	(27%)	(27%)
第 VI 組	AIO/SPS/PSI		20,000	16,000	16,000	19,650	-	15,450	-	15,450	-	24,510	19,608	19,608	24,081	-	18,934	-	18,934	-
						(-2%)		(-3%)	(-3%)	(-3%)	(-3%)				(-2%)		(-3%)	(-3%)	(-3%)	(-3%)
駐成都經貿辦（人民幣）																				
第 I 組	AOSGA1(D8)		-	-	-	38,050	43,758	32,940	37,881	32,940	37,881	-	-	-	46,630	53,625	40,368	46,423	40,368	46,423
	AOSGA(D6)																			
第 II 組	AOSGB1(D4)		-	-	-	31,470	36,191	26,110	30,027	26,110	30,027	-	-	-	38,566	44,351	31,998	36,797	31,998	36,797
	AOSGB(D3)		-	-	-	23,490	27,014	19,300	22,195	19,300	22,195	-	-	-	28,787	33,105	23,652	27,200	23,652	27,200
第 III 組	AOSGC(D2)	1	27,000	20,000	20,000	23,490	27,014	19,300	22,195	19,300	22,195	33,089	24,510	24,510	28,787	33,105	23,652	27,200	23,652	27,200
						(-13%)	(-4%)	(-4%)	(11%)	(-4%)	(11%)				(-13%)	(-4%)	(-4%)	(11%)	(-4%)	(11%)
第 IV 組	SAO/PTO/CIO/PlmO/CEO	2	18,000	13,000	13,000	17,030	-	14,880	-	14,880	-	22,059	15,932	15,932	20,870	-	18,235	-	18,235	-
						(-5%)		(14%)	(14%)	(14%)	(14%)				(-5%)		(14%)	(14%)	(14%)	(14%)
第 V 組	TO/ATOI/PIO/SIO/IO/CImO/ImO/EOI	3	12,000	10,000	10,000	14,170	-	11,440	-	11,440	-	14,706	12,255	12,255	17,365	-	14,020	-	14,020	-
						(18%)		(14%)	(14%)	(14%)	(14%)				(18%)		(14%)	(14%)	(14%)	(14%)
第 VI 組	AIO/SPS/PSI		12,000	10,000	10,000	10,300	-	8,580	-	8,580	-	14,706	12,255	12,255	12,623	-	10,515	-	10,515	-
						(-14%)		(-14%)	(-14%)	(-14%)	(-14%)				(-14%)		(-14%)	(-14%)	(-14%)	(-14%)
駐台灣經貿文辦(新台幣)																				
第 I 組	AOSGA1(D8)	1	-	-	-	308,800	355,120	269,000	309,350	269,000	309,350	-	-	-	79,130	91,000	68,931	79,271	68,931	79,271
	AOSGA(D6)																			
第 II 組	AOSGB1(D4)		255,000	219,900	219,900	255,000	293,250	219,900	252,885	219,900	252,885	65,344	56,349	56,349	65,344	75,145	56,349	64,802	56,349	64,802
						(15%)		(15%)	(15%)	(15%)	(15%)					(15%)		(15%)	(15%)	(15%)
第 III 組	AOSGB(D3)/ AOSGC(D2)		198,800	154,100	154,100	198,800	228,620	154,100	177,215	154,100	177,215	50,943	39,488	39,488	50,943	58,584	39,488	45,411	39,488	45,411
第 IV 組	SAO/PTO/CIO/PlmO/CEO	2	148,100	97,300	97,300	148,100	-	97,300	-	97,300	-	37,951	24,933	24,933	37,951	-	24,933	-	24,933	-
第 V 組	TO/ATOI/PIO/SIO/IO/CImO/ImO/EOI	4	70,100	62,000	62,000	70,100	-	62,000	-	62,000	-	17,963	15,888	15,888	17,963	-	15,888	-	15,888	-
第 VI 組	AIO/SPS/PSI	1	56,200	44,100	44,100	56,200	-	44,100	-	44,100	-	14,401	11,301	11,301	14,401	-	11,301	-	11,301	-





**Constitutional and Mainland Affairs Bureau  
Government Secretariat, The Government of  
the Hong Kong Special Administrative Region**

Review of Rent Allowance for Hong Kong-based  
Officers Posted to the Mainland and Taiwan

12 December 2011

(Ref: Consulting/HK361)

**CBRE**



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## APPENDIX

- I. STANDARDS OF ACCOMMODATION FOR OFFICERS OF DIFFERENT LEVELS AND FAMILY STATUS

# Introduction

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## 1.0 INTRODUCTION

### 1.1 Background

The Government of the Hong Kong Special Administrative Region (HKSAR) currently has four offices in the Mainland. They are the Beijing Office and three Economic and Trade Offices (ETOs) in Chengdu, Guangzhou and Shanghai (collectively the “Mainland Offices”). The Mainland Offices are staffed by both Hong Kong-based officers and locally engaged staff.

All Hong Kong-based officers mentioned above are given rent allowance to meet their accommodation needs in the host cities (i.e. the city where the relevant Mainland Office is located), the rates of which are set on different basis, taking into account the rank of individual officers and their family status.

As the rates have been adopted for a number of years, the Government intends to review the existing rates to see if they are commensurate with the prevalent rental market situation in the respective Mainland cities. In addition, the Government will establish the Hong Kong Economic, Trade and Cultural Office in Taiwan (HKETCO) and requires information on rent allowance rates for Taipei for the purpose. Another objective of the review exercise is to develop an objective system for future periodic revision of the rent allowance.

Therefore the HKSAR Government as represented by the Permanent Secretary for Constitutional and Mainland Affairs (hereafter referred to as “the Government”) has appointed CBRE HK Limited (“CBRE”) to undertake a consultancy study (“the Study”) to review and update the rates of rent allowance for Hong Kong-based officers posted to the Mainland Offices; determine the rates of rent allowance applicable to Hong Kong-based officers posted to the HKETCO; and recommend a rent allowance adjustment mechanism applicable to all relevant offices under the purview of the Constitutional and Mainland Affairs Bureau. The rates will also apply to officers on secondment to the Mainland and Taiwan.

### 1.2 Objectives of the Study

The objectives of the assignment are to review and update/determine, as appropriate, the rates of rent allowance for Hong Kong-based officers posted or on secondment to the Mainland and Taiwan; as well as to develop a system for regularly revising the rates of rent allowance in the future.

### 1.3 Structure of the Study

The Study has been divided into three stages:

- (a) Stage One: make reference to the policies and broad standards of accommodation provided by major Hong Kong organisations and multi-national corporations for their expatriate executive/managerial personnel of comparable level stationed in the Mainland and Taiwan and draw up a set of general standards and parameters of accommodation for Hong Kong-based officers of different levels and family status posted or seconded to the Mainland and Taiwan. This will form the basis for the Stage Two task.

## Introduction

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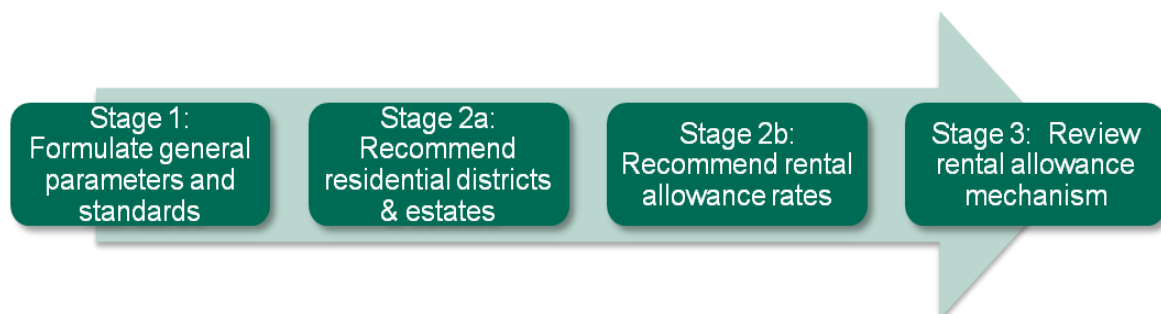
- (b) Stage Two: recommend specific residential districts and estates for data collection, and then base on the data so collected to draw up the specific rent allowance rates for each level and family status of Hong Kong-based officers for each Mainland Office in Beijing, Guangzhou, Shanghai and Chengdu and the HKETCO. The consultant will recommend an uplift factor for each city of posting to be applied to the Heads of offices having regard to their representational role and their need to host functions at home from time to time.
- (c) Stage Three: put up recommendations on an appropriate mechanism for periodic revision of the rent allowance rates in the future. The recommended mechanism should best be based on authoritative, simple and verifiable benchmarks.

# Project Methodology

## 2.0 PROJECT METHODOLOGY

### Methodology

To achieve the objectives of the Study, CBRE has developed the following methodology for the three-stage consultancy project:



#### Stage 1: Formulation of general parameters and standards

In formulating the general parameters and standards of the rental accommodation provided to Hong Kong-based officers posted or seconded to the Mainland and the Taiwan, CBRE has utilised local knowledge, property expertise as well as people connections to make observations on the policies and broad standards of accommodation for executive/managerial expatriates of major Hong Kong organisations and multinational corporations posted to the cities under study.

Our observations are formed having regard to the following factors:

- Indicative salary levels of the expatriates
- Household characteristics (single/married or family)
- Location of workplace and commuting distance
- Suitability of residential areas (characteristics, neighbourhood for expatriates, security, infrastructure, availability of public transport, park/open space)
- Accommodation types (apartment/house, typical flat sizes, number of bedrooms, availability of residential estates)

Based upon our observations, CBRE proposed a set of generalised parameters and standards of the rental accommodation which are considered appropriate for Hong Kong-based officers stationed in the Mainland and Taiwan, with differentiations provided for officers at different levels in light of the status and requirements as determined by the Government for consideration. With the endorsement of the Government, the general standards and parameters provide a basis for the consequential recommendations of accommodation location and rental rates.

CBRE will set the rent allowance rates for officers at six different levels, i.e. Group I, II, III, IV, V and VI as set out at the [Appendix](#), having regard to the office setup and commensurate with the ranks of the officers. For each level, there will be two different rates of allowance, viz. single/married and family rate. The rates are set for officers at different ranks to match their family circumstances. CBRE suggests that the rates of rent allowance should be discrete for each level of seniority e.g. the family rate must not exceed the allowance for a single/married officer of a more senior level.

## Project Methodology

### Stage 2a: Recommendation of suitable residential districts and estates

In order to establish the suitable residential districts for expatriates, CBRE has capitalised on the expertise and hands-on experience of local research teams and property brokers to identify the housing market segment typically for expatriates.

The residential estates are recommended with reference to the norms and availability in the residential areas identified, bearing in mind the rank, family status and requirements of officers as determined by the Government. The standard, quality and style of accommodation are aligned with the prevailing characteristics of expatriate housing preferences in the cities.

In the Study, the consideration of market positioning refers to the relativity in the expatriate residential market of the particular city. Expatriates tend to reside in higher quality residential estates, rather than low-cost or subsidised apartments that tend to accommodate local nationals.

With the endorsement of the Government, the recommended residential districts and estates would be the basis for data collection.

### Stage 2b: Recommendation of rent allowance rates

Based on the standards and parameters, as well as the recommended residential districts and estates, CBRE compiles and collates a basket of rental information of leased flats available in the market during the period of August – October 2011. The rental data are then further analysed with respect to the officers' rankings/levels and family status.

It is noted that it is possible for the rental levels within an area to vary depending on building age, type and quality of the accommodation.

In addition to the rent allowance rates, we have also assessed the following items:

#### (i) Estimation of furniture allowances

CBRE understands that it is the intention of the Government to provide rent allowances which reflect furnished accommodation practices. CBRE makes reference to the rental of furnished accommodation as far as possible and where not possible, furniture allowance is made and estimated based on the rental average differential between furnished and unfurnished accommodation. The furnished properties are usually fitted out with major furniture items and equipped with appliances of quality and standard commensurate with the market positioning of the accommodation, whilst additional provisions of higher standard may require extra allowances which are not considered in the Study.

#### (ii) Estimation of other additional mandatory expenses

With CBRE's acquaintance with the leasing market of each city under study, CBRE is able to make descriptions on the lease terms and practices generally adopted in the market. The lease terms typically include the leasing tenure, frequency of rent payable, basis and frequency of rent review, option to renew and early termination. The practices in relation to the costs normally associated with letting flats are also highlighted, such as car parking fees, management fees, housing/property taxes, deposit/key money, estate agent/brokerage fees and utilities.

In light of the respective market practices adopted in each city, provisions are made in the rent allowances for additional mandatory costs related to rented accommodation. These include management and car parking fees. The management fees refer to the

## Project Methodology

charges payable by all occupants for providing communal services such as security guards, cleaning and maintenance of common areas and amenities, which vary from location to location. Provisions for car parking fees are also generally included as a mandatory cost if it has not been included in the rental.

Whereas utilities charges (e.g. gas, electricity and telephone/fax lines), any other services charges (e.g. laundry services) which are ongoing non-mandatory costs are beyond the scope of the Study. Equally, one-off costs, including but not limited to, deposit/key money and estate agent/brokerage fees are beyond the scope of the Study and not treated as part of rent allowances, no allowances would be provided in these items. The mandatory costs tend to be calculated as either a percentage of the monthly rent or as a flat fee as prescribed by local market norms.

### (iii) Uplift factor for Heads of Offices commensurate with their Status

It is understood that Heads of offices have a representational role and there may be a need for them to host functions at home from time to time.

In this regard, an uplift factor is considered necessary to be allowed in addition to the basic rent allowance.

The uplift factor is estimated on the assumption of enhanced rental accommodation commensurate with the need of hosting hospitality:

1. Size of rental accommodation: It is assumed that the standard of accommodation should be set for four bedroom properties for both single/married and family; and
2. Quality of rental accommodation: The rental accommodation is of comparatively higher quality and standard and more exclusive up-market residential districts/estates.

Based on the above assumption, the uplift factor is calculated as a percentage on the rent allowance rates. The same uplift factor is applied to additional mandatory costs commensurate with enhanced accommodation.

### Stage 3: Review of rent allowance mechanism

Various approaches for the review of rent allowance mechanism are proposed and analysed in Stage Three.

- (i) Maintaining the rent allowances for a fixed term; or
- (ii) Adjusting the rent allowances by city-specific rental indices (CBRE Residential Index and official housing inflation indices); or
- (iii) Updating the rent allowances by applying freshly researched market data; or
- (iv) Updating the rent allowances by a full review

### Review of reasonableness and acceptability of the recommended rent allowances

As a final and the most important stage, we monitor the quality of the deliverables and verify the trends and understanding of data gathered, as a further means for quality control.

The proposed rent allowances are reviewed by CBRE's local property experts and agents and compared against available rental information to ensure that the recommended rent allowances have duly reflected the current expatriates' rental market.

## Project Methodology

Our findings are presented in two tables for each city summing up the city-specific assumptions. One table lists out the general standards and parameters of the rental accommodation by officer rank/grade (residential areas, estimated distance from the office/city centre, market positioning, suitable type and size of residential premises, mandatory charges and utilities practices). Another table provides a breakdown of total costs (rent allowances for furnished accommodation and additional mandatory cost e.g. management fees and car parking fees where applicable).

### 2.2 Data Collection and Research Methodology

CBRE, a Fortune 500 and S&P 500 company listed on the New York Stock Exchange and headquartered in Los Angeles, is the world's leading provider of diversified commercial real estate services. With a total of 12 full service offices in China, including Beijing, Chengdu, Guangzhou and Shanghai, and an office in Taipei, CBRE has developed a business platform and has extensive reach to the residential markets in the cities under study.

CBRE Consulting allocates professionals with specialist city and property sector knowledge as well as requisite experience and expertise to undertake the research and analysis associated with this study. For this assignment, we have tapped in the following local specialist teams for expertise and knowledge:

- CBRE Residential Services in China has built a successful track record in marketing residential projects and providing residential leasing services to the corporate market. We tap in the team's expertise in providing local information, including the prevailing rental trends and market practices. They have also interfaced with multinational corporate expatriates on a daily basis and therefore are fully abreast of their requirements and standards.
- CBRE Research has accumulated and maintained comprehensive databases for the residential markets in China and Taiwan. The team issues research publications on the residential sector on a quarterly basis, which provides up-to-date property market trends, including rental indices.

CBRE's databases include information and are based upon the knowledge, understanding and experience of the relevant professionals with regard to the development of the real estate market in China and Taiwan.

The databases held by CBRE are reinforced through interviews with local marketing agents, landlords/tenants and potential tenants, market observers in the relevant cities, as well as primary research within each city.



# Beijing

## 3.0 BEIJING

### 3.1 Overview of Beijing



Source: CBRE

Beijing is the capital city of the People's Republic of China. It is situated in northern China and is adjacent to Tianjin Municipality to the southeast and Hebei Province to the north. It is the country's second-largest city with a population of 19.6 million<sup>1</sup>. As one of the Four Great Ancient Capitals of China, Beijing has long been the political and cultural centre of the nation for centuries.

Beijing is a municipality directly under the Central People's Government and is divided into 14 urban and suburban districts and two rural counties (Miyun and Yanqing). The Beijing metropolis covers over 16,800 sq km of land. The Beijing Capital International Airport, located 32 km northeast of Beijing's city centre between the rural Shunyi District and Urban Chaoyang District, is the main international airport serving Beijing and has become the busiest airport in Asia in terms of passenger traffic and total traffic movements by 2009<sup>2</sup>.

In the year 2010, the nominal GDP of Beijing increased by 10.2% to USD \$209.3 billion<sup>3</sup>, and the per capita GDP increased 13.7% to USD \$10,672. Chaoyang District<sup>4</sup>, the city's CBD, is also home to 117 Fortune Global 500 companies<sup>5</sup>. In 2009, the city's utilised FDI amounts to US \$6.1 billion<sup>6</sup>, an increase of 0.6% from the year before.

<sup>1</sup> National Bureau of Statistics of China, Census 2010

<sup>2</sup> Airports Council International

<sup>3</sup> Beijing Municipal Bureau of Statistics

<sup>4</sup> China Daily

<sup>5</sup> National Bureau of Statistics of China, Census 2010

<sup>6</sup> Beijing Statistical Yearbook 2010, Beijing Statistical Bureau

## Beijing

### 3.2 General Standards and Parameters of Accommodation

With reference to policies and general standards of accommodation adopted by major Hong Kong organisations and multinational corporations for their managerial/executive personnel of comparable level, a set of general standards and parameters of accommodation for Hong Kong-based officers at six different levels, i.e. Groups I, II, III, IV, V and VI posted to the Beijing Office or on secondment to Beijing are set out below:

Rank/Grade	Family Size	Residential Districts	Distance from Beijing Office <sup>7</sup>	Market Positioning <sup>8</sup>	Suitable Type of Residential Premises (Furnished) <sup>9</sup>	Mandatory Charges <sup>10</sup>	Utilities Practice <sup>11</sup>
Group I (D6- D8)	Single/ Married	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都), Shunyi District (順義區)	Up to 15 km*	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
	Family	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都), Shunyi District (順義區)	Up to 15 km*	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
Group II (D4/D5)	Single/ Married	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都), Shunyi District (順義區)	Up to 15 km*	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents

<sup>7</sup> Distance from the Office of the Government of the Hong Kong Special Administrative Region in Beijing at No. 71, Di'anmen Xidajie, Xicheng District, Beijing. \* With the exception of Shunyi District which is about 25 km from the office.

<sup>8</sup> The consideration of market positioning refers to the relativity in the expatriate residential market of the particular city.

<sup>9</sup> There are other considerations on the choice of suitable premises for the expatriates, including: reasonable distance from the CBD; reasonable commuting time during peak hours; good property management; proximity to international schools, proximity to quality recreational and shopping facilities; large foreign community; and serene environment.

<sup>10</sup> Management fees are usually included in the rental whilst one-off costs such as deposit/key money and estate agent/brokerage fees are excluded from the assessment. For the usual practice of specific cost items, please refer to section 3.4

<sup>11</sup> Utilities charges (e.g. gas, electricity and telephone/fax lines) and any other services charges (e.g. laundry services), are excluded from the rental assessment.

## Beijing

Rank/Grade	Family Size	Residential Districts	Distance from Beijing Office <sup>7</sup>	Market Positioning <sup>8</sup>	Suitable Type of Residential Premises (Furnished) <sup>9</sup>	Mandatory Charges <sup>10</sup>	Utilities Practice <sup>11</sup>
	Family	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都), Shunyi District (順義區)	Up to 15 km*	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
Group III (D1 – D3)	Single/ Married	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都), Shunyi District (順義區)	Up to 15 km*	Medium to Upper-end	Average of 2 to 3 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
	Family	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都), Shunyi District (順義區)	Up to 15 km*	Medium to Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(0) 33 – 39)	Single/ Married	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都)	Up to 15 km	Medium	2 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
	Family	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都)	Up to 15 km	Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
Group V (MPS 28 – 44; PPS 30 - 48; GDS(0) 14 - 32)	Single/ Married	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都)	Up to 15 km	Low to Medium	2 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents

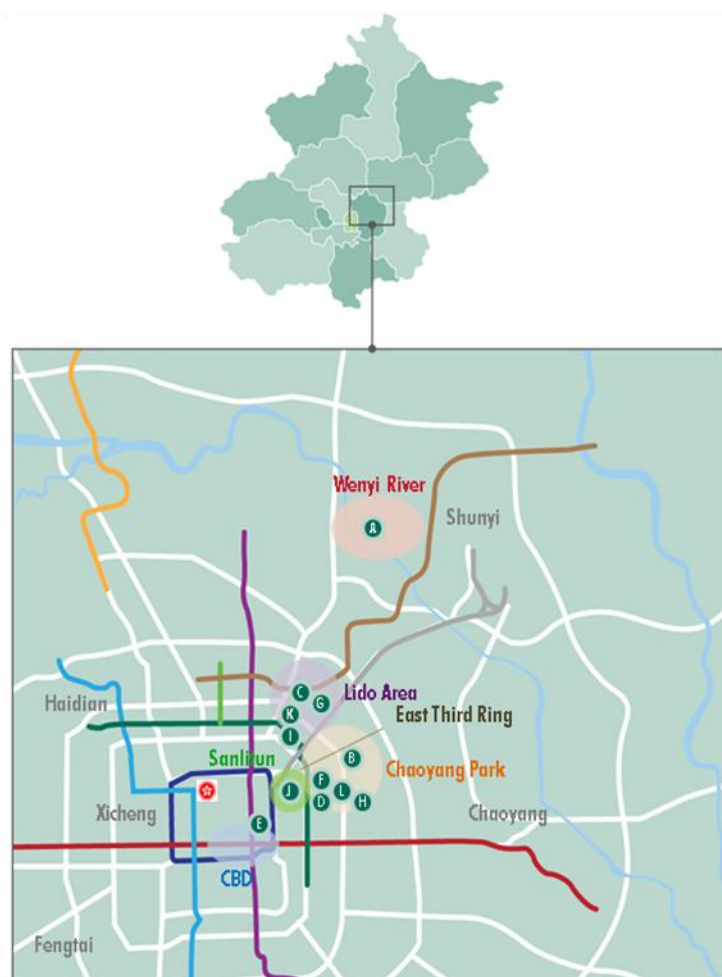
## Beijing

Rank/Grade	Family Size	Residential Districts	Distance from Beijing Office <sup>7</sup>	Market Positioning <sup>8</sup>	Suitable Type of Residential Premises (Furnished) <sup>9</sup>	Mandatory Charges <sup>10</sup>	Utilities Practice <sup>11</sup>
	Family	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都)	Up to 15 km	Low to Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
Group VI (MPS 27 & below; PPS 29 & below; GDS(O) 13 & below)	Single/ Married	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都)	Up to 15 km	Low	1 to 2 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
	Family	Sanlitun (三里屯), East Third Ring (東三環), Jianguomenwai (建國門外), Central and East Chang'an (中、東長安街), CBD (中央商務區), Chaoyang Park (朝陽公園), Lido Area (麗都)	Up to 15 km	Low	2 to 3 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents

## Beijing

### 3.3 Residential Districts and Estates

Based on the general standards and parameters set out above, several residential districts/areas and estates are identified as suitable places for Hong Kong-based officers posted or on secondment to Beijing. A brief overview of some of the selected districts is presented as follows:



 Location of Beijing Office

Source: CBRE

Group	Ref	District/Area	Estate <sup>12</sup>
I	A	Shunyi District (順義區)	<b>Yosemite</b> (優山美地, 順義後沙峪鎮榆陽路 4 號)
	B	Chaoyang Park (朝陽公園)	<b>Forest Hills</b> (東山墅, 朝陽東四環北路 7 號)
II	C	Lido Area (麗都)	<b>Greenland Garden</b> (嘉林花園別墅, 將台趙家村)
	D	Chaoyang Park (朝陽公園)	<b>Beijing Golf Apartment</b> (北京 GOLF 公寓, 朝陽公園南區西里 8 號)
III	E	CBD (中央商務區)	<b>Royal Palace No.9</b> (貢院 9 號, 貢院西街 9 號)
	F	Chaoyang Park (朝陽公園)	<b>No.9 Parkway Court</b> (九號公寓, 朝陽公園西路 9 號)
IV	G	Lido Area (麗都)	<b>Richmond Park</b> (麗都水岸, 東風北橋北, 酒仙橋路甲 12 號)
	H	Chaoyang Park (朝陽公園)	<b>Greenlake Place</b> (觀湖國際, 東四環北路 88 號)
V	I	East Third Ring (東三環)	<b>Phoenix City</b> (鳳凰城, 曙光西里甲 5 號)
	J	Sanlitun (三里屯)	<b>Chateau Edinburgh</b> (富力愛丁堡, 白家莊路 1 號)
VI	K	Lido Area (麗都)	<b>Upper East Side</b> (陽光上東, 東四環北路 6 號)
	L	Chaoyang Park (朝陽公園)	<b>Palm Springs</b> (棕櫚泉國際公寓, 朝陽公園南路 8 號)

#### ■ CBD/Jianguomen Area (中央商務區/建國門)

The CBD is undoubtedly the busiest area in the city and is featured by upper-end shopping malls, international designer label stores and hotels. Famous landmarks in the CBD include China World Trade Centers, Kerry Centre and the new CCTV Headquarters. Housing options here are mostly modern high-rise apartment buildings,

<sup>12</sup> The residential estates on the list/map are examples only, which are for indication of the geographical locations.

## Beijing

with some of the famous residential estates include Fortune Heights (御金台), Central Park (新城國際) and Royal Palace No. 9 (貢院 9 號).

In terms of transportation, the third ring runs through the CBD area and connects to the airport expressway to the north. At peak hours, the subway is a more preferable means of transportation. Residents in the CBD area can take the Beijing Subway system to the rest of the city from Jianguomen Station, where Beijing Subway Line 1 and 2 cross.

### ■ Wenyu River - Shunyi District (溫榆河-順義區)

The suburban Shunyi is close by the Beijing Capital International Airport and has abundant supply of suitable houses for expatriate families. Some of the largest international schools are also located within the neighbourhood. The communities in the district have extensive club house facilities such as swimming pool, fitness centres and tennis courts. There are also patrolling guards for enhanced security. Aside from larger houses, there are also smaller townhouses for those who want to live in the suburbs for cleaner air and tranquillity. Restaurants, cafes and supermarkets are also conveniently located a short ride from the expatriate homes. An example of residential development is Yosemite (優山美地), Riviera (香江花園) and Lane Bridge (長島瀾橋).

### ■ Chaoyang Park Area and Sanlitun (朝陽公園 / 三里屯)

Chaoyang Park is located in the Chaoyang district and sits between the East Third and Forth ring roads, and is conveniently adjacent to the popular ever-developing Sanlitun Area.

Chaoyang Park itself is also one of the largest parks in Asia. The park offers beautiful landscaping and a blend of Chinese and western garden design. It is relatively quieter than other areas in the district. Housing here are mostly high-rise residential complexes such as Forest Hill (東山墅), Park Avenue (公園大道), Park Apartment (天安豪園) and Beijing Golf Apartment (北京 Golf 公寓). Most of these property developments have good management and clubhouse facilities, and are within 15 minute of subway stations.

High quality properties are also found between the second and third ring roads close to the Sanlitun area and between the third and fourth ring roads clustered around Chaoyang Park. Further north there is a concentration of upper-end condominiums located between the third ring road and just outside the fourth ring road near the Airport Expressway.

## Beijing

### 3.4 Lease Terms and Market Practices

Lease terms and market practices are outlined as below:

Lease Terms	
Monthly Rent	<ul style="list-style-type: none"> <li>Rents are quoted in RMB or USD (but payment is usually made in RMB), on a per month or quarter basis, excluding service charges, taxes and incentives.</li> </ul>
Typical Lease Term	<ul style="list-style-type: none"> <li>A typical lease term for residential properties of all sizes is one year. Shorter or longer length is negotiable.</li> <li>Some landlords prefer two-year leases for expatriate houses if the lease includes furniture purchases and custom renovations.</li> </ul>
Frequency of Rent Payable	<ul style="list-style-type: none"> <li>Payable monthly in advance.</li> </ul>
Basis and Frequency of Rent Review	<ul style="list-style-type: none"> <li>No rent reviews unless an option to review is agreed.</li> <li>Upon lease renewal or every one or two years.</li> </ul>
Option to Renew	<ul style="list-style-type: none"> <li>If a tenant wants to renew the tenancy, the tenant generally must inform the landlord two to three months prior to the expiration of the current lease.</li> </ul>
Early Termination	<ul style="list-style-type: none"> <li>The security deposit and the down payment might be forfeited unless the landlord has agreed to a break option in the tenancy agreement.</li> <li>The break option gives the tenant the right to terminate the lease without penalty.</li> <li>Landlords may ask for a rent premium to accept the break option.</li> </ul>
Market Practices	
Car Parking Fees	<ul style="list-style-type: none"> <li>The car parking fees vary from district to district depending on location. In general, the more expensive, the closer to the city centre.</li> <li>The car parking fee is generally not included in the monthly rent and is payable by the tenant.</li> </ul>
Management Fees	<ul style="list-style-type: none"> <li>In most cases the management fees are quoted in the rental price and landlords would clearly state how much they are and include them in the rental.</li> </ul>
Housing/Property Taxes	<ul style="list-style-type: none"> <li>The local government requires individual landlords to pay a 5% tax, on the rental income. There are cases that landlords may try to pass on the tax to tenants. This has been taken into account in drawing up the recommended rent allowance rates.</li> </ul>

## Beijing

<b>Deposit/Key Money</b>	<ul style="list-style-type: none"> <li>• A deposit will typically be two months' rent.</li> <li>• A down payment or advance payment for one month's rent may also be required.</li> <li>• The landlord returns the security deposit subject to tenant returning the property and related appliances in good condition, and all related charges paid (subject to normal wear and tear).</li> <li>• The deposit will offset the last two months rental if requested by tenant and also agreed by landlord in the tenancy agreement.</li> <li>• The deposit may be also in the form of a Bank or Company Guarantee Letter.</li> </ul>
<b>Estate Agent/ Brokerage Fees</b>	<ul style="list-style-type: none"> <li>• Typically in the Mainland, the brokerage fee is one month's rent.</li> <li>• Depending on the estate agent used, the fee is split between the landlord and the tenant.</li> </ul>
<b>Utilities</b>	<ul style="list-style-type: none"> <li>• Utility costs are usually not included in the rent, although some apartments may include water, cable TV and internet charges. Heating is centrally provided to cities north of the Yangtze River, including Beijing.</li> <li>• In general, they are not covered by the rent and are payable by the tenant monthly.</li> </ul>



## Beijing

### 3.5 Rent Allowance Assessment

Based on the above analysis, the rent allowance assessment for different ranks/grades is proposed as follows:

Rank/Grade	Family Size	Rent Allowance (Furnished) (RMB/mth)	Mandatory Charges		Total Costs (RMB/mth)
			Car Parking (RMB/mth)	Management Fees (RMB/mth)	
Group I (D6- D8)	Single/ Married	45,510	1,500	Included in rent allowance	47,010
	Family	60,580	1,500	Included in rent allowance	62,080
Group II (D4/D5)	Single/ Married	35,260	1,500	Included in rent allowance	36,760
	Family	43,970	1,500	Included in rent allowance	45,470
Group III (D1 – D3)	Single/ Married	28,650	1,200	Included in rent allowance	29,850
	Family	32,800	1,200	Included in rent allowance	34,000
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(O) 33 – 39)	Single/ Married	22,760	1,000	Included in rent allowance	23,760
	Family	26,240	1,000	Included in rent allowance	27,240
Group V (MPS 28 – 44; PPS 30 - 48; GDS(O) 14 - 32)	Single/ Married	18,450	800	Included in rent allowance	19,250
	Family	21,320	800	Included in rent allowance	22,120
Group VI (MPS 27 & below; PPS 29 & below; GDS(O) 13 & below)	Single/ Married	14,040	800	Included in rent allowance	14,840
	Family	15,890	800	Included in rent allowance	16,690

*Rent allowance rates are monthly costs quoted in RMB*

# Chengdu

## 4.0 CHENGDU

### 4.1 Overview of Chengdu



Source: CBRE

Chengdu is the capital of Sichuan province in Southwest China and holds a sub-provincial administrative status. The city has direct jurisdiction over 9 districts, 4 county-level cities and 6 counties, occupying a vast area of land of over 12,000 sq km, while the city's Metropolitan Area is about 2,129 sq km. The population of Chengdu is about 14.0 million<sup>13</sup>, according to China's Sixth National Census in 2010.

The city has been one of the most significant centres of economic, commerce, transportation and communication in Southwest China. Hailed as the "The Land of Abundance", Chengdu was ranked as the fourth most livable city in China by the China Daily and is increasingly becoming one of the most favorite cities for investment in China.

Operations commenced in October 2010, Chengdu Metro Line 1 is the first metro network in Chengdu and also the first in Western China. Six other metro lines are also planned to be completed over the next thirty years<sup>14</sup>. By 2020, the whole mass transit system is expected to carry 13.1 million commuters every day<sup>15</sup>. Such a rapid transportation development is a reaction to the central government's policies to accelerate development in the western part of China.

<sup>13</sup> National Bureau of Statistics of China, Census 2010

<sup>14</sup> <http://www.railway-technology.com/projects/chengdu-metro/>

<sup>15</sup> <http://www.railway-technology.com/projects/chengdu-metro/>

## Chengdu

### 4.2 General Standards and Parameters of Accommodation

With reference to policies and general standards of accommodation adopted by major Hong Kong organisations and multinational corporations for their managerial/executive personnel of comparable level, a set of general standards and parameters of accommodation for Hong Kong-based officers at six different levels, i.e. Groups I, II, III, IV, V and VI posted to the Chengdu ETO or on secondment to Chengdu are set out below:

Rank/Grade	Family Size	Residential Districts	Distance from Chengdu Office <sup>16</sup>	Market Positioning <sup>17</sup>	Suitable Type of Residential Premises (Furnished) <sup>18</sup>	Mandatory Charges <sup>19</sup>	Utilities Practice <sup>20</sup>
Group I (D6- D8)	Single/ Married	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江), Shuangliu (雙流縣)	Up to 25 km	Upper-end	Average of 3 bedroom apartment and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江), Shuangliu (雙流縣)	Up to 25 km	Upper-end	Average of 3 to 4 bedroom apartment and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group II (D4/D5)	Single/ Married	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江), Shuangliu (雙流縣)	Up to 25 km	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江), Shuangliu (雙流縣)	Up to 25 km	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group III (D1 – D3)	Single/ Married	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江)	Up to 15 km	Medium to Upper-end	Average of 2 to 3 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江)	Up to 15 km	Medium to Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents

<sup>16</sup> Distance from the Hong Kong Economic and Trade Office in Chengdu at 38/F., Tower 1, Plaza Central, 8 Shuncheng Street, Yan Shi Kou, Chengdu.

<sup>17</sup> The consideration of market positioning refers to the relativity in the expatriate residential market of the particular city.

<sup>18</sup> There are other considerations on the choice of suitable premises for the expatriates, including: reasonable distance from the CBD; reasonable commuting time during peak hours; good property management; proximity to international schools, proximity to quality recreational and shopping facilities; large foreign community; and serene environment.

<sup>19</sup> Management fees are usually not included in the rental whilst one-off costs such as deposit/key money and estate agent/brokerage fees are excluded from the assessment. For the usual practice of specific cost items, please refer to section 4.4.

<sup>20</sup> Utilities charges (e.g. gas, electricity and telephone/fax lines) and any other services charges (e.g. laundry services), are excluded from the rental assessment.

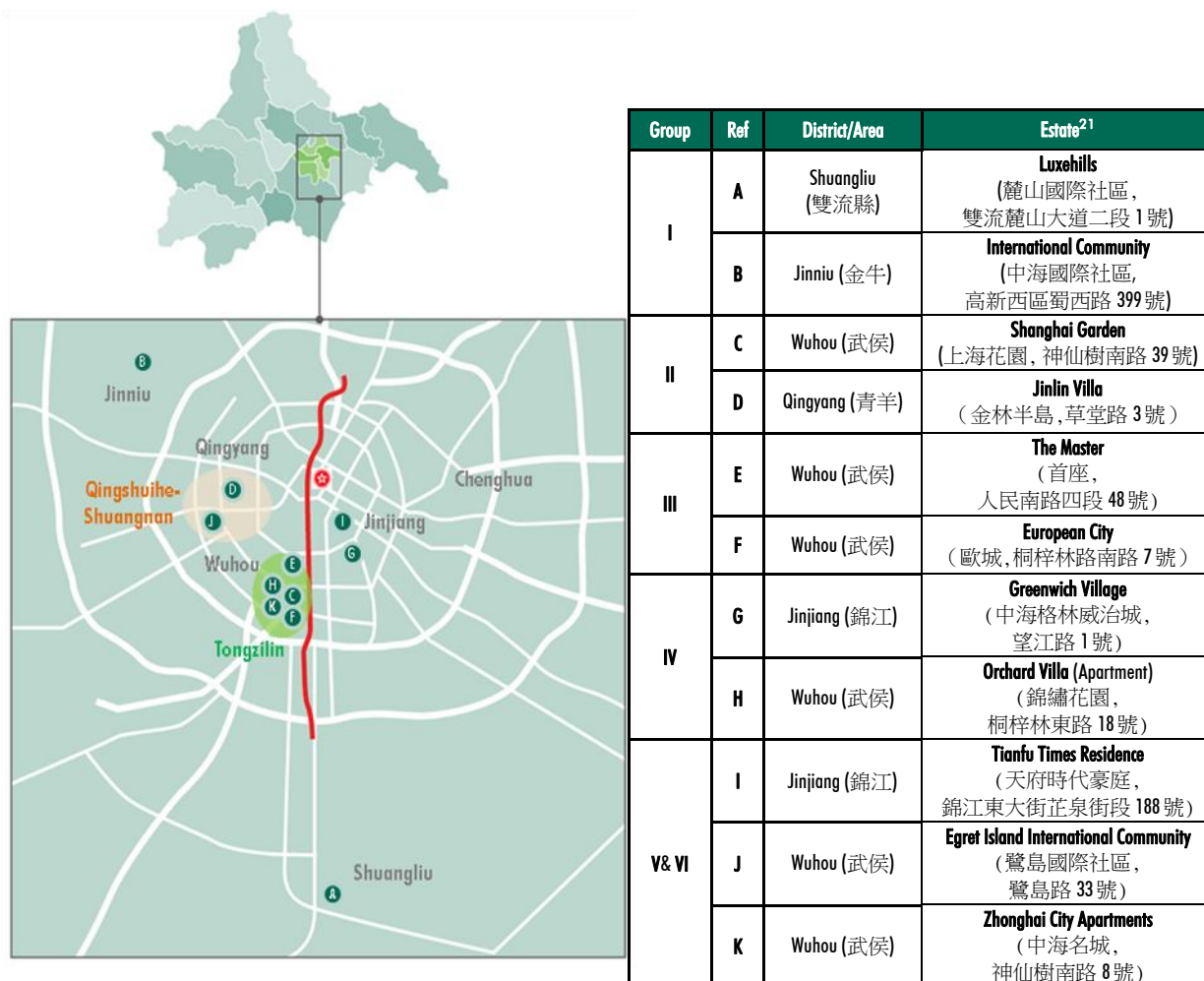
## Chengdu

Rank/Grade	Family Size	Residential Districts	Distance from Chengdu Office <sup>16</sup>	Market Positioning <sup>17</sup>	Suitable Type of Residential Premises (Furnished) <sup>18</sup>	Mandatory Charges <sup>19</sup>	Utilities Practice <sup>20</sup>
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(0) 33 – 39)	Single/ Married	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江)	Up to 15 km	Medium	2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江)	Up to 15 km	Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group V (MPS 28 – 44; PPS 30 - 48; GDS(0) 14 - 32)	Single/ Married	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江)	Up to 15 km	Low to Medium	2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江)	Up to 15 km	Low to Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group VI (MPS 27 & below; PPS 29 & below; GDS(0) 13 & below)	Single/ Married	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江)	Up to 15 km	Low	1 to 2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Wuhou (武侯), Qingyang (青羊), Jinniu (金牛), Jinjiang (錦江)	Up to 15 km	Low	2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents

## Chengdu

### 4.3 Residential Districts and Estates

Based on the general standards and parameters set out above, several residential districts/areas and estates are identified as suitable places for Hong Kong-based officers posted or on secondment to Chengdu. A brief overview of the selected districts is provided as follows:



 Location of Chengdu Office

Source: CBRE

<sup>21</sup> The residential estates on the list/map are examples only, which are for indication of the geographical locations.

## Chengdu

### ■ Wuhou (武侯)

Wuhou is one of the five core districts located in the southwestern part of Chengdu. It is adjacent to Jinjiang and Qingyang to its north and Shuangliu to its southwest. Landmark developments include Wuhou Temple, Wangzhang Tower and Tiaosanta Computer City. In particular, Renmin Road South in the district is regarded as one of the important economic, information technology and education hubs in Chengdu, whilst Lingshiguan (Consulate) Road attracts most foreign consulates to establish offices. Zijing sub-area has abundant supply of high-class hotels, restaurants, and retail shops catering for shopping, entertaining and dining needs of the community.

The residential developments in Wuhou are predominantly high-rise high quality residential apartments of large-scale developed by a large number of developers, coupled with recreational facilities and quality property management. Examples of notable residential developments are Utopia (觀南上域), The Master (首座), European City (歐城), Gloria Regent Garden (凱萊帝景花園) and Shanghai Garden (上海花園).

### ■ Qingyang (青羊)

Qingyang is one of the core districts situated in the central/western part of Chengdu. It is adjacent to Wuhou and Jinniu. The district is a place of political and military significance where the government is situated. Well-served by metro network, the district is regarded as a cultural, commercial and business hub in Chengdu where landmark office buildings and hotels are widespread.

The residential developments in Qingyang are predominantly high-rise high quality residential apartments/houses of large-scale developed by a large number of developers, coupled with recreational facilities and quality property management. An example of notable residential development is Jinlin Villa (金林半島).

### ■ Jinjiang (錦江)

Jinjiang is situated in the southeastern part of Chengdu. The district is one of the busiest areas in Chengdu and renowned for its shopping, entertainment and leisure provisions where large-scale shopping malls and commercial complexes can be found.

The residential developments in Jinjiang are predominantly high-rise residential apartments of large-scale developed by a large number of developers. Examples of notable residential development include Tianfu Times Residence (天府時代豪庭), Greenwich Village (中海格林威治城) and The Waterfront (鄰江峰閣).

## Chengdu

### 4.4 Lease Terms and Market Practices

Lease terms and market practices are outlined as below:

Lease Terms	
Monthly Rent	<ul style="list-style-type: none"> <li>Rents are quoted in RMB on a per month basis, excluding service charges, taxes and incentives.</li> </ul>
Typical Lease Term	<ul style="list-style-type: none"> <li>A typical lease term for residential properties of all sizes is one year. Shorter or longer length is negotiable.</li> <li>Some landlords prefer two-year leases for expatriate houses if the lease includes furniture purchases and custom renovations.</li> </ul>
Frequency of Rent Payable	<ul style="list-style-type: none"> <li>Payable monthly in advance.</li> </ul>
Basis and Frequency of Rent Review	<ul style="list-style-type: none"> <li>No rent reviews unless an option to review is agreed.</li> <li>Upon lease renewal or every one or two years.</li> </ul>
Option to Renew	<ul style="list-style-type: none"> <li>If a tenant wants to renew the tenancy, the tenant generally must inform the landlord two to three months prior to the expiration of the current lease.</li> </ul>
Early Termination	<ul style="list-style-type: none"> <li>The security deposit and the down payment might be forfeited unless the landlord has agreed to a break option in the tenancy agreement.</li> <li>The break option gives the tenant the right to terminate the lease without penalty.</li> <li>Landlords may ask for a rent premium to accept the break option.</li> </ul>
Market Practices	
Car Parking Fees	<ul style="list-style-type: none"> <li>The car parking fees vary from district to district depending on location. In general, the more expensive, the closer to the city centre.</li> <li>The car parking fee is generally not included in the monthly rent and is payable by the tenant.</li> </ul>
Management Fees	<ul style="list-style-type: none"> <li>Generally speaking, management fees are not included in rents.</li> </ul>
Housing/Property Taxes	<ul style="list-style-type: none"> <li>The local government requires individual landlords to pay a 5% tax, on the rental income. There are cases that landlords may try to pass on the tax to tenants. This has been taken into account in drawing up the recommended rent allowance rates.</li> </ul>
Deposit/Key Money	<ul style="list-style-type: none"> <li>A deposit will typically be two months' rent.</li> <li>A down payment or advance payment for one month's rent may also be required.</li> <li>The landlord returns the security deposit subject to tenant returning the property and related appliances in good condition, and all related charges paid (subject to normal wear and tear).</li> <li>The deposit may be also in the form of a Bank or Company Guarantee Letter.</li> </ul>
Estate Agent/ Brokerage Fees	<ul style="list-style-type: none"> <li>Typically in the Mainland, the brokerage fee is one month's rent.</li> <li>Depending on the estate agent used, the fee is split between the landlord and the tenant.</li> </ul>

## Chengdu

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<b>Utilities</b>	<ul style="list-style-type: none"><li>• Utility costs are not usually included in the rent, although some apartments may include water, cable TV and internet charges.</li><li>• In general, they are not covered by the rent and are payable by the tenant monthly.</li></ul>



## Chengdu

### 4.5 Rent Allowance Assessment

Based on the above analysis, the rent allowance assessment for different rank/grades is proposed as follows:

Rank/Grade	Family Size	Rent Allowance (Furnished) (RMB/mth)	Mandatory Charges		Total Costs (RMB/mth)
			Car Parking (RMB/mth)	Management Fees (RMB/mth)	
Group I (D6- D8)	Single/ Married	31,470	500	970	32,940
	Family	36,290	500	1,260	38,050
Group II (D4/D5)	Single/ Married	24,910	400	800	26,110
	Family	30,030	400	1,040	31,470
Group III (D1 – D3)	Single/ Married	18,450	350	500	19,300
	Family	22,550	350	590	23,490
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(O) 33 – 39)	Single/ Married	14,150	350	380	14,880
	Family	16,200	350	480	17,030
Group V (MPS 28 – 44; PPS 30 - 48; GDS(O) 14 - 32)	Single/ Married	10,760	350	330	11,440
	Family	13,430	350	390	14,170
Group VI (MPS 27 & below; PPS 29 & below; GDS(O) 13 & below)	Single/ Married	8,000	300	280	8,580
	Family	9,640	300	360	10,300

*Rent allowance rates are monthly costs quoted in RMB*

# Guangzhou

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## 5.0 GUANGZHOU

### 5.1 Overview of Guangzhou



Source: CBRE

Guangzhou is the capital city of the Guangdong Province and is located on the Pearl River in southern China. Guangzhou is about 120 km north of Hong Kong and also holds a sub-provincial administrative status like Chengdu.

Guangzhou's population reaches 12.78 million as of the 2010 census<sup>22</sup>, making the city the third largest city in China and the largest in southern China. Guangzhou has over ten districts and two county-level cities. The total area under Guangzhou's administration is 7,434 sq km. Transportation network, via train or bus, between Guangzhou and Hong Kong is well-developed. At present, a train ride from Hung Hom station to Guangzhou East Railway Station takes less than two hours on Guangdong Through Train. The planned Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), which is due to complete by 2016, will further reduce the travel time to less than 50 minutes.

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<sup>22</sup> National Bureau of Statistics of China, Census 2010

## Guangzhou

### 5.2 General Standards and Parameters of Accommodation

With reference to policies and general standards of accommodation adopted by major Hong Kong organisations and multinational corporations for their managerial/executive personnel of comparable level, a set of general standards and parameters of accommodation for Hong Kong-based officers at six different levels, i.e. Groups I, II, III, IV, V and VI posted to the Guangdong ETO or on secondment to Guangzhou are set out below:

Rank/Grade	Family Size	Residential Districts	Distance from Guangzhou Office <sup>23</sup>	Market Positioning <sup>24</sup>	Suitable Type of Residential Premises (Furnished) <sup>25</sup>	Mandatory Charges <sup>26</sup>	Utilities Practice <sup>27</sup>
Group I (D6- D8)	Single/ Married	Tianhe (天河) <sup>28</sup> , Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠) <sup>29</sup> , Baiyun (白雲)	Up to 10 km	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group II (D4/D5)	Single/ Married	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents

<sup>23</sup> Distance from the Hong Kong Economic and Trade Office in Guangzhou: Flat 7101, Citic Plaza, 233 Tian He North Road, Guangzhou.

<sup>24</sup> The consideration of market positioning refers to the relativity in the expatriate residential market of the particular city.

<sup>25</sup> There are other considerations on the choice of suitable premises for the expatriates, including: reasonable distance from the CBD; reasonable commuting time during peak hours; good property management; proximity to international schools, proximity to quality recreational and shopping facilities; large foreign community; and serene environment.

<sup>26</sup> Management fees are usually not included in the rental whilst one-off costs such as deposit/key money and estate agent/brokerage fees are excluded from the assessment. For the usual practice of specific cost items, please refer to section 5.4.

<sup>27</sup> Utilities charges (e.g. gas, electricity and telephone/fax lines) and any other services charges (e.g. laundry services), are excluded from the rental assessment.

<sup>28</sup> Tianhe includes Pearl River New City (珠江新城).

<sup>29</sup> Only the Binjiang Road East (濱江東路) of Haizhu is considered in this Study.

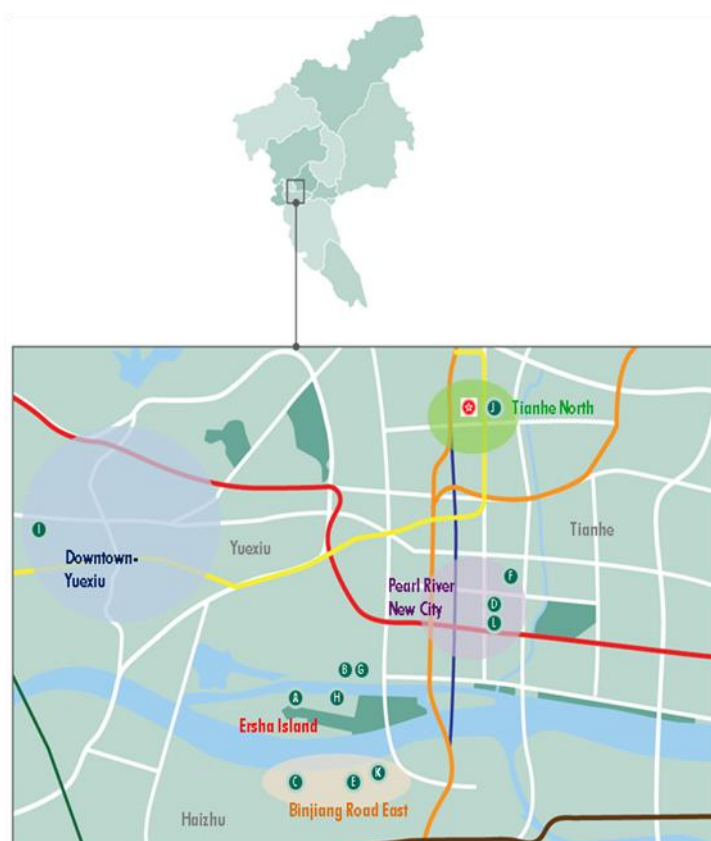
## Guangzhou

Rank/Grade	Family Size	Residential Districts	Distance from Guangzhou Office <sup>23</sup>	Market Positioning <sup>24</sup>	Suitable Type of Residential Premises (Furnished) <sup>25</sup>	Mandatory Charges <sup>26</sup>	Utilities Practice <sup>27</sup>
Group III (D1 – D3)	Single/ Married	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Medium to Upper-end	Average of 2 to 3 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Medium to Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group IV (MPS 45 – 49; PPS 49 – 54a; GDS(0) 33 – 39)	Single/ Married	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Medium	2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group V (MPS 28 – 44; PPS 30 – 48; GDS(0) 14 – 32)	Single/ Married	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Low to Medium	2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Low to Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group VI (MPS 27 & below; PPS 29 & below; GDS(0) 13 & below)	Single/ Married	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Low	1 to 2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Tianhe (天河), Ersha Island (二沙島), Downtown-Yuexiu (市中心-越秀), Haizhu (海珠), Baiyun (白雲)	Up to 10 km	Low	2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents

## Guangzhou

### 5.3 Residential Districts and Estates

Based on the general standards and parameters set out above, several residential districts/areas and estates are identified as suitable places for Hong Kong-based officers posted or on secondment to Guangzhou. The following provides an overview of the selected districts/areas and samples of appropriate residential estates:



 Location of Guangzhou Office

Source: CBRE

Group	Ref	District/Area	Estate <sup>30</sup>
I	A	Ersha Island (二沙島)	<b>New World Riverside Villa</b> (新世界花園別墅, 二沙島第 14 區)
	B	Tianhe (天河)	<b>Victory Garden</b> (凱旋會, 廣州大道中明月一路 11-23 號)
II	C	Haizhu (海珠)	<b>Golden Bay</b> (金海灣, 濱江東路 555 號)
	D	Tianhe (天河)	<b>The Apex</b> (領峰, 珠江新城金穗路與冼村路交匯處)
III	E	Haizhu (海珠)	<b>Top Gate</b> (中信君庭, 濱江東路中大北門以東)
	F	Tianhe (天河)	<b>The Cosmos</b> (譽峰, 珠江新城金穗路 711 號)
IV	G	Tianhe (天河)	<b>Han Palace</b> (漢苑, 五羊新城明月一路 59 號)
	H	Ersha Island (二沙島)	<b>Gold Arch Riverdale</b> (金亞花園, 二沙島三區琶洲街)
V	I	Downtown-Yuexiu (市中心-越秀)	<b>The Summit International Apartment</b> (尚峰國際公寓, 北京路 374 號之二)
	J	Tianhe (天河)	<b>Castle Peak</b> (富力天河華庭, 天河北路林和東華庭路)
VI	K	Haizhu (海珠)	<b>Zhonghai Glorious Garden</b> (中海錦苑, 濱江東路廣州大橋西側)
	L	Tianhe (天河)	<b>Jumeriah Living Apartment</b> (朱美拉公寓, 冼村路 16 號)

<sup>30</sup> The residential estates on the list/map are examples only, which are for indication of the geographical locations.

## Guangzhou

### ■ Tianhe (天河) / Pearl River New City (珠江新城)

The Tianhe area houses some of the city's landmark structures, such as Citic Plaza and Guangzhou International Finance Center. The neighbourhood features a high-class commercial downtown and upscale real estates. Taikoo Hui, a recently completed retail, shopping and hotel complex developed by Swire Properties, is also located within the area. Residential buildings here include Top View (中海觀園), Central Park-view (凱旋新世界), Starry Winking (星匯雲錦), Beaumonde (天河新作), Poly Champagne Garden (保利香檳花園), Castle Peak (富力天河華庭) and The Cosmos (譽峰).

Guangzhou government has announced to develop Pearl River New City as the new official central business district similar to Pudong in Shanghai by 2050, replacing the traditional one in Yuexiu. An example of residential buildings in Downtown-Yuexiu is The Summit International Apartment (尚峰國際公寓).

Both areas are well served by public transportation and in close proximity to subway stations. Tianhe is also close to Tianhe East Station, which is the station for the through train to Hong Kong.

### ■ Ersha Island (二沙島)

Ersha Island, an island in the middle of the flowing Pearl River, sits between Haiyin Bridge and Guangzhou Bridge. The neighbourhood features some of the most modernistic architectures, such as the Guangdong Museum of Art and the Xinghai Concert Hall, and beautiful landscapes in the city. The American International School of Guangzhou on the island is also an important addition to cater to the international communities. The majority of the island residents are expatriates or personnel from multinational corporations. Conveniently located at the centre of the city, Ersha Island is just minutes driving distance away from the city's new business district – Pearl River New City. Driving is the main mode of transportation since the Guangzhou Metro network has yet to cover the Island.

An example of notable housing estate in this area is New World Riverside Villa (新世界花園別墅) and Gold Arch Riverdale (金亞花園).

### ■ Haizhu (海珠)

Haizhu mainly covers Binjiang Road East (濱江東路) which is situated on the river banks of the flowing Pearl River in Haizhu District. High-rise residential buildings have panoramic views of the river as well as the splendid skyline of Tianhe District. In this premiere residential community, apartment types range from smaller single storey units of 400 sq ft to duplexes and penthouses as large as 6000 sq ft. Lujiang Station is the closest Metro station from the neighbourhood, which is about 1 km away.

Examples of notable housing estates in this area include Golden Bay (金海灣), Top Gate (中信君庭) and Zhonghai Glorious Garden (中海錦苑).

## Guangzhou

### 5.4 Lease Terms and Market Practices

Lease terms and market practices are outlined as below:

Lease Terms	
Monthly Rent	<ul style="list-style-type: none"> <li>Rents are quoted in RMB, on a per month basis, excluding service charges, taxes and incentives.</li> </ul>
Typical Lease Term	<ul style="list-style-type: none"> <li>A typical lease term for residential properties of all sizes is one year. Shorter or longer length is negotiable.</li> <li>Some landlords prefer two-year leases for expatriate houses if the lease includes furniture purchases and custom renovations.</li> </ul>
Frequency of Rent Payable	<ul style="list-style-type: none"> <li>Payable monthly in advance.</li> </ul>
Basis and Frequency of Rent Review	<ul style="list-style-type: none"> <li>No rent reviews unless an option to review is agreed.</li> <li>Upon lease renewal or every one or two years.</li> </ul>
Option to Renew	<ul style="list-style-type: none"> <li>If a tenant wants to renew the tenancy, the tenant generally must inform the landlord two months prior to the expiration of the current lease.</li> </ul>
Early Termination	<ul style="list-style-type: none"> <li>The security deposit and the down payment might be forfeited unless the landlord has agreed to a break option in the tenancy agreement.</li> <li>The break option gives the tenant the right to terminate the lease without penalty.</li> <li>Landlords may ask for a rent premium to accept the break option.</li> </ul>
Market Practices	
Car Parking Fees	<ul style="list-style-type: none"> <li>The car parking fees vary from district to district depending on location. In general, the more expensive, the closer to the city centre.</li> <li>The car parking fee is generally not included in the monthly rent and is payable by the tenant.</li> </ul>
Management Fees	<ul style="list-style-type: none"> <li>In general, management fees are not included in the rents.</li> </ul>
Housing/Property Taxes	<ul style="list-style-type: none"> <li>The House Leasing Tax is generally payable by the landlord.</li> <li>The local government requires landlords to pay an 8% tax on the rental income. There are cases that landlords may try to pass on the tax to tenants. This has been taken into account in drawing up the recommended rent allowance rates.</li> </ul>
Deposit/Key Money	<ul style="list-style-type: none"> <li>A deposit will typically be two months' rent.</li> <li>The landlord returns the security deposit subject to tenant returning the property and related appliances in good condition, and all related charges paid (subject to normal wear and tear).</li> </ul>
Estate Agent/ Brokerage Fees	<ul style="list-style-type: none"> <li>Typically in the Mainland, the brokerage fee is one month's rent.</li> <li>The estate agent can charge agent fees from the landlord and the tenant separately.</li> </ul>

## Guangzhou

Utilities	<ul style="list-style-type: none"><li>• Utility costs are not usually included in the rent, although some apartments may include water, cable TV and internet charges.</li><li>• In general, they are not covered by the rent and are payable by the tenant monthly.</li></ul>
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## Guangzhou

### 5.5 Rent Allowance Assessment

Based on the above analysis, the rent allowance assessment for different rank/grades is proposed as follows:

Rank/Grade	Family Size	Rent Allowance (Furnished) (RMB/mth)	Mandatory Charges		Total Costs (RMB/mth)
			Car Parking (RMB/mth)	Management Fees (RMB/mth)	
Group I (D6- D8)	Single/ Married	38,480	1,000	2,360	41,840
	Family	44,510	1,000	2,680	48,190
Group II (D4/D5)	Single/ Married	27,770	1,000	1,540	30,310
	Family	31,820	1,000	1,750	34,570
Group III (D1 – D3)	Single/ Married	20,280	800	1,020	22,100
	Family	23,500	800	1,260	25,560
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(O) 33 – 39)	Single/ Married	15,600	700	800	17,100
	Family	18,930	700	900	20,530
Group V (MPS 28 – 44; PPS 30 - 48; GDS(O) 14 - 32)	Single/ Married	11,440	600	460	12,500
	Family	13,940	600	580	15,120
Group VI (MPS 27 & below; PPS 29 & below; GDS(O) 13 & below)	Single/ Married	8,320	600	340	9,260
	Family	10,090	600	420	11,110

*Rent allowance rates are monthly costs quoted in RMB*

# Shanghai

## 6.0 SHANGHAI

### 6.1 Overview of Shanghai



Source: CBRE

Shanghai is located on the east coast of China at the edge of the Yangtze River and is the country's largest city with a population of 23.0 million in 2010<sup>31</sup>. The city's 2010 GDP totalled USD 256.4 billion<sup>32</sup>, an increase of 9.9% from the year 2009. Shanghai's GDP per capita of USD \$10,828<sup>33</sup> is the top in the nation, followed by Beijing and Tianjin. Shanghai is administratively divided into 17 districts and one county (Chongming Island) with nine districts considered as core urban districts. With a total land area of 6,340.5 sq km, the city contains one of the largest ports in China and is a gateway to the East China Sea. High levels of foreign direct investment (FDI) in Shanghai over the past decade have been driven by the city's high-profile position as an economic hub and gateway to the rest of Mainland China, its strong talent base as well as its development into a major manufacturing and distribution centre for the country.

<sup>31</sup> National Bureau of Statistics of China, Census 2010

<sup>32</sup> Shanghai Statistics Bureau

<sup>33</sup> National Bureau of Statistics of China, Census 2010

## Shanghai

### 6.2 General Standards and Parameters of Accommodation

With reference to policies and general standards of accommodation adopted by major Hong Kong organisations and multinational corporations for their managerial/executive personnel of comparable level, a set of general standards and parameters of accommodation for Hong Kong-based officers at six different levels, i.e. Groups I, II, III, IV, V and VI posted to the Shanghai ETO or on secondment to Shanghai are set out below:

Rank/Grade	Family Size	Residential Districts	Distance from Shanghai Office <sup>34</sup>	Market Positioning <sup>35</sup>	Suitable Type of Residential Premises (Furnished) <sup>36</sup>	Mandatory Charges <sup>37</sup>	Utilities Practice <sup>38</sup>
Group I (D6- D8)	Single/ Married	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
	Family	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
Group II (D4/D5)	Single/ Married	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
	Family	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents

<sup>34</sup> Distance from the Hong Kong Economic and Trade Office in Shanghai: 21/F, The Headquarters Building, 168 Xizang Road (M), Huangpu District, Shanghai.

<sup>35</sup> The consideration of market positioning refers to the relativity in the expatriate residential market of the particular city.

<sup>36</sup> There are other considerations on the choice of suitable premises for the expatriates, including: reasonable distance from the CBD; reasonable commuting time during peak hours; good property management; proximity to international schools, proximity to quality recreational and shopping facilities; large foreign community; and serene environment.

<sup>37</sup> Management fees are usually included in the rental whilst one-off costs such as deposit/key money and estate agent/brokerage fees are excluded from the assessment. For the usual practice of specific cost items, please refer to section 6.4

<sup>38</sup> Utilities charges (e.g. gas, electricity and telephone/fax lines) and any other services charges (e.g. laundry services), are excluded from the rental assessment.

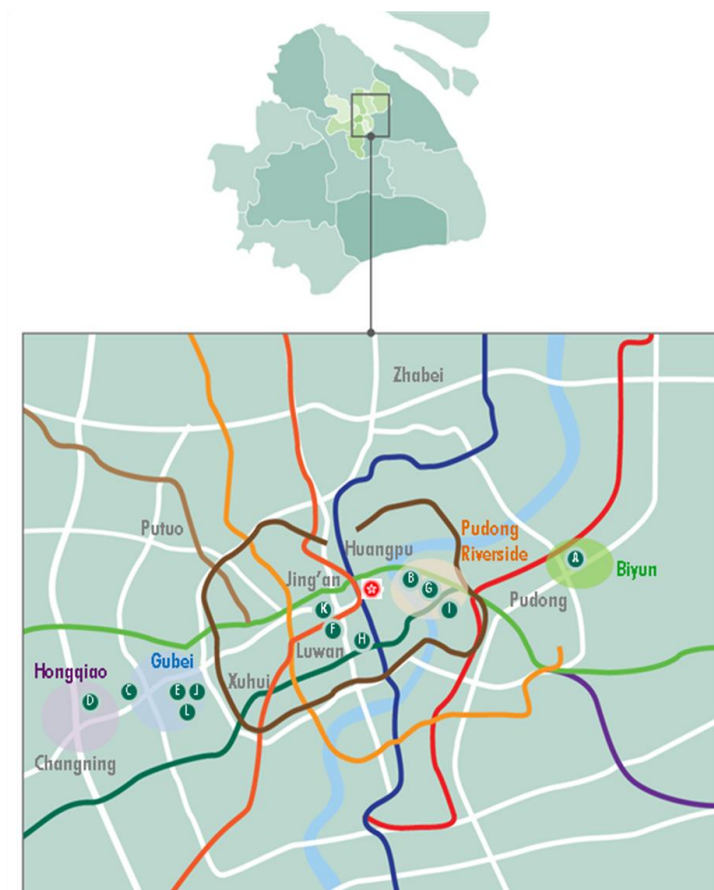
## Shanghai

Rank/Grade	Family Size	Residential Districts	Distance from Shanghai Office <sup>34</sup>	Market Positioning <sup>35</sup>	Suitable Type of Residential Premises (Furnished) <sup>36</sup>	Mandatory Charges <sup>37</sup>	Utilities Practice <sup>38</sup>
Group III (D1 – D3)	Single/ Married	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Medium to Upper-end	Average of 2 to 3 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
	Family	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Medium to Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees	Utilities are not usually included in the rents
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(0) 33 – 39)	Single/ Married	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Medium	2 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
	Family	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
Group V (MPS 28 – 44; PPS 30 - 48; GDS(0) 14 - 32)	Single/ Married	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Low to Medium	2 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
	Family	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Low to Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
Group VI (MPS 27 & below; PPS 29 & below; GDS(0) 13 & below)	Single/ Married	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Low	1 to 2 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents
	Family	Jing'an(靜安), Luwan (盧灣), Hongqiao-Changning (虹橋-長寧), Gubei (古北), Pudong (浦東)	Up to 16 km	Low	2 to 3 bedroom apartments	Car Parking Fees	Utilities are not usually included in the rents

## Shanghai

### 6.3 Residential Districts and Estates

Based on the general standards and parameters set out above, several residential districts/areas and estates are identified as suitable places for Hong Kong-based officers posted or on secondment to Shanghai. The following provides an overview of the selected districts/areas and samples of appropriate residential estates:



Location of Shanghai Office

Source: CBRE

Group	Ref	District/Area	Estate <sup>39</sup>
I	A	Pudong (浦東)	<b>Greenhills</b> (雲間綠大地, 錦繡東路 418 弄 1~296 號)
	B	Pudong (浦東)	<b>Ocean One</b> (中糧海景壹號, 銀城中路 600 弄)
II	C	Gubei (古北)	<b>Xijiao Guesthouse Garden Villa</b> (西郊賓館花園別墅, 虹橋路 1919 號)
	D	Hongqiao-Changning (虹橋-長寧)	<b>China Garden Villas</b> (虹橋中華園, 虹橋路 2388 號)
III	E	Gubei (古北)	<b>Maison Des Artistes</b> (御翠豪庭, 黃金城道 688 弄)
	F	Luwan (盧灣)	<b>Champs-Elysees Palace</b> (香山麗舍, 香山路 33 弄 1~16 號)
IV	G	Pudong (浦東)	<b>Yanlord Garden</b> (仁恒濱江園, 浦明路 99 弄)
	H	Luwan (盧灣)	<b>Lakeville Regency</b> (翠湖天地御苑, 順昌路 168 弄)
V	I	Pudong (浦東)	<b>Shimao Riviera Garden</b> (世茂濱江花園, 維坊西路 1 弄)
	J	Gubei (古北)	<b>Rich Garden</b> (古北瑞仕花園, 黃金城道 500 弄)
VI	K	Jing'an (靜安)	<b>Top of City</b> (中凱城市之光, 大沽路 368 弄)
	L	Gubei (古北)	<b>Uptown</b> (上城, 古北路 1398 弄)

#### ■ Jing'an (靜安)

Jing'an District covers the areas around Nanjing Road West. Known as Shanghai's "Fifth Avenue", Nanjing Road west is the city's premiere shopping location with fashion shops and landmark buildings such as Hang Lung's Plaza 66 and Portman Ritz-Carlton. It is also said to be the CBD area of Puxi.

<sup>39</sup> The residential estates on the list/map are examples only, which are for indication of the geographical locations.

## Shanghai

Many new and high-quality serviced apartments and residencies, targeting expatriates and foreigners, are built in the area. Most of the apartments are well furnished. Compared to other areas in Shanghai, Nanjing Road West offers relatively fewer housing options as the area is concentrated with commercial buildings. The Metro Line 2 runs through Nanjing Road and taxis are readily available at the Portman Ritz Carlton and the Westgate Mall. Notable housing estates in the area include Top of City (中凱城市之光), Crystal Pavilion (經典茂名公寓), Royal Pavilion (華山公寓) and Villa Beau Rivage (寧馨苑).

### ■ Luwan (盧灣)

Luwan (盧灣) covers the areas around Central Huaihai Road (淮海中路), which consists of both new high-rise residential buildings along the road as well as older Chinese apartment complexes to the south. Similar to Nanjing West Road, Central Huaihai Road has some of the best shopping destinations in the city. Several upscale shopping malls such as Shanghai Time Square and the city's hottest affluent "lifestyle centre" – Xintiandi are located within the area. Xintiandi offers foreigners and expatriates a taste of the local cultures in small art galleries and antique stores, as well as an exciting nightlife with loud music and dance places all throughout the area.

Renowned housing estates in Luwan District include Jinlin Tiandi (錦麟天地), Champs-Elysees Palace (香山麗舍), Lakeville Regency (翠湖天地御苑) and Time Square Apartment (時代豪庭).

### ■ Pudong (浦東)

Pudong covers the areas around Pudong Riverside (浦東濱江區), which is home to some of the city's high quality high-rise residential buildings. Located next to Shanghai's new CBD in Lujiazui, residents in this district have spectacular views of the bund as well as some of the tallest skyscrapers, such as Shanghai World Financial Center and Jin Mao Tower, in the nearby financial district. Unlike other residential areas, property developments here are mostly in larger scale with extensive housing facilities such as club house, swimming pool, car park space and 24-hour security. Shanghai Metro Line 2 runs through the area, which provides easy access to Puxi. Driving is more preferred in the Pudong area, though traffic congestions are often seen at the Yan'an tunnel moving across the river into Puxi.

Notable Residential Buildings in Pudong District include Greenhills (雲間綠大地), Yanlord Garden (仁恒濱江園) and Shimao Riviera Garden (世茂濱江花園).

# Shanghai

## 6.4 Lease Terms and Market Practices

Lease terms and market practices are outlined as below:

Lease Terms	
Monthly Rent	<ul style="list-style-type: none"> <li>Rents are quoted in RMB on a per month basis, excluding service charges, taxes and incentives.</li> </ul>
Typical Lease Term	<ul style="list-style-type: none"> <li>A typical lease term for residential properties of all sizes is one year. Shorter or longer length is negotiable.</li> <li>Some landlords prefer two-year leases for expatriate houses if the lease includes furniture purchases and custom renovations.</li> </ul>
Frequency of Rent Payable	<ul style="list-style-type: none"> <li>Payable monthly in advance.</li> </ul>
Basis and Frequency of Rent Review	<ul style="list-style-type: none"> <li>No rent reviews unless an option to review is agreed.</li> <li>Upon lease renewal or every one or two years.</li> </ul>
Option to Renew	<ul style="list-style-type: none"> <li>If a tenant wants to renew the tenancy, the tenant generally must inform the landlord two to three months prior to the expiration of the current lease.</li> </ul>
Early Termination	<ul style="list-style-type: none"> <li>The security deposit and the down payment might be forfeited unless the landlord has agreed to a break option in the tenancy agreement.</li> <li>The break option gives the tenant the right to terminate the lease without penalty.</li> <li>Landlords may ask for a rent premium to accept the break option.</li> </ul>
Market Practices	
Car Parking Fees	<ul style="list-style-type: none"> <li>The car parking fees vary from district to district depending on location. In general, the more expensive, the closer to the city centre.</li> <li>The car parking fee is generally not included in the monthly rent and is payable by the tenant.</li> </ul>
Management Fees	<ul style="list-style-type: none"> <li>In most cases the management fees are quoted in the rental price and landlords would clearly state how much they are and include it in the rental.</li> </ul>
Housing/Property Taxes	<ul style="list-style-type: none"> <li>The local government requires individual landlords to pay a 5% tax, on the rental income. There are cases that landlords may try to pass on the tax to tenants. This has been taken into account in drawing up the recommended rent allowance rates.</li> </ul>

## Shanghai

<b>Deposit/Key Money</b>	<ul style="list-style-type: none"> <li>• A deposit will typically be two months' rent.</li> <li>• A down payment or advance payment for one month's rent may also be required.</li> <li>• The landlord returns the security deposit subject to tenant returning the property and related appliances in good condition, and all related charges paid (subject to normal wear and tear).</li> <li>• The deposit may be also in the form of a Bank or Company Guarantee Letter.</li> </ul>
<b>Estate Agent/ Brokerage Fees</b>	<ul style="list-style-type: none"> <li>• Typically in the Mainland, the brokerage fee is one month's rent.</li> <li>• Depending on the estate agent used, the fee is split between the landlord and the tenant.</li> </ul>
<b>Utilities</b>	<ul style="list-style-type: none"> <li>• Utility costs are not usually included in the rent, although some apartments may include water, cable TV and internet charges.</li> <li>• In general, they are not covered by the rent and are payable by the tenant monthly.</li> </ul>



## Shanghai

### 6.5 Rent Allowance Assessment

Based on the above analysis, the rent allowance assessment for different ranks/grades is proposed as follows:

Rank/Grade	Family Size	Rent Allowance (Furnished) (RMB/mth)	Mandatory Charges		Total Costs (RMB/mth)
			Car Parking (RMB/mth)	Management Fees (RMB/mth)	
Group I (D6- D8)	Single/ Married	53,200	1,800	Included in rent allowance	55,000
	Family	64,880	1,800	Included in rent allowance	66,680
Group II (D4/D5)	Single/ Married	41,210	1,800	Included in rent allowance	43,010
	Family	46,840	1,800	Included in rent allowance	48,640
Group III (D1 – D3)	Single/ Married	32,800	1,500	Included in rent allowance	34,300
	Family	37,110	1,500	Included in rent allowance	38,610
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(O) 33 – 39)	Single/ Married	24,910	1,400	Included in rent allowance	26,310
	Family	29,620	1,400	Included in rent allowance	31,020
Group V (MPS 28 – 44; PPS 30 - 48; GDS(O) 14 - 32)	Single/ Married	19,170	1,200	Included in rent allowance	20,370
	Family	21,940	1,200	Included in rent allowance	23,140
Group VI (MPS 27 & below; PPS 29 & below; GDS(O) 13 & below)	Single/ Married	14,250	1,200	Included in rent allowance	15,450
	Family	18,450	1,200	Included in rent allowance	19,650

*Rent allowance rates are monthly costs quoted in RMB*

# Taipei

## 7.0 TAIPEI

### 7.1 Overview of Taipei



Source: CBRE

Taipei is situated at the northern part of Taiwan and on Danshui River. With an area of 271.8 sq km, it has 12 administrative districts with a total population of 2.6 million residents as of the end of 2010<sup>40</sup>. It is a central city of the largest metropolitan area where landmark developments such as Taipei 101 and Taipei World Trade Center are located.

Taipei's rapid economic development has been the result of the production of high technology and components, with approximately 70% of its GDP growth generated by exports (led by electronics and machinery). The GDP was recorded at USD 430.6 billion in 2010<sup>41</sup>, which grew 10.5% after a contraction in 2009 due primarily to a 20% year-on-year decline in exports. Taiwan in 2010 attracted a FDI of USD 63.37 billion<sup>42</sup>, increased by 4% from previous year.

<sup>40</sup> Source: Population for Township and District, Department of the Statistics, Taiwan

<sup>41</sup> Source: The World Factbook, CIA, 2011.

<sup>42</sup> Source: The World Factbook, CIA, 2011.

## Taipei

### 7.2 General Standards and Parameters of Accommodation

With reference to policies and general standards of accommodation adopted by major Hong Kong organisations and multinational corporations for their managerial/executive personnel of comparable level, a set of general standards and parameters of accommodation for Hong Kong-based officers at six different levels, i.e. Groups I, II, III, IV, V and VI, posted to the HKETCO or on secondment to Taipei are set out below:

Rank/Grade	Family Size	Residential Districts	Distance from City Centre <sup>43</sup>	Market Positioning <sup>44</sup>	Suitable Type of Residential Premises (Furnished) <sup>45</sup>	Mandatory Charges <sup>46</sup>	Utilities Practice <sup>47</sup>
Group I (D6- D8)	Single/ Married	Da-An (大安), Dazhi (大直), Tianmu (天母), Xinyi (信義), Yangmingshan (陽明山)	Up to 15 km*	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees and Management Fees <sup>48</sup>	Utilities are not usually included in the rents
	Family	Da-An (大安), Dazhi (大直), Tianmu (天母), Xinyi (信義), Yangmingshan (陽明山)	Up to 15 km*	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group II (D4/D5)	Single/ Married	Da-An (大安), Dazhi (大直), Tianmu (天母), Xinyi (信義), Yangmingshan (陽明山)	Up to 15 km*	Upper-end	Average of 3 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Da-An (大安), Dazhi (大直), Tianmu (天母), Xinyi (信義), Yangmingshan (陽明山)	Up to 15 km*	Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents

<sup>43</sup> Since the location of the HKETCO is not determined at the time of the Study, it is assumed to be in the city centre of Xinyi District, one of the major CBDs in Taipei, for the purpose of the Study. \* With the exception of Yangmingshan which is about 18 km from the assumed HKETCO location.

<sup>44</sup> The consideration of market positioning refers to the relativity in the expatriate residential market of the particular city.

<sup>45</sup> There are other considerations on the choice of suitable premises for the expatriates, including: reasonable distance from the CBD; reasonable commuting time during peak hours; good property management; proximity to international schools, proximity to quality recreational and shopping facilities; large foreign community; and serene environment.

<sup>46</sup> One-off costs such as deposit/key money and estate agent/brokerage fees are excluded from the assessment. For the usual practice of specific cost items, please refer to section 7.4.

<sup>47</sup> Utilities charges (e.g. gas, electricity and telephone/fax lines) and any other services charges (e.g. laundry services), are excluded from the rental assessment.

<sup>48</sup> Management fees, usually payable by all occupants, provide for communal services such as cleaning, security guards and maintenance of common areas and amenities.

## Taipei

Rank/Grade	Family Size	Residential Districts	Distance from City Centre <sup>43</sup>	Market Positioning <sup>44</sup>	Suitable Type of Residential Premises (Furnished) <sup>45</sup>	Mandatory Charges <sup>46</sup>	Utilities Practice <sup>47</sup>
Group III (D1 – D3)	Single/ Married	Da-An (大安), Dazhi (大直), Tianmu (天母), Xinyi (信義)	Up to 15 km	Medium to Upper-end	Average of 2 to 3 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Da-An (大安), Dazhi (大直), Tianmu (天母), Xinyi (信義)	Up to 15 km	Medium to Upper-end	Average of 3 to 4 bedroom apartments and houses	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(0) 33 – 39)	Single/ Married	Da-An (大安), Dazhi (大直), Xinyi (信義)	Up to 7.5 km	Medium	2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Da-An (大安), Dazhi (大直), Xinyi (信義)	Up to 7.5 km	Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group V (MPS 28 – 44; PPS 30 - 48; GDS(0) 14 - 32)	Single/ Married	Da-An (大安), Dazhi (大直), Xinyi (信義)	Up to 7.5 km	Low to Medium	2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Da-An (大安), Dazhi (大直), Xinyi (信義)	Up to 7.5 km	Low to Medium	Average of 2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
Group VI (MPS 27 & below; PPS 29 & below; GDS(0) 13 & below)	Single/ Married	Da-An (大安), Dazhi (大直), Xinyi (信義)	Up to 7.5 km	Low	1 to 2 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents
	Family	Da-An (大安), Dazhi (大直), Xinyi (信義)	Up to 7.5 km	Low	2 to 3 bedroom apartments	Car Parking Fees and Management Fees	Utilities are not usually included in the rents

# Taipei

## 7.3 Residential Districts and Estates

Based on the general standards and parameters set out above, several residential districts/areas and estates are identified as suitable places for Hong Kong-based officers posted or on secondment to Taipei. The following provides an overview of the selected districts/areas and samples of appropriate residential estates:



 Assumed location of the HKETCO

Source: CBRE

### ■ Xinyi (信義)

The Xinyi District is Taipei's newly developed CBD and is now the most notable financial centre of Taipei. Key buildings including Taipei 101, Taipei City Council, Taipei International Convention Center, Taipei World Trade Center, and various shopping malls and entertainment venues make Xinyi the most modern cosmopolitan district of Taipei. The "National Sun Yat-sen Memorial Hall" is also located in the district.

Xinyi District is served by the Taipei Metro's Nangang Line in the north and Wenshan Line in the south. When completed in 2012, the Taipei Metro Xinyi Line will serve the district at Taipei 101/World Trade Center and Elephant Mountain. In addition, the north of the district is served by the Taiwan Railway Administration Songshan Station. Furthermore, buses to Xinyi District are also plentiful from all parts of Taipei, with a

Group	Ref	District/Area	Estate <sup>49</sup>
I	A	Xinyi (信義)	<b>Gallery</b> (國家藝術館, 松德路 132 號)
	B	Da-An (大安)	<b>The Palace</b> (仁愛帝寶, 仁愛路三段 53 之 1 ~ 9 號)
II	C	Yangmingshan (陽明山)	<b>Yangming Di Jing</b> (陽明帝景, 菁山路 50 號)
	D	Dazhi (大直)	<b>Park View Water Garden</b> (帝景水花園, 樂群二路 166 號)
III	E	Xinyi (信義)	<b>Kingdom Vision</b> (冠德遠見, 信義路五段 95 ~ 101 號)
	F	Tianmu (天母)	<b>Ao Zhi Xi Dao</b> (奧之細道, 天玉街 58 之 1, 60 號)
IV	G	Dazhi (大直)	<b>Parc del Sol</b> (雅璞涵館, 堤頂大道二段 500 號)
	H	Xinyi (信義)	<b>Xinyi Record</b> (信義錄, 松德路 200 巷 2, 6, 8, 10 號)
V	I	Dazhi (大直)	<b>Love Dazhi</b> (戀戀大直, 明水路 397 巷)
	J	Tianmu (天母)	<b>Hung Sheng Tianmu</b> (宏盛天母, 中山北路七段 219 巷)
VI	K	Xinyi (信義)	<b>Xinyi Champs-Élysées</b> (信義香榭, 信義路五段 127 號)
	L	Dazhi (大直)	<b>Desire</b> (明水悅, 明水路 636 號)

<sup>49</sup> The residential estates on the list/map are examples only, which are for indication of the geographical locations.

## Taipei

major bus terminal at Taipei City Hall Bus Station. There are also many arteries and freeways in the area, including Zhongxiao E. Road (Sec. 4), Keelung Road, Xinyi Road (Sec. 2), Ren'ai Road (Sec. 3), Provincial Highway No. 5, and the Civic Blvd Expressway.

The residential developments in the district are predominantly made up of medium to high-rise apartment blocks of various ages, mostly developed by a great number of developers. They are usually in the form of small estate-type developments of two to three residential towers. Examples of notable housing estates in this area include Xinyi Star (信義之星), Xinyi Record (信義錄) and Polar Garden (寶徠花園廣場).

### ■ Tianmu (天母)

Tianmu is a neighborhood located in Shilin, Taipei City. Located on the northern border of Shilin District, Tianmu borders the neighboring district of Beitou and “Yangmingshan National Park”.

The district has been gaining popularity amongst foreigners due to the presence of various international schools, including Taipei American School, Taipei Japanese School and Taipei European School. The district is well equipped with quality cultural, recreational, medical and shopping facilities. Taipei Municipal Tianmu Baseball Stadium is also located in Tianmu. Right next to the Baseball Stadium is Tianmu Sports Park. The public facility has six tennis courts, an ice rink, children's playground, an open-air theater, four basketball courts, and one multi-purpose lawn.

The residential developments in the district are primarily dominated by medium to high-rise apartment blocks and quality houses, with some aged residential buildings completed in earlier years. The residential buildings are mostly developed by a number of medium to large developers and in the form of small estate-type developments of two to three residential towers. Examples of notable housing estates in this area include Fubon 777 (富邦 777), Ao Zhi Xi Dao (奧之細道) and Tianmu Hong Ju (天母絃鉅).

### ■ Yangmingshan (陽明山)

Yangmingshan is located between Taipei City and New Taipei City, and is situated in the “Yangmingshan National Park” area.

Yang De Avenue is the main gateway from the Shilin District to Yangmingshan. As part of the Provincial Highway No. 2, the 12-m wide avenue starts from the Shilin district Fuxing Bridge and ends at Shanzhihou, connecting Gejhih Road. There are also a few bus lines connecting Taipei City and Yangminshan. The Yangmingshan Elementary School and Chinese Culture University are located in this area.

The residential developments in the district are dominated by high quality estate-type houses, mostly developed by numerous small developers and individual landlords. Examples of notable housing estate in this area include Yangming Di Jing (陽明帝景) and Pool Villa (泳池別墅).

### ■ Da-An District (大安區)

Da-An District is bordered by Xinyi District to the east, Wenshan District to the south, Zhongzheng District to the west, Zhongshan District to the northwest, and Songshan District to the northeast.

## Taipei

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It is an important educational, commercial, residential, and cultural district of Taipei City and the home of three major universities.

Da-An is better served by the Taipei Metro than any other districts of Taipei with the exception of Zhongzheng. The Wenshan, Nangang, Xindian, Xinzhuang and Zhonghe Lines all have stations in the district. The district also contains one of Taipei's major interchanges at Zhongxiao Fuxing. The future Xinyi Line (under construction), Songshan Line (under construction), and North-South Line (planned) will all have stations in this district.

The residential developments in the district are primarily dominated by apartment blocks of various ages, mostly developed by a large number of medium to large-sized developers and in the form of small-scale estate-type developments of two to three residential towers. Examples of notable housing estates in this area include Dun Feng (敦峰), The Palace (仁愛帝寶) and Dun Ren (潤泰敦仁).

### ■ Dazhi (大直)

Dazhi is located in the northeastern part of Zhongshan District. Dazhi is well served by the Dazhi and Jiannan Road Stations of Taipei Metro (more commonly known as MRT). Furthermore, there are over ten bus lines on Beian Road, which can link up Dazhi, Neihu, Shilin and Tianmu.

Dazhi has been recently merged with Neihu Technology Park, an emerging high-tech area. The district is well served by many medical services, various foreign restaurants, and schools including Beian High School, Dazhi High School, and the famous Yongan Elementary School.

The residential developments in the district are primarily dominated by low to medium-rise apartment blocks of various ages, mostly developed by a large number of medium to large-sized developers and in the form of small-scale estate-type developments of two to three residential towers. Examples of notable housing estates in this area include Park View Water Garden (帝景水花園), Karuizawa (輕井澤), Dain Ti Hill (代官山) and Desire (明水悅).

## Taipei

### 7.4 Lease Terms and Market Practices

Lease terms and market practices are outlined as below:

Lease Terms	
Monthly Rent	<ul style="list-style-type: none"> <li>Rents are generally quoted in New Taiwan Dollar (NTD) on a per month basis.</li> </ul>
Typical Lease Term	<ul style="list-style-type: none"> <li>A typical lease term for residential properties of all sizes is one year. Longer terms are possible.</li> <li>Shorter terms of less than one year are sometimes available, but not typical.</li> </ul>
Frequency of Rent Payable	<ul style="list-style-type: none"> <li>Payable monthly in advance</li> </ul>
Basis and Frequency of Rent Review	<ul style="list-style-type: none"> <li>No rent reviews unless an option to review is agreed at the outset and specified in the lease contract.</li> <li>Upon lease renewal or every one or two years</li> </ul>
Option to Renew	<ul style="list-style-type: none"> <li>According to the Civil Law in Taiwan, if the tenant still occupies the property after the expiry of current lease, and the landlord does not object, it shall be deemed that the lease contract will continue for a non-specified time.</li> <li>If a tenant wants to renew the tenancy, the tenant generally must inform the landlord one to three months prior to the expiration of the current lease.</li> <li>If the obligation of informing landlord about renewal by the tenant is stated in the lease contract, the tenant should serve an advance notice to the landlord.</li> </ul>
Early Termination	<ul style="list-style-type: none"> <li>For non-periodic leasehold contract: Either the landlord or tenant could terminate the lease at any time, and can be done without any reason.</li> <li>For periodic leasehold contract: No early terminations for landlord or tenant are possible, but an agreement can be set out in the contract for early termination.</li> </ul>
Market Practices	
Car Parking Fees	<ul style="list-style-type: none"> <li>The car parking fees vary from district to district depending on location. In general, the more expensive the fees, the closer to the city centre.</li> <li>The car parking fee is generally not included in the monthly rent and is payable by the tenant.</li> </ul>



## Taipei

<b>Management Fees</b>	<ul style="list-style-type: none"> <li>• The majority of residential properties are subject to an additional fee for maintenance and service costs, covering the costs of cleaning and lighting of communal areas, pest control, lift operation, porter/concierge wages and security service costs (if applicable).</li> <li>• These costs vary from estate to estate, but are generally excluded in the rental rent and are often payable by the tenant.</li> <li>• In most case the landlord is responsible for building insurance and the maintenance of external and common parts of the building.</li> <li>• A small number of costs are normally passed on to the tenant, such as the management charges and the cost of repairing the occupied areas and restoring the property to its condition.</li> <li>• Typically fixed management remuneration is adopted according to market rates, usually in the form of a unit rate based on footage (NTD/ping) or a percentage of total onsite employees' remuneration, depending on the size of the portfolio.</li> </ul>
<b>Housing/Property Taxes</b>	<ul style="list-style-type: none"> <li>• An annual Land Value Tax is levied on each property, and is calculated based on the landowners' reported land value. The landowners are liable for the tax.</li> <li>• Similarly, an annual Housing Tax is levied on each residential unit, and is calculated based on the current housing value. The homeowners are liable for the tax.</li> <li>• The annual Land Value Tax and Housing Tax are generally payable by the owner/landlord.</li> </ul>
<b>Deposit/Key Money</b>	<ul style="list-style-type: none"> <li>• A deposit is typically and cannot be more than two months' rental, which is payable by the tenant.</li> </ul>
<b>Estate Agent/ Brokerage Fees</b>	<ul style="list-style-type: none"> <li>• Depending on the estate agent used, both the landlord and the tenant may have to pay a fee, which cannot be over 6% of the transaction price or a 1.5 months' rent.</li> <li>• Generally the tenant pays 0.5 month's rent as fees and the landlord pays one month's rent.</li> </ul>
<b>Utilities</b>	<ul style="list-style-type: none"> <li>• Utility costs are not usually included in the rent, although some apartments may include water, cable TV and internet charges.</li> <li>• In general, they are not covered by the rent and are payable by the tenant.</li> </ul>

## Taipei

### 7.5 Rent Allowance Assessment

Based on the above analysis, the rent allowance assessment for different rank/grades is proposed as follows:

Rank/Grade	Family Size	Rent Allowance (Furnished) (NTD/mth)	Mandatory Charges		Total Costs (NTD/mth)
			Car Parking (NTD/mth)	Management Fees (NTD/mth)	
Group I (D6- D8)	Single/ Married	238,000	10,000	21,000	269,000
	Family	271,000	10,000	27,800	308,800
Group II (D4/D5)	Single/ Married	195,000	10,000	14,900	219,900
	Family	226,000	10,000	19,000	255,000
Group III (D1 – D3)	Single/ Married	137,000	8,000	9,100	154,100
	Family	180,000	8,000	10,800	198,800
Group IV (MPS 45 – 49; PPS 49 - 54a; GDS(O) 33 – 39)	Single/ Married	85,000	6,000	6,300	97,300
	Family	134,000	6,000	8,100	148,100
Group V (MPS 28 – 44; PPS 30 - 48; GDS(O) 14 - 32)	Single/ Married	54,000	4,000	4,000	62,000
	Family	61,000	4,000	5,100	70,100
Group VI (MPS 27 & below; PPS 29 & below; GDS(O) 13 & below)	Single/ Married	38,000	4,000	2,100	44,100
	Family	49,000	4,000	3,200	56,200

*Rent allowance rates are monthly costs quoted in NTD*

## Review of Rent Allowance Mechanism

### 8.0 REVIEW OF RENT ALLOWANCE MECHANISM

As one of the main objectives, this Study is to develop an objective mechanism for periodic revision of the rent allowance rates in the future for different groups of officers posted or on secondment to the cities under study. The following outlines various proposed approaches for the Government's consideration.

#### Option I. Maintain the rent allowances for a fixed term

One of the approaches is to maintain the rent allowances for a fixed term and review is conducted upon expiry of every term. The length of the fixing period may be set from an administration or cost point of view. For instance, the rent allowances are fixed at the beginning of the posting for three years or the tenure of the assignment, up to five years. This approach would be more acceptable and commonly adopted by the organisations with staff posted out of the region for relatively short or specified terms.

##### Pros

- This approach allows the rent allowances to be set at the levels based on more comprehensive rental reviews on a periodic basis which may be sufficient for steady rental markets.
- Fixing the rent allowances for a period reduces resources and costs incurred by ongoing detailed reviews. It also minimises administration work for rent allowance revisions such as notifications and record updates.
- This approach is simple and can be easily understood by all staff at different ranks/grades.

##### Cons

- The residential market may change considerably with new supply of different quality/specifications introduced, which may affect the validity of proposed standards and parameters and so the rent allowance rates required. This is particularly the case for some developing cities where the residential market tends to be more volatile.
- The rent allowances fixed may not be a good reflection of actual rent costs incurred especially when the rental market experiences fluctuations in the review intervals.

#### Option II. Adjust the rent allowances by city-specific rental indices

Rather than fixing the rent allowance rates for a long period, interim revisions can be undertaken by simpler adjustment exercises between comprehensive and detailed reviews.

For property market, it is quite common for landlords to set the rentals levels by making reference to similar rental transactions followed by adjustment for time factor based on certain rental price indices. The same practice can be applied to the rent allowance rates in question.

The selection of rental indices depends on the type of the property which is residential in the case. More desirably, the indices used for adjustment are derived from the same or similar target market segment which the rental under concern allowance rates are based. With qualifications in respect to premises size and quality, the rental level

## Review of Rent Allowance Mechanism

changes of target markets are better tracked, and the representativeness of the rental indices is improved. While the availability of the rental indices varies from city to city, the time series of the rental price indices are usually on a quarterly or annual basis.

### ***IIa. CBRE Luxury Residential Rental Indices***

CBRE Research produced indices for the rental market of residential properties. Published quarterly, they are city-specific and representative keeping track of the rental levels changes based on lettings of a selected basket of high quality residential developments during each period. They are regarded as an effective tool to reflect market fluctuations of residential properties generally for expatriates. We consider that *CBRE Luxury Residential Rental Indices* are suitable to be used in adjusting the rent allowance rates in this case given the resemblance between the covered residential market and the expatriates housing segment for the expatriate executive/managerial personnel.

#### Adjustment Methodology

A rental price index is an index number indicating relative change rather than absolute value. Normally the index is set at 100 for a base year and the change between years can be expressed in percentage by comparing the indices of the adjusted year to another as a base:

*Percentage change in Rental Levels between Year 2 and Year 1 = (Rental Price Index<sub>(Year 2)</sub> - Rental Price Index<sub>(Year 1)</sub>) / Rental Price Index<sub>(Year 1)</sub>*

The rent allowance rates can be adjusted by multiplying the rental price index of the year to be adjusted and divided by the rental price index of the year when the rent allowance rates is originally derived by detailed review:

$$\text{Adjusted Rent Allowance Rates} = \text{Original Rent Allowance} \times \frac{\text{Rental Price Index}_{(\text{Adjusted Year})}}{\text{Rental Price Index}_{(\text{original year})}}$$

It should be noted that whilst CBRE Luxury Residential Rental Indices capture the overall movements of rental markets, they do not cover market fluctuations specific to locality or developments or individual new supply.

### ***IIb. Official Housing Inflation Indices***

This approach is to apply the official housing inflation indices to current allowances on an annual basis to establish the revised allowances.

In the Mainland, normally official rental price indices are published annually. The data are published by the Central Bureau of Statistics and published in the year book. The indices are usually city-wide and represent overall average of a broad spectrum of rental transactions ranging from mass market to upper-end niches in the city.

## Review of Rent Allowance Mechanism

Some examples of official housing indices are as follows:

Beijing	Beijing Municipal Bureau of Statistics (Monthly and Annual Data Available) Consumer Price Index – Residential Rental Prices Component
	<a href="http://www.bjstats.gov.cn/sjfb/bssj/jdsj/2011/">http://www.bjstats.gov.cn/sjfb/bssj/jdsj/2011/</a>
Chengdu	Chengdu Statistics Bureau (Annual Data Available) Consumer Price Index
	<a href="http://www.chdstats.gov.cn/list.asp?CX=True&amp;textfield=%C4%EA%B6%C8%CA%FD%BE%DD&amp;textfm=">http://www.chdstats.gov.cn/list.asp?CX=True&amp;textfield=%C4%EA%B6%C8%CA%FD%BE%DD&amp;textfm=</a>
Guangzhou	Guangzhou Municipal Statistics Bureau (Monthly and Annual Data Available) Consumer Price Index – Housing Component
	<a href="http://www.gzwjj.gov.cn/html/jgzs/jgzs.htm">http://www.gzwjj.gov.cn/html/jgzs/jgzs.htm</a>
Shanghai	Shanghai Municipal Statistics Bureau (Monthly and Annual Data Available) Consumer Price Index – Rental Housing Component
	<a href="http://www.stats-sh.gov.cn/data/toMData.xhtml?u=/monthdata/2011.html">http://www.stats-sh.gov.cn/data/toMData.xhtml?u=/monthdata/2011.html</a>
Taipei	Department of Budget, Accounting & Statistics, Taipei City Government (Monthly and Annual Data Available) Consumer Price Index – Residential Housing Rental Component
	<a href="http://english.tcpd.taipei.gov.tw/ct.asp?xItem=202307&amp;ctNode=11382&amp;mp=120002">http://english.tcpd.taipei.gov.tw/ct.asp?xItem=202307&amp;ctNode=11382&amp;mp=120002</a>

### Adjustment Methodology

Similar methodology of the adjustment is used for the official housing indices. The rent allowance rates can be adjusted by multiplying the rental price index of the year to be adjusted and divided by the rental price index of the year when the rent allowance rates is originally derived by detailed review:

$$\text{Adjusted Rent Allowance Rates} = \text{Original Rent Allowance Rates} \times \frac{\text{Official Housing Index}_{(\text{Adjusted Year})}}{\text{Official Housing Index}_{(\text{original year})}}$$

### Pros

- Revision by simpler adjustment is more cost-effective and saves resources and efforts incurred by undertaking ongoing detailed reviews; it is easy to administer the adjustment with the rental price indices available.
- The adjustment by rental price indices resembles the rent review practice conducted by landlords and may serve as a general indicator of the rental changes in the host cities.
- By using representative rental price indices which are reflective of the changes in the market conditions in the target segment, the revision of rent allowances can be more accurate and better tracks actual rental cost changes.
- CBRE's indices focused on the upper-end segment of the residential market, which cover typical areas for expatriate executive/managerial personnel housing segment.
- The government's official indices are publicly available and free of charge, greatly reducing the costs incurred in rent allowance reviews.
- The indices are authoritative and transparent which may be likely to be accepted by the employees.

## Review of Rent Allowance Mechanism

### Cons

- CBRE's *Luxury Residential Rental Index* does not cover the Taipei market.
- Some rental indices may track the overall average of the whole residential market in a city which may deviate from the market changes of the expatriates' housing segment and leads to overestimation or underestimation.
- The readily available rental indices are not able to take into account changes in rental levels specific to recommended districts/estates or the proposed standards and parameters for the rental accommodation.
- This approach cannot take into account any changes in the standards and parameters of the rental accommodation.
- These official housing indices may not be directly relevant to the rental trends of expatriate housing. One example of these official indices in China is the Residents' Consumer Price Index (居民消費價格指數). The living expense component in the index depicts the living costs of the entire residential market (from upper-end to low-end market), components of utilities (water, gas and electricity) and building material costs.
- The availability of official housing indices is different among cities, and there is significant time lag as some indices are published annually and the index only reflects the conditions of the past year.

Some organisations adopt a trigger point approach that the rent revision only materialises when the market changes amount to a certain level, say 5-10% appreciation or depreciation as estimated by rental price indices.

### Option III. Update the rent allowances by applying freshly researched market data

Another approach is to conduct reviews by making reference to the updated market data based on the proposed standards and parameters at the time of interim reviews. With administration ease taken into consideration, annual reviews are recommended.

The latest, relevant rental information can be collated from CBRE local research team and property brokers. According to the proposed standard and parameters established by detailed review, the rent allowance rates are revised to the new levels.

### Pros

- This approach can take into account the movement of expatriates' housing segment specifically on the basis matched up with the established standards and parameters of the expatriate residential accommodation.
- The method is able to take into account changes in rental levels specific to recommended districts/estates or the proposed standards and parameters for the rental accommodation.

### Cons

- It involves more resources and time in collecting and analysing the market data.
- The rent allowance rate adjustment is based upon the already established standards and parameters and therefore cannot take into account any changes in the standards and parameters of the rental accommodation.

## Review of Rent Allowance Mechanism

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### Option IV. Update the rent allowances by full review

A full review is conducted having regard to the general standard and parameters of rental accommodation for Hong Kong officers posted or seconded to the cities and the rental allowance rates regularly.

#### Pros

- This approach can reflect the market conditions of the residential market. The method can also take into account the changes in rental levels specific to recommended districts/estates or the proposed standards and parameters for the rental accommodation.
- This approach can take into account the movement of expatriates' housing segment specifically on the basis matched up with the established standards and parameters of the expatriate residential accommodation.

#### Cons

- Detailed review involves more resources and time in collecting and analysing the market data.

# Review of Rent Allowance Mechanism

## Evaluation of Options

Based on the analysis above, the following table summarises the benefits associated with each option.

	Time	Cost	Timely Reflection on Rental Levels	Timely Reflection on Standards & Parameters
Option I	✓✓✓✓	✓✓✓✓	✓	✓
Option II	✓✓✓	✓✓✓	✓✓✓	✓
Option III	✓✓	✓✓✓	✓✓✓	✓
Option IV	✓	✓	✓✓✓✓	✓✓✓✓

\*The assessment is on relative basis.



## Uplift Factor

### 9.0 UPLIFT FACTOR

#### Uplift factor for Heads of offices Commensurate with their status

It is understood that Heads of offices have a representational role and there is a need for them to host functions at home from time to time. In this regard, certain uplift factor is considered necessary in addition to the basic rent allowance.

Typically relevant officers receive housing allowance appropriate to their ranking and family size. The uplift factor represents the combined adjustment required to bring up the allowance to a level whereby a rented accommodation can be suitable for representation purposes. The uplift factor is estimated on the assumption of enhanced rented accommodation commensurate with the need of hosting hospitality:

- **Size of rental accommodation:** It is assumed that the standard of accommodation should be set for four bedroom properties for both single/married and family; and
- **Quality of rental accommodation:** The housing accommodation is of comparatively higher quality and standard and more upper-end residential districts/estates.

Based on the above assumption, the uplift factor is proposed as follows:

Group	Uplift Factor	Application
Group I to Group III	1.15	Calculated as a percentage of the total cost

The uplift factor will be applied to the total rental allowance (inclusive of additional allowance for furnishings and mandatory charges). The proposed uplift factor of 1.15 is a statistical average taken across all relevant cities of posting in the Mainland and Taiwan. For each city the cost of properties suitable for representation was assessed and compared with the standard rent allowances in determining the uplift factor. The adjustment factor of 1.15 is in keeping with similar adjustment factors used by other governments, and the existing adjustment factor applicable to the Heads of overseas ETOs as approved by the Finance Committee of the Legislative Council.



## APPENDIX

**Criteria for setting standards of accommodation for officers  
of different levels and family status posted/seconded to the Mainland and Taiwan**

Rank/Grade	Single/Married	Family
<b>Group I (D6/D8)</b>	3 bedroom Up to 25 km from office / organisation Upper-end of market	3 to 4 bedroom Up to 25 km from office / organisation Upper-end of market
<b>Group II (D4/D5)</b>	2 to 3 bedroom Up to 25 km from office / organisation Upper-end of market	3 to 4 bedroom Up to 25 km from office / organisation Upper-end of market
<b>Group III (D1-D3)</b>	2 to 3 bedroom Up to 25 km from office / organisation Upper to Medium-end of market	3 to 4 bedroom Up to 25 km from office / organisation Upper to Medium-end of market
<b>Group IV (MPS 45-49; PPS 49-54a; GDS(O)33-39)</b>	2 bedroom Up to 25 km from office / organisation Medium-end of market	2 to 3 bedroom Up to 25 km from office / organisation Medium-end of market
<b>Group V (MPS28-44; PPS 30-48; GDS(O)14-32)</b>	2 bedroom Up to 25 km from office / organisation Medium to Low-end of market	2 to 3 bedroom Up to 25 km from office / organisation Medium to Low-end of market
<b>Group VI (MPS 27 &amp; below; PPS 29 &amp; below; GDS(O)13 &amp; below)</b>	1 to 2 bedroom Up to 25 km from office / organisation Low-end of market	2 to 3 bedroom Up to 25 km from office / organisation Low-end of market

*The above general standards of accommodation notwithstanding, the consultant may take into account the special local circumstances of individual host cities.*