CB(1)1427/03-04(01)

Hunghom Peninsula PSPS

Valuation Report and information compiled by the Lands Department for the negotiation and mediation

Explanatory Note

The flat sale price of \$38,000/m² net (\$3,021 psf gross) was arrived at by comparison with transactions in Royal Peninsula, a nearby development with Occupation Permit (OP) issued in December 2000 and Phases 4 & 9 of Whampoa Gardens, the closest phases of that development to Hung Hom Peninsula, with OPs of December 1987 and December 1988.

Royal Peninsula is a high quality development with luxurious finishes. Despite OP having been issued in December 2000, the developers were still selling units in the latter part of 2003 and the prices averaged about \$52,700/m² (\$3,890 psf gross). Flats in Whampoa Gardens (15 storeys over one storey of lobbies/shops) were fetching an average of about \$32,000/m² net (\$2,620 psf gross).

Even with upgrading, the Hung Hom Peninsula flats would be well below the standard of the Royal Peninsula and although new, the design is akin to that of the older Whampoa Gardens. Accordingly, a rate of \$38,000/m² for Hung Hom Peninsula was considered appropriate.

Lands Department

Flat Sale	Comparables	in Hung Hom
	1	0

Item	Development	Period of transactions	Unit Price Range	Average Unit Price	Size Range
	(OP Date)	(No. of transactions)	$[/m^2(N)]$	$[/m^2 (N)]$	[m ² (N)]
1	Royal Peninsula Hung Hom South Road, Hung Hom	07/2003 – 12/2003 (15)	40,277 – 67,992 (2/F - 45/F)	52,757	43.6 - 97.0
	(12/2000)	04/2003 – 06/2003 (23)	42,002 – 56,996 (1/F – 32/F)	48,423	43.8 - 96.9
		01/2003 – 03/2003 (24)	37,927 – 66,283 (2/F – 32/F)	53,090	35.9 - 93.6
Remarl	ks : Five 35-42/s resident			arpark.	
		l. 5 duplex units) & 276 (pical floors on Block 1, 4		on typical floors on Blo	ock 2.
2	Whampoa Garden Site 4, Tak Fung Street,	07/2003 – 12/2003 (7)	29,703 – 35,995 (5/F – 16/F)	32,158	55.1 – 76.4
	Hung Hom (12/1987)	04/2003 – 06/2003 (4)	30,441 – 39,587 (7/F – 14/F)	35,265	60.6 - 74.9
		01/2003 – 03/2003 (4)	26,287 – 35,995 (2/F – 11/F)	31,078	60.6 - 76.4
Remarl	ks : Six 15/s residential to Total 720 flats; 8 flats	owers over G/F lobby. s/floor on typical floors o	n all blocks.		
3	Whampoa Garden Site 9, Tak Fung Street,	07/2003 – 12/2003 (10)	26,419 – 36,686 (3/F – 16/F)	32,172	51.1 – 79.7
	Hung Hom (12/1988)	04/2003 – 06/2003 (14)	27,571 – 38,896 (2/F – 13/F)	32,922	56.5 – 79.7
		01/2003 – 03/2003 (11)	28,571 – 49,410 (2/F – 15/F)	35,887	56.8 - 82.3
Remarl	ks : Ten 15/s residential to Total 1,200 flats; 8 fla	owers over G/F shops. ats/floor on typical floors	on all blocks.		

Proposed Modification to allow Disposal of PSPS Flats in Open Market Hung Hom Bay Reclamation Kowloon Inland Lot No. 11076

Development	Parameters											
Site Area		:		27,818	m ²							
Zoning		:		R(A)1								
Max Resident	ial GFA	:		144,300	m²	(i.e. P.R	5.19)				
Max Retail G	FA	:		3,000	m²							
No. of Flats		:	N	ot less than 2.	,450 & not more	than 2,600						
No. of CPS		:			per 7 flats & not		er 5 flats					
					P							
Existing Deve	elopment (O.P	. issued on	n 6.8.200)2 & C of C o	on 21.11.2002)							
Actual Reside		:		144,299.926								
Actual Reside		:		123,489.632								
No. of Blocks				125,407.052								
No. of Storey	s	:		35 - 36	storeys							
No. of Flats		:		2,470		Avera	age Flat Size	58.4 m	$[2^{2}(G)]$			
Size of Flats		:		40 - 55	m² (N)							
			(6	0% is 54.988	- 55m ² and conta	ain 3 bedrooms)					
No. of Flats/F	loor	:		10								
Saleable Ratio)	:		85.578%								
Valuation											\$3,021.15	
After Value											\$3,530.29	/ft²(
Dom. SA	123,489.632	m ² (2)	х	\$38,000	$/m^{2}(N)^{(1)}$				\$4,692,606,016			
Less 2.625% f	for marketing &	agency ex	xpenses)							
Less 15% Bul	lk Discount/Prof	fit)			x	0.82375		\$703,890,902	Pro
									\$3,865,534,206			
CPS	413	nos.	x	\$360,000	/space				\$148,680,000			
	115			50,000				-	\$4,014,214,206			
	PV	1.021	yr ⁽¹⁵⁾	@	7%				0.9333	\$3,746,466,118		
	1 V	1.021	<i>J</i> 1	~	, /0				0.7333	φ5,7 τ0,τ00,110		
Less Costs	144,000,07			60 0 F F -	(1(0) (3)				\$20 - F2 - 2			
Dom	144,299.926		х		$/m^{2}(G)^{(3)}$				\$296,536,348			
Club Hse	2,100	m ^{2 (17)}	х	\$11,300	/m ² (G) (18)				\$23,730,000			
									\$320,266,348			
								x	1.06			
												16.2
									\$339,482,329		\$218.56	/It*
								say	\$339,482,329 \$363,375,833	(3)	\$218.56	/It*
	PV	0.333	yr ⁽¹⁶⁾	@	7%			say		(3) \$355,272,552	\$218.56	/112
	PV	0.333	yr ⁽¹⁶⁾	@	7%			say	\$363,375,833		\$218.56 \$3,391,193,566	/11*
	PV	0.333	yr ⁽¹⁶⁾	@	7%			say	\$363,375,833			/112
	PV	0.333	yr ⁽¹⁶⁾	@	7%			say	\$363,375,833			
	PV	0.333	yr ⁽¹⁶⁾	@	7%			say	\$363,375,833	\$355,272,552	\$3,391,193,566	
<u>Before Value</u>		0.333	yr ⁽¹⁶⁾					say	\$363,375,833	\$355,272,552	\$3,391,193,566	
<u>Before Value</u> Dom. SA			yr ⁽¹⁶⁾ x		7% /m² (N) ⁽⁴⁾			say	\$363,375,833	\$355,272,552	\$3,391,193,566	
	123,489.632				$/m^{2}(N)^{(4)}$			say	\$363,375,833	\$355,272,552 After Value, say	\$3,391,193,566	
Dom. SA	123,489.632	2 m ² ⁽²⁾	x	\$15,500	$/m^{2}(N)^{(4)}$			say	\$363,375,833	\$355,272,552 After Value, say \$1,914,089,296	\$3,391,193,566	
Dom. SA	123,489.632	2 m ² ⁽²⁾	x	\$15,500	$/m^{2}(N)^{(4)}$			say	\$363,375,833	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000	\$3,391,193,566	
Dom. SA	123,489.632	2 m ² ⁽²⁾	x	\$15,500	$/m^{2}(N)^{(4)}$			say	\$363,375,833	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000	\$3,391,193,566	
Dom. SA CPS <u>Less Costs</u>	: 123,489.632 494	2 m ² ⁽²⁾ hos.	x x	\$15,500 \$350,000	$/m^{2}(N)^{(4)}$	1	\$675,000	_	\$363,375,833	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000	\$3,391,193,566	
Dom. SA CPS <u>Less Costs</u>	: 123,489.632 494	m² ⁽²⁾ nos.	x x d defect:	\$15,500 \$350,000	/m² (N) ⁽⁴⁾ /space	1	\$675,000 0.2263	_	\$363,375,833	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000	\$3,391,193,566	
Dom. SA CPS <u>Less Costs</u>	: 123,489.632 494 curity sum for m	2 m ² ⁽²⁾ hos.	x x d defect:	\$15,500 \$350,000 s during defec	/m² (N) ⁽⁴⁾ /space rts liability period	1 _	\$675,000 0.2263	_	\$363,375,833 0.9777	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000	\$3,391,193,566	
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Dom. SA CPS Less Costs Interest on sec Commission of Commission of Emergency Re Monitoring of Commission of	2 123,489.632 494 curity sum for m YP charge on bank § YP charge on bank § YP charge on bank § YP charge on bank § YP charge on bank § YP	making goo 0.236 guarantee f 8.682 nent 8.975 guarantee f	x x x d defect: yr ⁽⁶⁾ for schecc yr ⁽⁸⁾ yr ⁽¹⁰⁾ yr ⁽¹²⁾ for defec	\$15,500 \$350,000 s during defec @ luled defects l @ ngement oblig @ cs liability du	/m ² (N) ⁽⁴⁾ /space tts liability period 7% liability period 7% ations 7% 7% e to residual settle	say	0.2263 \$675,000 4.2541 \$152,000 6.3462 \$100,000 6.5021 \$56,000	p.a. ⁽⁵⁾ p.a. ⁽⁷⁾ p.a. ⁽⁹⁾ p.a	\$363,375,833 0.9777 \$152,753 \$2,871,518 \$964,622 \$1,235,000 \$650,210	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000 \$2,086,989,296 (11) (11)	\$3,391,193,566 \$3,391.20	м
Dom. SA CPS Less Costs Interest on sec Commission of Commission of Emergency Ro Monitoring of Commission of Premium Ass	2 123,489.632 494 curity sum for m YP charge on bank § YP charge on bank § YP charge on bank § YP charge on bank § YP charge on bank § YP	making goo 0.236 guarantee f 8.682 nent 8.975 guarantee f	x x x d defect: yr ⁽⁶⁾ for schecc yr ⁽⁸⁾ yr ⁽¹⁰⁾ yr ⁽¹²⁾ for defec	\$15,500 \$350,000 s during defec @ luled defects l @ ngement oblig @ cs liability du	/m² (N) ⁽⁴⁾ /space tts liability period 7% iiability period 7% ations 7% 7% e to residual settle 7%	say	0.2263 \$675,000 4.2541 \$152,000 6.3462 \$100,000 6.5021 \$56,000	p.a. ⁽⁵⁾ p.a. ⁽⁷⁾ p.a. ⁽⁹⁾ p.a	\$363,375,833 0.9777 \$152,753 \$2,871,518 \$964,622 \$1,235,000 \$650,210	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000 \$2,086,989,296 (11) (11)	\$3,391,193,566 \$3,391.20	м
Dom. SA CPS Less Costs Interest on sec Commission of Commission of Emergency Ro Monitoring of Commission of Commission of	2123,489.632 494 curity sum for m YP charge on bank § YP charge on bank § YP epairs Fund charge on bank § YP charge on bank §	making goo 0.236 guarantee f 8.682 nent 8.975 guarantee f 8.975	x x x d defect: yr ⁽⁶⁾ for schecc yr ⁽⁸⁾ yr ⁽¹⁰⁾ yr ⁽¹²⁾ for defec	\$15,500 \$350,000 s during defec @ ululed defects l @ gement oblig @ cts liability du @	/m ² (N) ⁽⁴⁾ /space tts liability period 7% liability period 7% ations 7% 6 e to residual settle 7% M	say	0.2263 \$675,000 4.2541 \$152,000 6.3462 \$100,000 6.5021 \$56,000	p.a. ⁽⁵⁾ p.a. ⁽⁷⁾ p.a. ⁽⁹⁾ p.a	\$363,375,833 0.9777 \$152,753 \$2,871,518 \$964,622 \$1,235,000 \$650,210	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000 \$2,086,989,296 (11) (11)	\$3,391,193,566 \$3,391.20	м
Dom. SA CPS Less Costs Interest on sec Commission of Commission of Emergency Ro Monitoring of Commission of Premium Ass	2 123,489.632 494 249	making goo 0.236 guarantee f 8.682 nent 8.975 guarantee f 8.975	x x x d defect: yr ⁽⁶⁾ for schecc yr ⁽⁸⁾ yr ⁽¹⁰⁾ yr ⁽¹²⁾ for defec	\$15,500 \$350,000 s during defec @ luled defects l @ ugement oblig @ ts liability du @ \$3,391.20	/m ² (N) ⁽⁴⁾ /space ⁽⁴⁾ /s	say	0.2263 \$675,000 4.2541 \$152,000 6.3462 \$100,000 6.5021 \$56,000	p.a. ⁽⁵⁾ p.a. ⁽⁷⁾ p.a. ⁽⁹⁾ p.a	\$363,375,833 0.9777 \$152,753 \$2,871,518 \$964,622 \$1,235,000 \$650,210	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000 \$2,086,989,296 (11) (11) \$6,238,221 Before Value, say	\$3,391,193,566 \$3,391.20	м
Dom. SA CPS Less Costs Interest on sec Commission of Commission of Emergency Ro Monitoring of Commission of Commission of	2 123,489.632 494 249	making goo 0.236 guarantee f 8.682 nent 8.975 guarantee f 8.975	x x x d defect: yr ⁽⁶⁾ for schecc yr ⁽⁸⁾ yr ⁽¹⁰⁾ yr ⁽¹²⁾ for defec	\$15,500 \$350,000 s during defec @ huled defects l @ ngement oblig @ ets liability du @ \$3,391.20 \$2,080.75	/m ² (N) ⁽⁴⁾ /space ⁽⁴⁾ /s	say 	0.2263 \$675,000 4.2541 \$152,000 6.3462 \$100,000 6.5021 \$56,000 6.5021	p.a. ⁽⁵⁾ p.a. ⁽⁷⁾ p.a. ⁽⁹⁾ p.a	\$363,375,833 0.9777 \$152,753 \$2,871,518 \$964,622 \$1,235,000 \$650,210 \$364,118 \$364,118	\$355,272,552 After Value, say \$1,914,089,296 \$172,900,000 \$2,086,989,296 (11) (11) \$6,238,221 Before Value, say	\$3,391,193,566 \$3,391.20 \$2,080,751,075 \$2,080.75	м

- $\frac{\text{Notes}}{(1)}$
 - Market Price of the "modified" flats for disposal freely in market without alienation restriction
- (2)
- (3)
- The residential SA certified by the AP, as advised by HD Cost for upgrading the flats from ordinary finishes to enhanced finishes plus cost for providing air-conditioning and appliances, i.e. (\$7,900/m² x 15% + \$250/m²)* + \$390/m² + \$230/m² (L&B Cost Index 2nd Qtr 2003) (*Allow 15% for upgrading the finishes and an extra cost of \$250/m² for the dismantling works required, as verbally advised by L&B) However, during mediation held in Dec 2003, Government offered to compromise by adopting an upgrading cost of \$363,375,833 Guaranteed unit price for the PSPS flats as stipulated in the lease conditions Annual interest at 5% on \$13.5M which is the security sum for making good the defects during the defects liability period
- (4) (5)
- (6) (7)
- The remaining period of the defects liability period (460 days) from the date of issue of C of C Commission charge at 1% on \$67.5M for the bank guarantee for developer's obligations during the scheduled defects liability period
- (8) The bank guarantee shall be irrevocable for a period of 6 yrs and 3 months from the date of issue of C of C (9)
- Commission charge at 1% on \$15.2M for the bank guarantee for developer's management obligations The bank guarantee shall be irrevocable for a period of 10 yrs from the date of issue of OP (10)
- The Emergency Repairs Fund to be paid by the developer is \$500 per each residential unit, i.e. $500 \times 2,470 = $1,235,000$ The developer is responsible to implement a monitoring plan for residual settlement for 10 years from the date of issue of C of C (11)
- (12)
- Commission charge at 1% on \$5.6M for the bank guarantee for developer's defects liability due to residual settlement The bank guarantee shall be irrevocable for a period of 10 yrs from the date of issue of C of C (13) (14)
- (15)
- Deferment guarantee and the intervention of the upgrading works (8 months) and disposal of the flats (6 months + 2) Deferment guarantee and the upgrading works (8 months) and disposal of the flats (6 months + 2) However, during mediation held in Dec 2003, Government offered to compromise by adopting a deferment period of 12.25 months Allow 8 months for the upgrading works Based on Developer's proposal (81 CPS will be deleted) Cost of clubhouse of ordinary standard (L&B 2nd Qtr 2003) (16)
- (17)
- (18)

Proposed Modification to allow Disposal of PSPS Flats in Open Market Hung Hom Bay Reclamation Kowloon Inland Lot No. 11076

(A) <u>Development Parameters (from Conditions of Sale & Outline Zoning Plan)</u>

(B)

(**C**)

Site Area	:			27,818	m²						
Zoning	:			R(A)1							
Max Residential GFA	:			144,300	m²	(i.e. P.R	5.19)				
Max Retail GFA	:			3,000	m²						
No. of Flats	:		Not less than 2,450 & not more than 2,600								
No. of Car Parking Space	:		Not less than 1 per 7 flats & not more than 1 per 5 flats								
Completed Development											
Actual Residential GFA	:			144,299.926	m²						
Actual Residential Saleable Area (SA) :			123,489.632	m²						
No. of Storeys	:			35 - 36	storeys						
No. of Flats	:			2,470							
Size of Flats	:			40 - 55	m ² (net)						
				(60% is 55m ²	and cont	ain 3 bedroo	oms)				
No. of Flats/Floor	:			10							
Saleable Ratio	:			85.578%							
Valuation											
Domestic SA 123,489.63	2 m²	х		\$38,000	/m² (net)) *		\$4,692,606,01	6		
			i.e.	\$3,021	/ft² (gros	ss)					

* The flat sale price of \$38,000/m² (net) [\$3,021/ft² (gross)] was arrived at from the analysis of transactions in the nearby Royal Peninsula development and Phases 4 & 9 of Whampoa Ga Royal Peninsula is a new development, with Occupation Permit issued in Dec 2000, and in July - Dec 2003, the developers were still selling the flats.

The average price was about \$52,700/m² (net) [\$3,890/ft² (gross)]. This development has luxurious high quality finishes.

Whampoa Garden Phases 4 & 9 (the closest phases to Hunghom Peninsula) have Occupation Permit dates of Dec 1987 & Dec 1988 respectively.

They are 15 storeys over one storey entrance lobby/shops. The average sale price for the period from July to Dec 2003 was about \$32,000/m² (net) [\$2,620/ft² (gross)].

Even with upgrading, the Hunghom Peninsula flats would be significantly below the standard of modern private developments.