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

Item	Development	Period of transactions	Unit Price Range	Average Unit Price	Size Range
	(OP Date)	(No. of transactions)	[\$/m² (N)]	[\$/m² (N)]	$[m^2(N)]$
1	Royal Peninsula	07/2003 – 12/2003	40,277 – 67,992	52,757	43.6 - 97.0
	Hung Hom South	(15)	(2/F - 45/F)		
	Road, Hung Hom (12/2000)	04/2002 06/2002	10.000 #4.004		
	(12/2000)	04/2003 – 06/2003 (23)	42,002 – 56,996	48,423	43.8 – 96.9
		(23)	(1/F - 32/F)		
		01/2003 – 03/2003	37,927 - 66,283	53,090	35.9 – 93.0
		(24)	(2/F - 32/F)		
	1- F: 25 42/ :1				
emar	KS: Five 35-42/s resider	tial towers over 2/s clubh cl. 5 duplex units) & 276	ouse & 2/s basement	carpark.	*
	7 - 8 flats/floor on tvi	pical floors on Block 1, 4	CPS. & 5 & 13 flats/floor o	n temical floors on Dio	-1- O
		7.002 1.0013 011 D100K 1, 4	α 3 α 13 Hats/11001 0	n typical moors on bio	CK 2.
2	Whampoa Garden	07/2003 - 12/2003	29,703 – 35,995	32,158	55.1 – 76.4
	Site 4,	(7)	(5/F - 16/F)		
	1 - 4				
	Tak Fung Street,	04/0000 06/0000			
	Hung Hom	04/2003 – 06/2003	30,441 – 39,587	35,265	60.6 – 74.9
		04/2003 – 06/2003 (4)	30,441 – 39,587 (7/F – 14/F)	35,265	60.6 – 74.9
	Hung Hom		(7/F - 14/F)		
	Hung Hom	(4)	•	35,265 31,078	
	Hung Hom (12/1987)	(4) 01/2003 – 03/2003 (4)	(7/F – 14/F) 26,287 – 35,995		
Remar	Hung Hom (12/1987) ks: Six 15/s residential	(4) 01/2003 – 03/2003 (4) towers over G/F lobby.	(7/F – 14/F) 26,287 – 35,995 (2/F – 11/F)		
temar	Hung Hom (12/1987) ks: Six 15/s residential	(4) 01/2003 – 03/2003 (4)	(7/F – 14/F) 26,287 – 35,995 (2/F – 11/F)		
Remar 3	Hung Hom (12/1987) ks: Six 15/s residential Total 720 flats; 8 fla Whampoa Garden	(4) 01/2003 – 03/2003 (4) towers over G/F lobby.	(7/F – 14/F) 26,287 – 35,995 (2/F – 11/F)	31,078	60.6 – 76.4
	Hung Hom (12/1987) ks: Six 15/s residential Total 720 flats; 8 fla Whampoa Garden Site 9,	(4) 01/2003 – 03/2003 (4) towers over G/F lobby. ts/floor on typical floors of	(7/F – 14/F) 26,287 – 35,995 (2/F – 11/F) on all blocks.		60.6 – 76.4
	Hung Hom (12/1987) *ks: Six 15/s residential Total 720 flats; 8 fla Whampoa Garden Site 9, Tak Fung Street,	(4) 01/2003 – 03/2003 (4) towers over G/F lobby. ts/floor on typical floors of the control o	(7/F – 14/F) 26,287 – 35,995 (2/F – 11/F) on all blocks. 26,419 – 36,686 (3/F – 16/F)	31,078	60.6 – 76.4
	Hung Hom (12/1987) *ks: Six 15/s residential Total 720 flats; 8 fla Whampoa Garden Site 9, Tak Fung Street, Hung Hom	(4) 01/2003 - 03/2003 (4) towers over G/F lobby. ts/floor on typical floors of the control of th	(7/F - 14/F) 26,287 - 35,995 (2/F - 11/F) on all blocks. 26,419 - 36,686 (3/F - 16/F) 27,571 - 38,896	31,078	60.6 – 76.4 51.1 – 79.7
	Hung Hom (12/1987) *ks: Six 15/s residential Total 720 flats; 8 fla Whampoa Garden Site 9, Tak Fung Street,	(4) 01/2003 – 03/2003 (4) towers over G/F lobby. ts/floor on typical floors of the control o	(7/F – 14/F) 26,287 – 35,995 (2/F – 11/F) on all blocks. 26,419 – 36,686 (3/F – 16/F)	31,078	60.6 – 76.4 51.1 – 79.7
	Hung Hom (12/1987) *ks: Six 15/s residential Total 720 flats; 8 fla Whampoa Garden Site 9, Tak Fung Street, Hung Hom	(4) 01/2003 – 03/2003 (4) towers over G/F lobby. ts/floor on typical floors of (10) 04/2003 – 06/2003 (14)	(7/F - 14/F) 26,287 - 35,995 (2/F - 11/F) on all blocks. 26,419 - 36,686 (3/F - 16/F) 27,571 - 38,896 (2/F - 13/F)	31,078 32,172 32,922	51.1 – 79.3 56.5 – 79.3
	Hung Hom (12/1987) *ks: Six 15/s residential Total 720 flats; 8 fla Whampoa Garden Site 9, Tak Fung Street, Hung Hom	(4) 01/2003 - 03/2003 (4) towers over G/F lobby. ts/floor on typical floors of the control of th	(7/F - 14/F) 26,287 - 35,995 (2/F - 11/F) on all blocks. 26,419 - 36,686 (3/F - 16/F) 27,571 - 38,896	31,078	60.6 - 74.9 60.6 - 76.4 51.1 - 79.7 56.5 - 79.7 56.8 - 82.3

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

Monitoring of res Commission charge Premium Assess 'Af	idual settlen YP ge on bank ş YP	8.975 guarantee 8.975	yr ⁽¹²⁾ for defec		5 M	say -	\$100,000 6.5021 \$56,000 6.5021	p.a. ⁽¹³⁾	\$650,210 \$364,118	\$6,238,221 Before Value, say	\$2,080,751,075 \$2,080.75	М
Monitoring of res Commission charge Premium Assess 'Af	idual settlen YP ge on bank g YP ment	8.975 guarantee 8.975	for defec	\$3,391.2 \$2,080.7	oue to residual settle 7% 0 M 5 M	-	6.5021 \$56,000		\$650,210 \$364,118	\$6,238,221 Before Value, say		М
Monitoring of res Commission charge Premium Assess 'Af	idual settlen YP ge on bank g YP ment	8.975 guarantee 8.975	for defec	cts liability di @ \$3,391.2	ue to residual settle 7% 0 M	-	6.5021 \$56,000		\$650,210 \$364,118	\$6,238,221		М
Monitoring of res	idual settlen YP ge on bank ş YP	8.975 guarantee	for defec	cts liability d	ue to residual settle	-	6.5021 \$56,000		\$650,210 \$364,118	\$6,238,221		М
Monitoring of res	idual settlen YP ge on bank ş YP	8.975 guarantee	for defec	cts liability d	ue to residual settle	-	6.5021 \$56,000		\$650,210 \$364,118	\$6,238,221		М
Monitoring of res	idual settlen YP ge on bank ş	8.975 guarantee	for defec	cts liability d	ue to residual settle	-	6.5021 \$56,000		\$650,210 \$364,118	\$6,238,221		м
Monitoring of res	idual settlen YP ge on bank ş	8.975 guarantee	for defec	cts liability d	ue to residual settle	-	6.5021 \$56,000		\$650,210		\$2,080.751.075	
Monitoring of res	idual settlen YP ge on bank ş	8.975 guarantee	for defec	cts liability d	ue to residual settle	-	6.5021 \$56,000		\$650,210			
Monitoring of res	idual settlen YP	8.975				-	6.5021					
	idual settlen		yr ⁽¹²⁾	@	7%	say		p.a'				
	idual settlen		Vr ⁽¹²⁾	@	7%	say		p.a				
		nent .					\$100,000	7.0				
Emergency Repai	rs Fund											
Emergeney Panei									\$1,235,000	(**)		
										(11)		
	YP	8.682	yr ⁽¹⁰⁾	@	7%	_	6.3462		\$964,622			
Commission charge		guarantee i	for mana	gement oblig	gations		\$152,000	p.a. (9)				
	YP			@	7%				\$2,871,518			
Commission charge	ge on bank g	guarantee f	for sched	duled defects	liability period		\$675,000	p.a. (7)				
			-	47		_	0.2203		4.02,103			
	YP			@	7%				\$152.753			
	y sum for m	aking goo	d defect	s during defe	ects liability period		\$675,000	p.a. (5)				
Less Costs												
										-,,,,		
				4_50,000	P				-			
CPS												
	23 480 632	m² (2)	~	\$15.500	/m² (N) (4)					\$1 014 090 206		
Refere Value												
										After value, say	\$3,391.20	IVI
										After Value	\$2 201 20	M
											\$3,391,193,366	
	. ,	0.555	J.	(49)	770			-	0.9777	9333,412,334	\$3 301 103 566	
	PV	0 333	vr (16)	@	7%			say				
								cav	NO TROUT DESCRIPTION OF THE PROPERTY OF THE PR	3)	\$218.56	/11-
								x_			6010.55	102
Club Hse	2,100	m	Х	\$11,300	/m (G)			-				
	44.000.000	- 2		*******	(3)				********			
	PV	1.021	yr (15)	@	7%			_	0.9333	\$3,746,466,118		
		700022	(15)						\$4,014,214,206			
CPS	413	nos.	х	\$360,000	/space			_	\$148,680,000			
									\$3,865,534,206			
Less 15% Bulk Dis	scount/Profi	t)			x	0.82375		\$703,890,902	Profit
	_	_	penses)							
			x	\$38,000					\$4,692,606,016			
After Value			1907									
Valuation											\$3,021.15	/ft²(G)
Saleable Ratio												
No. of Flats/Floor			(0)		- John and Contai	J Jeurooms	,					
Size of Flats			(6)			in 2 hadroome						
					m² (N)	[Aver	age Flat Size	38.4 II	r (G)]			
					storeys	ΓAver	age Flat Size	50 4	-2 (C)1			
		:										
	SA	:	1		m²							
		:										
		issued on										
No. of CPS		:	No	t less than 1	per 7 flats & not n	nore than 1 pe	r 5 flats					
No. of Flats		:										
Max Retail GFA		:		3,000	m²							
Max Residential Gl	FA	:		144,300	m²	(i.e. P.R	5.19)				
Zoning		:		R(A)1								
Site Area		:		27,818	m²							
Development Para	ameters											
	Site Area Zoning Max Residential G Max Retail GFA No. of Flats No. of CPS Existing Develope Actual Residential Actual Residential Actual Residential No. of Blocks No. of Storeys No. of Flats Size of Flats No. of Flats/Floor Saleable Ratio Valuation After Value Dom. SA Less 2.625% for n Less 15% Bulk Di CPS Less Costs Dom 1 Club Hse Before Value Dom. SA 1 Club Hse Less Costs Interest on security	Zoning Max Residential GFA Max Retail GFA No. of Flats No. of CPS Existing Development (O.P. Actual Residential GFA Actual Residential GFA Actual Residential GFA Actual Residential SA No. of Blocks No. of Storeys No. of Flats Size of Flats No. of Flats/Floor Saleable Ratio Valuation After Value Dom. SA 123,489.632 Less 2.625% for marketing & Less 15% Bulk Discount/Profi CPS 413 PV Less Costs Dom 144,299.926 Club Hse 2,100 PV Before Value Dom. SA 123,489.632 CPS 494 Less Costs Interest on security sum for m YP Commission charge on bank g YP	Site Area Zoning Zoning	Site Area Zoning	Zoning	Site Area	Site Area 27,818 m² Zoning R(A)1 R(A)1 R(A)1 R(A)1 R(A)1 R(A)1 R(A)2 R(A)1 R(A)2 R(A)1 R(A)2 R(A)2 R(A)3 R(A)3 R(A)3 R(A)4 R(A)5 R(A	Site Area 27,818 m² R(A) R(A)	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 CPS : Not less than 2,450 & not more than 1 per 5 flats Existing Development (O.P. issued on 6.8.2002 & C of C on 21.11.2002) Actual Residential GFA : 144,299.926 m² Actual Residential GFA : 123,489.032 m² No. of Sloreys : 35 - 36 storeys No. of Flats : 40 - 55 m² (N) (60% is 54.988 55m² and contain 3 bedrooms) No. of Flats/Floor : 10 Saleable Ratio : 85.578% Valuation After Value Dom. SA 123,489.632 m² x \$38,000 /m² (N) (1) Less 2.625% for marketing & agency expenses) Less 15% Bulk Discount/Profit) x \$1.300 /m² (G)	Site Area	Since	Since

Notes	
(1)	Market Price of the "modified" flats for disposal freely in market without alienation restriction
(2)	The residential SA certified by the AP, as advised by HD
(3)	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
(4)	Guaranteed unit price for the PSPS flats as stipulated in the lease conditions
(5)	Annual interest at 5% on \$13.5M which is the security sum for making good the defects during the defects liability period
(6)	The remaining period of the defects liability period (460 days) from the date of issue of C of C
(7)	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
(10)	The bank guarantee shall be irrevocable for a period of 10 yrs from the date of issue of OP
(11)	The Emergency Repairs Fund to be paid by the developer is \$500 per each residential unit, i.e. \$500 x 2,470 = \$1,235,000
(12)	The developer is responsible to implement a monitoring plan for residual settlement for 10 years from the date of issue of C of C
(13)	Commission charge at 1% on \$5.6M for the bank guarantee for developer's defects liability due to residual settlement
(14)	The bank guarantee shall be irrevocable for a period of 10 yrs from the date of issue of C of C
(15)	Deferment period of 11 months for completion of 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
(16)	Allow 8 months for the upgrading works
(17)	Based on Developer's proposal (81 CPS will be deleted)
(18)	Cost of clubhouse of ordinary standard (L&B 2nd Qtr 2003)