

**Subcommittee on Land (Compulsory Sale for Redevelopment)
(Specification of Lower Percentage) Notice**

**List of follow-up actions arising from the discussion
at the meeting on 23 February 2010**

- (a) Information requested by Hon Margaret NG (CB(1)1193/09-10(04)) in relation to the 2582 residential/composite buildings of 50 years or above, as mentioned in Annex IV to CB(1)1163/09-10(01), that would be affected by the Notice if and when it came into effect on 1 April 2010.
- (b) Information on distribution of the buildings in (a) by districts, compared with that of those buildings included in the ongoing territory-wide building inspection of about 4 000 buildings aged 50 years or above undertaken by the Buildings Department (BD) following the collapse of an old tenement in Ma Tau Wai Road.

Please refer to **Annex I** for the distribution of the 2582 residential/composite buildings of 50 years or above by district. These 2582 buildings are covered in the 4000 buildings aged 50 years or above subject to the ongoing territory-wide building inspection following the collapse of the building at No 45J, Ma Tau Wai Road.

As the inspection exercise is still under way, we will only be able to provide information on the number of buildings in dilapidated or dangerous condition after the inspection is completed in around March. Further information on the rest of the 4000 buildings will be made available at the same time.

The proposed lowering of the compulsory sale application threshold to 80% was the subject of public opinion surveys done via telephone in 2006 and 2008 respectively. A majority of the respondents of the 2008 survey agreed with the proposal to lower the application threshold to 80% for lots with buildings aged 50 years or above. The Administration has no intention to conduct another dedicated consultation with the owners of those buildings aged 50 years or above.

- (c) Consider revising the proposed second class of lot under the Notice to specify that the lower application threshold of 80% would be applied to those buildings aged 50 years or above which in the opinion of the Building Authority had been rendered dangerous or liable to become dangerous.

We have considered Members' suggestion very carefully. The legislative intent behind enactment of the Ordinance is to facilitate private sector initiated urban renewal under specified conditions to help address the issue of building dilapidation in the built up areas. This complements other policy and legislative measures introduced to tackle the overall building maintenance and building safety related issues in Hong Kong.

We wish to advise that the declaration of a building as dangerous or liable to become dangerous under section 26 of the Buildings Ordinance (Cap 123) is based on considerations of a different regime from that for the issue of a compulsory sale order under Cap 545, and also, for different policy objectives. It is to be noted that there is a wide range of circumstances which can lead to the service of an order under section 26 of Cap 123 on a building from, for example, the imminent danger of a falling window posing danger to passers-by to marked building dilapidation posing danger to the public and to the occupants. As such, it will not be in line with our policy objectives to further revise the specification of the second class of lot as proposed.

- (d) Consider reviewing the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) (the Ordinance) in respect of rights and compensation to tenants affected by compulsory land sale.

Please refer to **Annex II** for an information note on the protection of tenants under the Ordinance. In the light of the available protection, we do not consider it necessary to review the Ordinance further at this stage.

- (e) The relevance/compatibility or otherwise of "age or state of repair of a building" as referred to in section 4(2)(a) of the Ordinance to/with the definition of "dangerous buildings" or reference of "liable to become dangerous" under the Buildings Ordinance (Cap. 123).

As we have explained at previous Subcommittee meetings, the considerations for "age or state of repair of a building" as referred to in section 4(2)(a) of the Ordinance are not the same as the considerations for declaring a building as a "dangerous building" or a building "liable to become dangerous" under section 26 of the Buildings Ordinance (Cap 123). We will explain in more detail at the meeting on 25 February.

- (f) Information on the auctioned price in terms of per square foot saleable area in past compulsory land sale cases vis-à-vis that of the value of the redevelopments on the lots concerned.

Please see **Annex III** for a comparison of the existing use values of the lots for which compulsory sale orders had been granted under the Ordinance and for which auctions had subsequently been completed. Of the 20 cases with compulsory sale orders issued since 1999 (the 21st case is not included as the auction has yet to take place), one of the orders was vacated at the request of the appointed trustee for the case. Of the remaining 19, there is no available information on the existing use value in 2 of the cases. Annex III is a comparison on the remaining 17 cases only. On average, the transaction price of the lot(s) in question is about 2.5 times the existing use value of the lot(s).

- (g) Information, with reference to past Lands Tribunal judgments, on whether and how the Lands Tribunal conducted professional and independent assessment of the existing use value and redevelopment value of subject lots in determining compulsory land sale applications.

Please refer to the information note on “Summary of Key Issues Covered in Past Lands Tribunal Judgments on Applications for Compulsory Sale under the Land (Compulsory Sale for Redevelopment) Ordinance” (CB(1)1172/09-10(03)) for a summary description of how the Lands Tribunal had conducted assessment on the existing use value and redevelopment value of the subject lots under compulsory sale in the 10 cases with sale orders granted and for which written judgments are available from public channel.

To better illustrate the process, we are attaching at **Annex IV A** an extract from the judgment of case LDCS 11000/2006 on Kam Kwok Building and National Building relating to the Lands Tribunal’s valuation of the existing use values of the residential units at the buildings and the redevelopment values of the lots.

We are also attaching at **Annex IV B** an extract from the same judgment on the background to the case. It is to be noted that the Applicant in this case actually purchased through a public tender the 92.31% of the undivided shares of the lots from their owners in September 2006 and submitted an application under the Ordinance in November 2006.

- (h) Consider designating areas which warrant redevelopment for implementation of the Ordinance

Since July 2008, we have been engaged in a comprehensive review of the Urban Renewal Strategy. At the meeting of the LegCo Panel on Development held on 23 February to discuss progress of the review, we reported to Panel Members views collected during the first two stages of the public engagement process involved and the initial views of the Steering Committee on Urban Renewal Strategy Review regarding the future direction for urban renewal, including a more district-based approach. During the ongoing Consensus Building stage of the review, we will consider how best to take into account those views.

- (i) Consider providing owner participation arrangements such as "flat-for-flat"/ "shop-for-shop" arrangements for affected owners in the Ordinance to protect minority owners' interests.

It is the Administration’s view that the current provisions in the Ordinance have already struck a careful balance between protection of the interests of majority owners and minority owners. We do not consider it appropriate for the Government to mandate any form of collaboration in respect of sale of properties between private owners.

Annex I

For the 2582 residential/composite buildings of 50 years or above, the distribution of these buildings by district is tabulated below. Please note that the data given is subject to verification.

District 區	Residential/Composite buildings aged 50 or above 樓齡 50 年或以上的 住宅/綜合用途樓宇
Central & Western 中西區	290
Eastern 東區	198
Southern 南區	124
Wan Chai 灣仔	336
Kowloon City 九龍城	755
Kwun Tong 觀塘	3
Sham Shui Po 深水埗	430
Wong Tai Sin 黃大仙	1
Yau Tsim Mong 油尖旺	445
Islands 離島	-
Kwai Tsing 葵青	-
North 北區	-
Sai Kung 西貢	-
Sha Tin 沙田	-
Tai Po 大埔	-
Tsuen Wan 荃灣	-
Tuen Mun 屯門	-
Yuen Long 元朗	-
Total 總數	2582

**Subcommittee on Land (Compulsory Sale for Redevelopment)
(Specification of Lower Percentage) Notice**

**Protection of Tenants under the
Land (Compulsory Sale for Redevelopment) Ordinance**

Purpose

This paper summarises the key provisions relating to the protection of tenants under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap 545) (“Ordinance”).

Deliberations by the Bills Committee

2. When the Bills Committee considered the Land (Compulsory Sale for Redevelopment) Bill in 1998, it had deliberated on whether compensation to tenants might be payable by the purchaser, and whether the Lands Tribunal could order the majority owners to pay compensation to the tenants of the minority owners. Noting that such a provision in the Bill would run the risk of letting tenants control the entire situation, and that the complications involved in terminating contractual tenancies and vacating tenants would be a deterrence to potential purchasers of the lot, the Bills Committee considered that these onus should not be passed onto the purchaser or the majority owners.

Relevant Provisions

3. The following paragraphs summarise the major provisions in the Ordinance relevant to the protection of tenants. The numbers in square brackets denote the section number of the Ordinance.

3.1 When making an order for compulsory sale, the Lands Tribunal may order that compensation be paid to a tenant for termination of tenancy [s4(6)].

3.2 The Lands Tribunal may specify in directions that -

- (a) tenancies shall be terminated immediately upon the purchaser becomes the owner [s8(1)(b)(i)]; and
- (b) tenants are to deliver vacant possession only upon expiry of 6 months immediately following the day the purchaser becomes the owner [s8(1)(b)(ii)]¹.

3.3 The Lands Tribunal may take into account the following in determining the amount of compensation -

- (a) the tenants' representations [s8(4)(a)]; and
- (b) the benefit afforded to the tenants for not being required to deliver vacant possession until six months after the purchaser becomes the owner of the lot [s8(1)(b)(ii) & s8(4)(b)].

3.4 Lease covers both oral or written agreement [s8(6)].

3.5 Upon the sale of the lot, each ex-owner will be responsible for paying the compensation to their own "ex-tenants" [s8(3)(a)] if compensation is specified in the order issued by the Lands Tribunal. The trustee will deduct the compensation amount specified by the Lands Tribunal from the sale proceeds before releasing the residual amount to the owners [s11(2)(c)].

**Development Bureau
February 2010**

¹ This arrangement is more favourable than the usual arrangement for tenants to deliver vacant possession after one to three months' notice by the landlords.

Annex III

Comparison of the Existing Use Value (EUV) and Transaction Price of the Lots in the 20 Cases with Sale Orders Granted (up to January 2010))

1.

	No. of cases
Sold at reserve price	17
Not sold at reserve price	2
Not sold	1*
	Total 20

2. According to the information from the Lands Tribunal, the sale order of the one case (marked *) was vacated (made void) on application by the appointed trustee for the case.
3. Of the remaining 19 compulsory sale orders granted, there is no available information on the existing use value in 2 of the cases. The table below is a comparison on 17 cases only. On average, the transaction price of the lot(s) in question in those cases is about 2.5 times the existing use value of the lot(s).

Case No.	Property Address	Total Existing Use Value (\$ million) (a)	Transaction Price (\$ million) (b)	(b)/(a)	Remarks
(1) LDCS 1000 of 2000	233-239 Nathan Road, Kowloon	Not available	191	--	<ul style="list-style-type: none"> Where subject lot was sold at reserve price.
(2) LDCS 1000 of 2001	16 Westlands Road, H.K.	253.05	310	1.23	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.
(3) LDCS 2000 of 2001	28 Ming Yuen Western St.	6.619	15.79	2.39	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from case judgment.
(4) LDCS 1000 of 2003	Lai Sing Court, 13-15 Tai Hang Road, H.K.	391	1,710	4.37	<ul style="list-style-type: none"> Where subject lot was sold <u>above</u> reserve price EUV information drawn from valuation report attached to the application to the Lands Tribunal#.

Case No.	Property Address	Total Existing Use Value (\$ million) (a)	Transaction Price (\$ million) (b)	(b)/(a)	Remarks
(5) LDCS 2000 of 2004	4-6A Castle Steps, H.K.	35.5	126	3.55	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from case judgment.
(6) LDCS 3000 of 2005	Villa Splendor, Nos. 9-12 Chun Fai Terrace	84.82	508.89	6	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.
(7) LDCS 6000 of 2005	28, 30, 32 & 34 Wood Road	132.11	294	2.23	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.
(8) LDCS 2000 of 2006	20A, 20B & 20C Shan Kwong Road	257.27	661	2.57	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.

Case No.	Property Address	Total Existing Use Value (\$ million) (a)	Transaction Price (\$ million) (b)	(b)/(a)	Remarks
(9) LDCS 3000 of 2006	6 Shiu Fai Terrace, H.K.	157.9	358	2.23	<ul style="list-style-type: none"> Where subject lot was sold <u>above</u> reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.
(10) LDCS 6000 of 2006	9A-9H Seymour Road, H.K.	161.356	464	2.88	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.
(11) LDCS 11000 of 2006	Kam Kwok Building at 210-216 Gloucester Road & National Building at 12-20 Marsh Road	637.9	1421.124	2.23	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from case judgment.
(12) LDCS 13000 of 2006	IL746 & remaining portion of ML 269 (Nos. 7-19 Tang Lung Street)	185.49	491	2.65	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.

Case No.	Property Address	Total Existing Use Value (\$ million) (a)	Transaction Price (\$ million) (b)	(b)/(a)	Remarks
(13) LDCS 5000 of 2007	44 -46 Haven St., Tai Hang, HK	38.05	70.5	1.85	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from case judgment.
(14) LDCS 6000 of 2007	48-50 Haven St., Tai Hang, HK	40.4	72	1.78	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from case judgment.
(15) LDCS 9000 of 2007	211-215C, Prince Edward Road Rd West, Ho Man Tin	182.92	345	1.89	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.
(16) LDCS 10000 of 2007	4-22 Alnwick Road, Kowloon	153.7	--	--	<ul style="list-style-type: none"> No auction has taken place. According to the relevant court order registered at the Land Registry, upon application of the solicitors for the Trustees and after hearing, the Lands Tribunal ordered the registration of the sale order made by the Tribunal registered in the Land Registry be vacated.

Case No.	Property Address	Total Existing Use Value (\$ million) (a)	Transaction Price (\$ million) (b)	(b)/(a)	Remarks
(17) LDCS 13000 of 2007	16 & 18 Wood Road, Wanchai	33.44	100	2.99	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.
(18) LDCS 14000 of 2007	125-127 Tung Choi Street, Kowloon	Not available	98	--	<ul style="list-style-type: none"> Where subject lot was sold at reserve price.
(19) LDCS 3000 of 2008	1 Jones Street, Hong Kong	18.35	26.4	1.44	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.
(20) LDCS 5000 of 2008	Tai Yuen St. 55 & 57 and McGregor St. 6 & 8	56.69	55	0.97	<ul style="list-style-type: none"> Where subject lot was sold at reserve price. EUV information drawn from valuation report attached to the application to the Lands Tribunal#.

Pursuant to section 3(1) and Part 1 of Schedule 1 to the Land (Compulsory Sale for Redevelopment) Ordinance (Cap 545), an application to the Lands Tribunal for compulsory sale of a lot shall be accompanied by a valuation report prepared not earlier than 3 months before the date of application. For cases nos. 1 and 18 above, valuation reports were not available.

**Extract from Lands Tribunal Judgment Case No. LDCS 11000/2006
(i.e. the case of Kam Kwok Building and National Building)**

C4. Valuations of the EUV of the residential units

C4.1 The methods adopted by the experts

64. In coming to his valuation of the EUV of the residential units of Kam Kwok Building, Mr Chan has adopted the following methodology¹⁶:

(1) He has selected (a) Unit 12A on 10th Floor of Kam Kwok Building (“the Kam Kwok Reference Residential Unit”), and (b) Unit 1 on 10th Floor of National Building (“the National Reference Residential Unit”) as the reference units for the purpose of valuing their respective unit price per sq ft (“psf”).

(2) He then takes into account of ten comparable transactions in different buildings¹⁷ nearby Kam Kwok and National Buildings.

¹⁶ As can be discerned from the List of Aged Residential Comparables with Adjustments for the Reference Domestic Units prepared by Mr Chan and provided under Intelligent House’s solicitors’ letter dated 25 January 2008 to China Superior’s solicitors

¹⁷ These are respectively Paul Yee Mansion, Pak Ling Building, Golden Jubilee House and Lok Yau Building.

(3) He also takes into account of two transactions¹⁸ within Kam Kwok Building, which occurred before the present application under the Ordinance was made.

(4) After making what he regards as the necessary adjustments (for time, age, facilities, size, floor, location and view) for all these comparable transactions, he takes the average of (a) the average of the adjusted unit price of the two comparable Kam Kwok Building transactions¹⁹, and (b) the average of all the adjusted unit price of each of the other ten comparable units²⁰, to come to the unit price of the Kam Kwok Reference Residential Unit at \$2,095 psf, which is rounded to \$2,100 psf (almost \$22,604 per sq metre).

(5) After making what he regards as the necessary adjustments based on the above unit rate of \$2,100 psf of the Kam Kwok Reference Residential Unit, he then arrives at the unit price of the National Reference Residential Unit at \$2,315 psf,

¹⁸ Mr Chan in fact looked at three Kam Kwok Building transactions when he compiled the comparables, but when he proceeded to use the comparables to arrive at the reference unit price of all the comparables, he discounted one of these Kam Kwok Building transactions.

¹⁹ Which is \$1,718 psf.

²⁰ Which is about \$2,473 psf.

which is rounded to \$2,300 psf (almost \$24,757 per sq metre).

(6)Based on the respective unit price of the Kam Kwok Reference Residential Unit and the National Reference Residential Unit, and after making what he regards as the necessary adjustments (in the total order of between – 11.8% and –24.3% for his residential comparables), Mr Chan then arrives at the valuation of the unit prices of each of the other residential units of the 2 buildings.

65. Mr Lynch adopts similar procedures as above in arriving at his valuations of the various residential units of Kam Kwok and National Buildings. Insofar as his valuations are concerned:

(1)He has selected (a) Flat 7 on the 5th Floor of Kam Kwok Building, and (b) Flat 1 on 5th Floor of National Building as the respective reference unit for the two buildings.

(2)For the comparable transactions, he has not included any transactions within Kam Kwok Building. He has used nine

comparable transactions all coming from the nearby buildings²¹.

(3) He then uses these comparable transactions to make what he regards as the necessary adjustments (for time, building age, floor level, size, view, access and location) by reference to his Kam Kwok reference unit to arrive at the adjusted unit price of each of these comparable transactions. He then takes the average of all these adjusted unit prices of the comparables to arrive at the unit price of his Kam Kwok reference unit, which is \$33,150 per sq m (“psm”) (i.e., about \$3,080 psf).

(4) He separately uses the same comparables to make the necessary adjustments by reference to his National reference unit to arrive at the adjusted unit price of each of the comparable transactions. Total adjustment for his residential comparables are between –8.85% and –19.24%. After taking the average of these adjusted unit prices, he arrives at the unit price of his National reference unit, which is \$36,191 psm (i.e., about \$3,363 psf).

²¹ They are: Pak Ling Building, Fook Gay Building and Wai Sun Building.

(5)Based on these unit prices of his Kam Kwok reference unit and his National reference unit, and after making the necessary adjustments, he comes to the valuations of the unit price for each of the remaining residential units in Kam Kwok Building and National Building.

C4.2 Whether it is appropriate to include certain Kam Kwok Building transactions or not

66. Mr Manzoni for China Superior submits that it is incorrect and inappropriate for Mr Chan to include the two Kam Kwok Building transactions in the comparables. As the evidence evolves at trial, Mr Manzoni's contentions can be, we believe, summarized as follows:

(1)As identified by Mr Lynch at the trial, there were some nine transactions within Kam Kwok Building between 17 October 2005 and 2 January 2007.

(2) These nine transactions recorded generally lower unit sale price than the other comparables obtained from the buildings nearby.

(3) However, Mr Chan has only included the two Kam Kwok Building transactions as identified in his report in his valuations, but not the other seven.

(4) As he could not provide good or justifiable reasons as to why he has only taken into account two out of the nine Kam Kwok Building transactions in his valuation exercise, Mr Chan's approach is not based on sound or acceptable valuation principles, but for the sole or main purpose of dragging down the average unit price of the reference unit.

(5) The more appropriate and correct approach in the valuation is to exclude entirely all the Kam Kwok Building transactions, since Mr Chan cannot provide any good reasons to explain the relatively lower transaction prices of them compared with the other comparables.

67. Mr Roots submits that, in light of Mr Chan's evidence, his inclusion in his valuations of only two out of the nine Kam Kwok Building transactions identified now by Mr Lynch is justified on a professional basis.

68. After assessing the evidence given by Mr Chan and Mr Lynch on this issue, we accept that it is appropriate in the present case for Mr Chan to include only the selected Kam Kwok Building transactions identified in his report as comparables. Our reasons are as follows:

(1) It is common evidence between Mr Chan and Mr Lynch that, unless there are reasons to exclude them, comparable transactions within the *same* subject building are usually most relevant to the valuation of the market value of a particular unit of that building. In other words, as a starting point, such comparable transactions should be included for the purpose of valuation, and they should be given significant weight as compared with comparables coming from nearby buildings.

(2) There is also no dispute between the experts that, even with the necessary adjustments, the closer the time of a comparable transaction to the date of valuation, the more reliable it is in using that comparable for the purpose of arriving at the market value of the subject unit. This is so because market price is affected by many variables over a period of time, and any adjustment made for the purpose of time is bound to be artificial based on individual professional judgment, and thus bound to carry certain degree of margin of, though acceptable, error.

(3) Mr Chan says in evidence that the generally lower adjusted unit price of Kam Kwok Building units does not provide any unusual or inexplicable features to exclude them as comparables for valuation. This is so because he says the following factors explain (and justify) why the Kam Kwok transactions recorded generally lower sale price:

- (a) The general poorer conditions of Kam Kwok and National Buildings compared with the other comparable buildings;
- (b) The fact that these two buildings are of mixed uses with the presence of guesthouses; and

(c) Security is not as good generally as the other comparable buildings.

(4) In addition, both experts hold similar overall views that their respective reference units in Kam Kwok Building are generally inferior to the residential comparables identified by both of them. The downward adjustments made to their comparables by the experts are quite close as well²².

(5) In the circumstances, we accept Mr Chan's above explanations. He gives his evidence in a straightforward and consistent manner, and is not in any material way shaken under cross-examination. At the same time Mr Lynch under cross-examination accepts that each of the comparable buildings chosen by him had a dedicated, secure, clean tiled entrance to the residential units, and he had no evidence that there were guesthouses within those buildings. We therefore accept that, albeit they recorded a generally lower adjusted market unit rate as compared with the other comparable units, Mr Chan is justified to *generally* include Kam Kwok Building transactions as comparable in his valuation exercise.

²² See paragraphs 64(6) and 65(4) above.

(6) Mr Chan then explains in evidence why he is on the other hand also justified in excluding the other seven Kam Kwok Building transactions as valuation comparables:

(a) The transaction of Unit 7 of the 5th Floor is the very one purchased by China Superior on 2 January 2007, which is well *after* the present application has already been issued. It recorded an adjusted sale price (valued as at 29 September 2006) of \$5,527 psf, which is significantly and unusually much higher than the sale prices recorded for all the other identified transactions (in the range of \$686 to \$3,310 psf). This can be explained on the basis that there is a significant speculative value put into this purchase in light of the application. Mr Chan therefore believes that this transaction should be excluded. Mr Lynch under cross examination also accepts that there may well be questions about this particular price. We accept Mr Chan's evidence and explanation why this transaction should be excluded for the present purpose of valuation.

(b) The transaction of Unit 4 of 3rd Floor on 4 March 2006 recorded an adjusted unit price of \$686, which

is significantly and unusually low. It was accepted by Mr Lynch that this unit was the subject of a Buildings Ordinance notice, which probably accounts for its sale price being so low, and therefore it is not reliable to rely on it as a valuation comparable. In the circumstances, we also accept that Mr Chan is justified in not including this transaction as one of the comparables he used for the valuations.

- (c) For the four transactions concerning Units 1-3, 5-6 and 11 of the 2nd Floor (which were sold together once on 9 February 2006 and then again on 8 March 2006), and Units 4, 7-10 and 14 also of the 2nd Floor (which were also sold together once on 9 February 2006 and again on 8 March 2006), Mr Chan says he has excluded them as valuation comparables as the pattern and manner in which they were sold (both groups of units were sold together on the same dates, and with the two sale transactions separated only by one month) suggest that there was something unusual going on at that time in relation to these transactions. They are therefore unreliable as

valuation comparables. Mr Lynch under cross examination effectively agrees with Mr Chan's observation.

(d) For the transaction of Unit 4 of 13th Floor, recorded on 17 October 2005 for an adjusted sale unit price of \$1,981 psf, Mr Chan explains that he excluded it for his valuation exercise because this transaction is almost one year from the valuation date. He believes that this transaction is too long ago compared with the valuation date, and thus it should be excluded. We also accept that this is justified based on his professional judgment. It is pertinent to note that for all the comparables adopted by Mr Chan and Mr Lynch in relation to the nearby buildings, they are all transacted within about 6-7 months of the valuation date.

69. In the premises, we accept that it is appropriate for Mr Chan to include only two out of the nine Kam Kwok Building transactions as comparables in his valuation exercise. For the same reasons, we find it inappropriate and thus unreliable for

Mr Lynch to exclude *all* the Kam Kwok Building transactions as comparables to enable him to arrive at his valuation.

70. For the above reasons, we accept that Mr Chan's valuations for the basic unit rates respectively of his reference units in Kam Kwok Building and National Building are more reliable. As such, in working out the EUV of the respective residential units within the 2 buildings below, we find it appropriate and decide to adopt as a starting point \$2,100 psf²³ as the basic unit rate in Kam Kwok Building. We similarly adopt as a starting point \$2,300 psf as the basic unit rate in National Building²⁴.

C4.3 Appropriateness of the adjustments made by the experts

71. The task of applying the reference unit rates throughout the other units of the buildings involves allowing for various adjustment factors, which account for value differences between all the units. Mr. Chan allowed adjustments made for five factors: floor level, view, size, noise and internal condition.

²³ As valued by Mr. Chan for his reference unit (i.e. Unit 12A on 10th Floor) in Kam Kwok Building.

²⁴ As valued by Mr. Chan for his reference unit (i.e. Unit 1 on 10/F) in National Building.

72. Both experts agree that what percentage adjustment should be made for each of the factors is not a form of exact science but more a matter of professional adjustment, which involves certain degree of subjectiveness. There are also no hard and fast rules in the exercise.
73. The principal differences between Mr. Chan and Mr. Lynch with regard to relativities between residential units fall under the following subheadings.
74. **Floor levels:** Mr. Chan allows 4% per floor between the 2nd and 4th floor; 2% per floor between 4th floor and 6th floor; and then 1% per floor as from 6th floor onwards. He takes the view that this reflected market perception because the lower floors suffer poor ventilation and sunlight. In contrast Mr. Lynch applies a uniform 1% per floor.
75. **Noise:** Mr. Chan allows a deduction ranging from -2.5% to 10% on lower floors to take account of noise from the street, especially the floors facing the flyover. In contrast Mr. Lynch makes no allowance at all for this factor.

76. **View:** Mr. Chan explains that the units in Kam Kwok Building facing Gloucester Road, face a nice open view across the harbour (illustrated by photographs produced by the respondents) which justifies an addition ranging between +10% for the 2nd floor with a restricted view to +20% above the 2nd Floor. Mr. Lynch's corresponding adjustments ranges from +5% to +20% on a gradual scale. For units facing Marsh Road, Mr. Chan allows between +7.5% and +10%, whereas Mr. Lynch allows only +5% (Mr Chan however explains in his evidence in chief that the difference may to some extent be accounted for by their different reference units). There is a difference between the valuers in relation to National Building too, although this to some extent can also be accounted for by the choice of the different reference unit.

77. We accept China Superior's submissions that Mr Chan's approach and treatment of the floor and noise adjustments cannot be justified in the circumstances. Our reasons are as follows.

78. In relation to non-uniform approach in making the floor adjustments, under cross examination by Mr Manzoni for China

Superior, Mr Chan provides his justification for the different percentage adjustment for different floor levels as follows:

(1) He initially says it is because of noise, dust, fumes, security, natural lighting and ventilation. However, when it is pointed out to him that when he assesses the enhancement in value of other comparable buildings due to repair works, he has only applied a 1% difference in floor, Mr Chan then effectively narrows his justification basing only on the noise caused by the flyover nearby the lower floors of Kam Kwok Building.

(2) However, noise has already been taken into account as a separate factor. Thus, in relation to, for example Flat 5 on the 2nd floor, Mr Chan effectively makes a reduction of -16% for floor, and -10% for noise, being a total of -26%, and all of it apart from -8% (which is what adjustment would be made from the 10th floor down if he had adopted a 1% per floor rule) is due to noise.

79. For the above reasons, we accept Mr Manzoni's submissions and are of the view that the approach adopted by Mr Chan for the above floor adjustments is inconsistent and not justified.

There is at least some form of double accounting to include noise as a justification for allowing greater adjustments for lower floors, and then making a further separate adjustment for noise alone. As such, we prefer the uniform approach adopted by Mr Lynch for making floor adjustments.

80. Next is the noise adjustment itself. When establishing his unit rate for the reference unit, Mr Chan did not make any adjustment for noise, other than within the floor adjustment. As pointed out by Mr Manzoni, Mr Chan has not made any separate noise adjustment in any place in his report other than negatively on floors below the reference unit within the subject buildings, despite having to adjust for floor on several occasions. We agree with Mr Manzoni's submission that if noise was genuinely a separate factor that requires adjustment, a separate adjustment would and should have to be made in all cases. This would give an increase on floors above the reference unit.

81. Although Mr Chan accepts under cross examination that noise adjustment could be done separately or could be combined with the floor factor, by making a larger floor adjustment, he has only made a separate adjustment for noise in the one case where

his floor adjustment is largest. This therefore does not provide justification for the way he has approached in making adjustments for noise separately in addition to floor adjustments (which he says he has taken into account of the noise factor).

82. In the premises, we are also of the view that Mr Chan has failed to show justification for making adjustment separate for noise in the way as he did. We accept that Mr Lynch's approach in not making any separate adjustment for the noise is the correct one in the present circumstances.

83. Insofar as view adjustment is concerned, there also appears to be certain inconsistency in Mr Chan's approach. He makes a -10% reduction for view when arriving at a reference rate from a particular flat in Kam Kwok, and yet when valuing the same flat at a different floor as an individual unit, he only adds back 5%. This appears to us as inconsistent and not justified, because the same flat on a different floor bears essentially the same view.

84. However, insofar as the adjustments for view made respectively by Mr Chan and Mr Lynch are concerned, the real difference is not significant for the present purpose. Mr Chan criticises Mr

Lynch for not making an adjustment between Flats 6, 7 and 8. Mr Chan's own adjustment for Flat 7 (i.e. the same as Mr Lynch's reference unit) was -5%, whereas his view adjustment for Flat 6 was -3% and for Flat 8 was -8%. Thus, his criticism of Mr Lynch amounts to a criticism for failing to make a +2% adjustment for Flat 6 and a -3% adjustment for Flat 8. We accept Mr Manzoni's submissions that this degree of difference between the two surveyors on a matter, which is a question of professional judgment, is insignificant. We therefore have come to the view that both experts' approach to the view adjustments is justified. However, for the present purpose, we would prefer to accept Mr Chan's view adjustments to those made by Mr Lynch.

C4.4 Conclusion on the EUV for the residential units

85. For the above reasons, we have come to the view that we would not accept wholly the valuations on EUV for the residential units made either by Mr. Chan or Mr. Lynch. We believe that Mr. Lynch's valuation of the basic unit rates would tend to be on the high side since he has failed to take into account of the relevant Kam Kwok Building transactions as comparables.

However, as for the some of the adjustments to be applied to each residential unit in Kam Kwok and National Building, for the reasons set out in the above section, we are also of the view that Mr. Chan's valuation is not wholly reliable.

86. In the circumstances, and doing the best as we could, we have estimated and set out in the attached Appendix II and Appendix III our valuation of the EUV of all the residential units in Kam Kwok and National Buildings respectively based on (i) Mr. Chan's basic unit rates for his reference units and (ii) our adopted adjustments for floor level, noise and view as summarized in paragraphs 79 to 84 above²⁵.

87. As summarized in Appendices II and III, the proper total EUV of the residential units of two buildings as at 29 September 2006 should be as follows:

Kam Kwok Building:	\$353,705,024
National Building:	<u>\$100,145,792</u>
Total for all residential units:	\$453,850,816

²⁵ To avoid any doubt, the individual EUV of all the residential units in Kam Kwok and National Buildings are set out in the right most columns of Appendix II and III respectively.

D. Whether the RDV of the Lots as assessed by Intelligent House is too low, and if so, what is the proper RDV

114. Given we are dealing with the valuations of the 2 buildings, we think it is also convenient for us to deal with this issue first at this stage.

115. Mr Chan for Intelligent House has provided a valuation of the RDV of the 2 buildings as at 29 June 2007 of \$1,210,000,000. He then provided an updated valuation as at 11 January 2008 of \$1,311,000,000, representing an increase of about 8.4% over a period of about 6 months.

116. Mr Lynch's RDV valuation as at 23 July 2007 is \$1,212,940,000, which is very close to Mr Chan's valuation as at June 2007. Mr Lynch has not provided any updated RDV valuation, as he has not been asked to do so.

117. Both experts have adopted a similar valuation method which can be summarized as follows:

- (1) The valuation is made on redevelopment basis in accordance with the current statutory zoning.
- (2) Each expert then identifies what he regards as the optimum development that should be made on the Lots, after analyzing several hypothetical developments that could be carried thereat.
- (3) He then assesses the market value of the intended developments by using the residual valuation method. This method is the assessment of the land value by deducting the development costs from the potential sales revenue, i.e., the gross development value, of the completed buildings.
- (4) In assessing the gross development value, each expert has made reference to sales transactions of new residential premises, office premises, shop premises and car parking spaces.

118. Albeit both experts have chosen different but what they believed to be the optimum development models on the sites, and that they have selected different reference comparables,

they have arrived at very close valuations of the RDV as mentioned above.

119. In fact, Mr Lynch under cross examination accepts that, had he been asked to update his RDV valuations to as at January 2008, it is likely that he would have also come up with a figure close to Mr Chan's updated valuation.

120. In light of the above observations, we would accept that for the present purpose, the RDV valuation as at 11 January 2008 made by Mr Chan is reliable and justified.

121. However, Mr Manzoni points out that it is common ground that the property market is on the rise, and that if any auction is to be made under an order for sale (if granted by the Tribunal), it is only likely to be held some time in September 2008 or even later. As such, Mr Manzoni further submits that we should either make a direction in the order for sale to require the appointed Trustees to demand for a further but more updated RDV valuation of the entire buildings to fix the reserve price for the sale, or to at least make further upward adjustment based on

the January 2008's RDV to reflect the likely increase in valuation with the passage of time until the anticipated auction.

122. There is some force in Mr Manzoni's submissions, in particular given that the legislative objective of the RDV is to enable the Tribunal to fix a reserve price for the sale of the subject buildings in an auction so as to protect the interest of the minority owners.

123. However, if we decide to make an order for sale, and if it is possible and practicable without causing any injustice to any parties, we think it is neither desirable nor satisfactory to delay the matter any more by either directing a further hearing on the updated RDV valuations or to require the Trustees to carry out (through an appointed valuer)²⁹ a further RDV valuation.

124. It must be noted that under Schedule 2 of the Ordinance, the lots shall be sold in an auction subject to a reserve price, which takes into account of the redevelopment potential of the lot *and* "approved by the Tribunal".

²⁹ A protocol suggested by Mr Manzoni. We doubt whether under the Ordinance the Tribunal is entitled to make such a direction. It must be noted that under para 2(b) of Schedule 2 of the Ordinance, the reserve price has to be "approved by the Tribunal". We doubt whether the Tribunal can delegate this task to the Trustees.

125. As mentioned in paragraph 115 above, there is now evidence before us to show that there is an increase of 8.4% of the valuations of the RDV over a period of 6 months between June 2007 and January 2008. It is equivalent to an average monthly increase of 1.4% in the RDV. There is on the other hand nothing in the evidence to suggest that the market trend is likely to behave significantly differently in the 6 months or so³⁰ after January 2008.

126. In these circumstances, taking the date of this decision as the reference time, we believe it would *not* be unjust or unfair to any party, for the Tribunal to fix the reserve price for the sale of the subject 2 buildings in an auction, by adding a further 8.4% (1.4% x 6) to the January RDV value. In other words, the reserve price that is approved by this Tribunal is:
 $\$1,311,000,000 \times 1.084 = \$1,421,124,000.$

³⁰ Taking the time to approximately the time of this decision.

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Appendix II

The Tribunal's estimated Existing Use Value as at September 2006

Kam Kwok Building domestic portions

Kam Kwok Building		Floor Area (sq.ft)	Adjustments						Unit Rate of Reference Domestic Unit	Adjusted Unit Price (/sq. ft)	Existing Use Value (HK\$)
Floor	Unit	Saleable	Floor	View	Size	Noise	Internal Condition	Total			
2	1	963	-8.0%	10.0%	-4.7%	0.0%	-5.0%	-7.7%	\$2,100	\$1,938	\$1,866,583
2	2	658	-8.0%	10.0%	1.4%	0.0%	0.0%	3.4%	\$2,100	\$2,171	\$1,428,781
2	3	683	-8.0%	10.0%	0.9%	0.0%	-5.0%	-2.1%	\$2,100	\$2,056	\$1,404,180
2	4	659	-8.0%	10.0%	1.3%	0.0%	-5.0%	-1.7%	\$2,100	\$2,064	\$1,360,374
2	5	937	-8.0%	10.0%	-4.2%	0.0%	0.0%	-2.2%	\$2,100	\$2,054	\$1,924,411
2	6	496	-8.0%	-3.0%	4.4%	0.0%	-5.0%	-11.6%	\$2,100	\$1,856	\$920,774
2	7	443	-8.0%	-5.0%	5.7%	0.0%	-5.0%	-12.3%	\$2,100	\$1,842	\$815,873
2	8	451	-8.0%	-8.0%	5.4%	0.0%	0.0%	-10.6%	\$2,100	\$1,877	\$846,707
2	9	873	-8.0%	5.0%	-2.9%	0.0%	0.0%	-5.9%	\$2,100	\$1,976	\$1,725,135
2	10	838	-8.0%	5.0%	-2.3%	0.0%	0.0%	-5.3%	\$2,100	\$1,989	\$1,666,531
2	11	939	-8.0%	2.5%	-4.4%	0.0%	0.0%	-9.9%	\$2,100	\$1,892	\$1,776,682
2	12	443	-8.0%	-5.0%	5.7%	0.0%	0.0%	-7.3%	\$2,100	\$1,947	\$862,388
2	12A	727	-8.0%	0.0%	0.0%	0.0%	0.0%	-8.0%	\$2,100	\$1,932	\$1,404,564
2	14	1200	-8.0%	4.5%	-9.8%	0.0%	0.0%	-13.3%	\$2,100	\$1,821	\$2,184,840
3	1	963	-7.0%	20.0%	-4.7%	0.0%	0.0%	8.3%	\$2,100	\$2,274	\$2,190,151
3	2	658	-7.0%	20.0%	1.4%	0.0%	0.0%	14.4%	\$2,100	\$2,402	\$1,580,779
3	3	683	-7.0%	20.0%	0.9%	0.0%	0.0%	13.9%	\$2,100	\$2,392	\$1,633,668
3	4	659	-7.0%	20.0%	1.3%	0.0%	0.0%	14.3%	\$2,100	\$2,400	\$1,581,798
3	5	937	-7.0%	20.0%	-4.2%	0.0%	0.0%	8.8%	\$2,100	\$2,285	\$2,140,858
3	6	496	-7.0%	-3.0%	4.4%	0.0%	0.0%	-5.6%	\$2,100	\$1,982	\$983,270
3	7	443	-7.0%	-5.0%	5.7%	0.0%	-5.0%	-11.3%	\$2,100	\$1,863	\$825,176
3	8	451	-7.0%	-8.0%	5.4%	0.0%	0.0%	-9.6%	\$2,100	\$1,898	\$856,178
3	9	873	-7.0%	10.0%	-2.9%	0.0%	0.0%	0.1%	\$2,100	\$2,102	\$1,835,133
3	10	838	-7.0%	10.0%	-2.3%	0.0%	0.0%	0.7%	\$2,100	\$2,115	\$1,772,119
3	11	939	-7.0%	7.5%	-4.4%	0.0%	0.0%	-3.9%	\$2,100	\$2,018	\$1,894,996
3	12	443	-7.0%	-5.0%	5.7%	0.0%	0.0%	-6.3%	\$2,100	\$1,968	\$871,691
3	12A	727	-7.0%	0.0%	0.0%	0.0%	0.0%	-7.0%	\$2,100	\$1,953	\$1,419,831
3	14	1200	-7.0%	9.5%	-9.8%	0.0%	5.0%	-2.3%	\$2,100	\$2,052	\$2,462,040
4	1	963	-6.0%	20.0%	-4.7%	0.0%	5.0%	14.3%	\$2,100	\$2,400	\$2,311,489
4	2	658	-6.0%	20.0%	1.4%	0.0%	0.0%	15.4%	\$2,100	\$2,423	\$1,594,597
4	3	683	-6.0%	20.0%	0.9%	0.0%	0.0%	14.9%	\$2,100	\$2,413	\$1,648,011
4	4	659	-6.0%	20.0%	1.3%	0.0%	5.0%	20.3%	\$2,100	\$2,526	\$1,664,832
4	5	937	-6.0%	20.0%	-4.2%	0.0%	0.0%	9.8%	\$2,100	\$2,306	\$2,160,535
4	6	496	-6.0%	-3.0%	4.4%	0.0%	0.0%	-4.6%	\$2,100	\$2,003	\$993,686
4	7	443	-6.0%	-5.0%	5.7%	0.0%	0.0%	-5.3%	\$2,100	\$1,989	\$880,994
4	8	451	-6.0%	-8.0%	5.4%	0.0%	0.0%	-8.6%	\$2,100	\$1,919	\$865,649
4	9	873	-6.0%	10.0%	-2.9%	0.0%	0.0%	1.1%	\$2,100	\$2,123	\$1,853,466
4	10	838	-6.0%	10.0%	-2.3%	0.0%	0.0%	1.7%	\$2,100	\$2,136	\$1,789,717
4	11	939	-6.0%	7.5%	-4.4%	0.0%	5.0%	2.1%	\$2,100	\$2,144	\$2,013,310
4	12	443	-6.0%	-5.0%	5.7%	0.0%	0.0%	-5.3%	\$2,100	\$1,989	\$880,994
4	12A	727	-6.0%	0.0%	0.0%	0.0%	0.0%	-6.0%	\$2,100	\$1,974	\$1,435,098
4	14	1200	-6.0%	9.5%	-9.8%	0.0%	-5.0%	-11.3%	\$2,100	\$1,863	\$2,235,240
5	1	963	-5.0%	20.0%	-4.7%	0.0%	0.0%	10.3%	\$2,100	\$2,316	\$2,230,597
5	2	658	-5.0%	20.0%	1.4%	0.0%	0.0%	16.4%	\$2,100	\$2,444	\$1,608,415
5	3	683	-5.0%	20.0%	0.9%	0.0%	0.0%	15.9%	\$2,100	\$2,434	\$1,662,354
5	4	659	-5.0%	20.0%	1.3%	0.0%	0.0%	16.3%	\$2,100	\$2,442	\$1,609,476
5	5	937	-5.0%	20.0%	-4.2%	0.0%	0.0%	10.8%	\$2,100	\$2,327	\$2,180,212
5	6	496	-5.0%	-3.0%	4.4%	0.0%	0.0%	-3.6%	\$2,100	\$2,024	\$1,004,102
5	7	443	-5.0%	-5.0%	5.7%	0.0%	0.0%	-4.3%	\$2,100	\$2,010	\$890,297
5	8	451	-5.0%	-8.0%	5.4%	0.0%	0.0%	-7.6%	\$2,100	\$1,940	\$875,120
5	9	873	-5.0%	10.0%	-2.9%	0.0%	0.0%	2.1%	\$2,100	\$2,144	\$1,871,799
5	10	838	-5.0%	10.0%	-2.3%	0.0%	0.0%	2.7%	\$2,100	\$2,157	\$1,807,315
5	11	939	-5.0%	7.5%	-4.4%	0.0%	0.0%	-1.9%	\$2,100	\$2,060	\$1,934,434
5	12	443	-5.0%	-5.0%	5.7%	0.0%	0.0%	-4.3%	\$2,100	\$2,010	\$890,297
5	12A	727	-5.0%	0.0%	0.0%	0.0%	0.0%	-5.0%	\$2,100	\$1,995	\$1,450,365
5	14	1200	-5.0%	9.5%	-9.8%	0.0%	5.0%	-0.3%	\$2,100	\$2,094	\$2,512,440
6	1	963	-4.0%	20.0%	-4.7%	0.0%	0.0%	11.3%	\$2,100	\$2,337	\$2,250,820
6	2	658	-4.0%	20.0%	1.4%	0.0%	0.0%	17.4%	\$2,100	\$2,465	\$1,622,233
6	3	683	-4.0%	20.0%	0.9%	0.0%	0.0%	16.9%	\$2,100	\$2,455	\$1,676,697
6	4	659	-4.0%	20.0%	1.3%	0.0%	0.0%	17.3%	\$2,100	\$2,463	\$1,623,315
6	5	937	-4.0%	20.0%	-4.2%	0.0%	0.0%	11.8%	\$2,100	\$2,348	\$2,199,889
6	6	496	-4.0%	-3.0%	4.4%	0.0%	0.0%	-2.6%	\$2,100	\$2,045	\$1,014,518
6	7	443	-4.0%	-5.0%	5.7%	0.0%	0.0%	-3.3%	\$2,100	\$2,031	\$899,600
6	8	451	-4.0%	-8.0%	5.4%	0.0%	-5.0%	-11.6%	\$2,100	\$1,856	\$837,236
6	9	873	-4.0%	10.0%	-2.9%	0.0%	0.0%	3.1%	\$2,100	\$2,165	\$1,890,132
6	10	838	-4.0%	10.0%	-2.3%	0.0%	0.0%	3.7%	\$2,100	\$2,178	\$1,824,913
6	11	939	-4.0%	7.5%	-4.4%	0.0%	0.0%	-0.9%	\$2,100	\$2,081	\$1,954,153
6	12	443	-4.0%	-5.0%	5.7%	0.0%	0.0%	-3.3%	\$2,100	\$2,031	\$899,600
6	12A	727	-4.0%	0.0%	0.0%	0.0%	0.0%	-4.0%	\$2,100	\$2,016	\$1,465,632
6	14	1200	-4.0%	9.5%	-9.8%	0.0%	0.0%	-4.3%	\$2,100	\$2,010	\$2,411,640
7	1	963	-3.0%	20.0%	-4.7%	0.0%	0.0%	12.3%	\$2,100	\$2,358	\$2,271,043
7	2	658	-3.0%	20.0%	1.4%	0.0%	0.0%	18.4%	\$2,100	\$2,486	\$1,636,051
7	3	683	-3.0%	20.0%	0.9%	0.0%	0.0%	17.9%	\$2,100	\$2,476	\$1,691,040

Kam Kwok Building		Floor Area (sq.ft)	Adjustments						Unit Rate of Reference Domestic Unit	Adjusted Unit Price (/sq. ft)	Existing Use Value (HK\$)
Floor	Unit	Saleable	Floor	View	Size	Noise	Internal Condition	Total			
7	4	659	-3.0%	20.0%	1.3%	0.0%	0.0%	18.3%	\$2,100	\$2,484	\$1,637,154
7	5	937	-3.0%	20.0%	-4.2%	0.0%	0.0%	12.8%	\$2,100	\$2,369	\$2,219,566
7	6	496	-3.0%	-3.0%	4.4%	0.0%	0.0%	-1.6%	\$2,100	\$2,066	\$1,024,934
7	7	443	-3.0%	-5.0%	5.7%	0.0%	0.0%	-2.3%	\$2,100	\$2,052	\$908,903
7	8	451	-3.0%	-8.0%	5.4%	0.0%	5.0%	-0.6%	\$2,100	\$2,087	\$941,417
7	9	873	-3.0%	10.0%	-2.9%	0.0%	0.0%	4.1%	\$2,100	\$2,186	\$1,908,465
7	10	838	-3.0%	10.0%	-2.3%	0.0%	0.0%	4.7%	\$2,100	\$2,199	\$1,842,511
7	11	939	-3.0%	7.5%	-4.4%	0.0%	0.0%	0.1%	\$2,100	\$2,102	\$1,973,872
7	12	443	-3.0%	-5.0%	5.7%	0.0%	0.0%	-2.3%	\$2,100	\$2,052	\$908,903
7	12A	727	-3.0%	0.0%	0.0%	0.0%	0.0%	-3.0%	\$2,100	\$2,037	\$1,480,899
7	14	1200	-3.0%	9.5%	-9.8%	0.0%	0.0%	-3.3%	\$2,100	\$2,031	\$2,436,840
8	1	963	-2.0%	20.0%	-4.7%	0.0%	0.0%	13.3%	\$2,100	\$2,379	\$2,291,266
8	2	658	-2.0%	20.0%	1.4%	0.0%	0.0%	19.4%	\$2,100	\$2,507	\$1,649,869
8	3	683	-2.0%	20.0%	0.9%	0.0%	0.0%	18.9%	\$2,100	\$2,497	\$1,705,383
8	4	659	-2.0%	20.0%	1.3%	0.0%	0.0%	19.3%	\$2,100	\$2,505	\$1,650,993
8	5	937	-2.0%	20.0%	-4.2%	0.0%	0.0%	13.8%	\$2,100	\$2,390	\$2,239,243
8	6	496	-2.0%	-3.0%	4.4%	0.0%	0.0%	-0.6%	\$2,100	\$2,087	\$1,035,350
8	7	443	-2.0%	-5.0%	5.7%	0.0%	0.0%	-1.3%	\$2,100	\$2,073	\$918,206
8	8	451	-2.0%	-8.0%	5.4%	0.0%	0.0%	-4.6%	\$2,100	\$2,003	\$903,533
8	9	873	-2.0%	10.0%	-2.9%	0.0%	0.0%	5.1%	\$2,100	\$2,207	\$1,926,798
8	10	838	-2.0%	10.0%	-2.3%	0.0%	5.0%	10.7%	\$2,100	\$2,325	\$1,948,099
8	11	939	-2.0%	7.5%	-4.4%	0.0%	0.0%	1.1%	\$2,100	\$2,123	\$1,993,591
8	12	443	-2.0%	-5.0%	5.7%	0.0%	0.0%	-1.3%	\$2,100	\$2,073	\$918,206
8	12A	727	-2.0%	0.0%	0.0%	0.0%	5.0%	3.0%	\$2,100	\$2,163	\$1,572,501
8	14	1200	-2.0%	9.5%	-9.8%	0.0%	0.0%	-2.3%	\$2,100	\$2,052	\$2,462,040
9	1	963	-1.0%	20.0%	-4.7%	0.0%	0.0%	14.3%	\$2,100	\$2,400	\$2,311,489
9	2	658	-1.0%	20.0%	1.4%	0.0%	0.0%	20.4%	\$2,100	\$2,528	\$1,663,687
9	3	683	-1.0%	20.0%	0.9%	0.0%	0.0%	19.9%	\$2,100	\$2,518	\$1,719,726
9	4	659	-1.0%	20.0%	1.3%	0.0%	0.0%	20.3%	\$2,100	\$2,526	\$1,664,832
9	5	937	-1.0%	20.0%	-4.2%	0.0%	0.0%	14.8%	\$2,100	\$2,411	\$2,258,920
9	6	496	-1.0%	-3.0%	4.4%	0.0%	0.0%	0.4%	\$2,100	\$2,108	\$1,045,766
9	7	443	-1.0%	-5.0%	5.7%	0.0%	0.0%	-0.3%	\$2,100	\$2,094	\$927,509
9	8	451	-1.0%	-8.0%	5.4%	0.0%	0.0%	-3.6%	\$2,100	\$2,024	\$913,004
9	9	873	-1.0%	10.0%	-2.9%	0.0%	0.0%	6.1%	\$2,100	\$2,228	\$1,945,131
9	10	838	-1.0%	10.0%	-2.3%	0.0%	0.0%	6.7%	\$2,100	\$2,241	\$1,877,707
9	11	939	-1.0%	7.5%	-4.4%	0.0%	0.0%	2.1%	\$2,100	\$2,144	\$2,013,310
9	12	443	-1.0%	-5.0%	5.7%	0.0%	0.0%	-0.3%	\$2,100	\$2,094	\$927,509
9	12A	727	-1.0%	0.0%	0.0%	0.0%	0.0%	-1.0%	\$2,100	\$2,079	\$1,511,433
9	14	1200	-1.0%	9.5%	-9.8%	0.0%	0.0%	-1.3%	\$2,100	\$2,073	\$2,487,240
10	1	963	0.0%	20.0%	-4.7%	0.0%	-5.0%	10.3%	\$2,100	\$2,316	\$2,230,597
10	2	658	0.0%	20.0%	1.4%	0.0%	0.0%	21.4%	\$2,100	\$2,549	\$1,677,505
10	3	683	0.0%	20.0%	0.9%	0.0%	0.0%	20.9%	\$2,100	\$2,539	\$1,734,069
10	4	659	0.0%	20.0%	1.3%	0.0%	0.0%	21.3%	\$2,100	\$2,547	\$1,678,671
10	5	937	0.0%	20.0%	-4.2%	0.0%	0.0%	15.8%	\$2,100	\$2,432	\$2,278,597
10	6	496	0.0%	-3.0%	4.4%	0.0%	0.0%	1.4%	\$2,100	\$2,129	\$1,056,182
10	7	443	0.0%	-5.0%	5.7%	0.0%	5.0%	5.7%	\$2,100	\$2,220	\$983,327
10	8	451	0.0%	-8.0%	5.4%	0.0%	0.0%	-2.6%	\$2,100	\$2,045	\$922,475
10	9	873	0.0%	10.0%	-2.9%	0.0%	0.0%	7.1%	\$2,100	\$2,249	\$1,963,464
10	10	838	0.0%	10.0%	-2.3%	0.0%	0.0%	7.7%	\$2,100	\$2,262	\$1,895,305
10	11	939	0.0%	7.5%	-4.4%	0.0%	0.0%	3.1%	\$2,100	\$2,165	\$2,033,029
10	12	443	0.0%	-5.0%	5.7%	0.0%	0.0%	0.7%	\$2,100	\$2,115	\$936,812
10	12A	727	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$2,100	\$2,100	\$1,526,700
10	14	1200	0.0%	9.5%	-9.8%	0.0%	0.0%	-0.3%	\$2,100	\$2,094	\$2,512,440
11	1	950	1.0%	20.0%	-4.4%	0.0%	5.0%	21.6%	\$2,100	\$2,554	\$2,425,920
11	2	654	1.0%	20.0%	1.5%	0.0%	5.0%	27.5%	\$2,100	\$2,678	\$1,751,085
11	3	683	1.0%	20.0%	0.9%	0.0%	0.0%	21.9%	\$2,100	\$2,560	\$1,748,412
11	4	659	1.0%	20.0%	1.3%	0.0%	0.0%	22.3%	\$2,100	\$2,568	\$1,692,510
11	5	937	1.0%	20.0%	-4.2%	0.0%	0.0%	16.8%	\$2,100	\$2,453	\$2,298,274
11	6	496	1.0%	-3.0%	4.4%	0.0%	0.0%	2.4%	\$2,100	\$2,150	\$1,066,598
11	7	443	1.0%	-5.0%	5.7%	0.0%	5.0%	6.7%	\$2,100	\$2,241	\$992,630
11	8	451	1.0%	-8.0%	5.4%	0.0%	0.0%	-1.6%	\$2,100	\$2,066	\$931,946
11	9	873	1.0%	10.0%	-2.9%	0.0%	0.0%	8.1%	\$2,100	\$2,270	\$1,981,797
11	10	838	1.0%	10.0%	-2.3%	0.0%	5.0%	13.7%	\$2,100	\$2,388	\$2,000,893
11	11	929	1.0%	7.5%	-4.2%	0.0%	0.0%	4.3%	\$2,100	\$2,190	\$2,034,789
11	12	443	1.0%	-5.0%	5.7%	0.0%	0.0%	1.7%	\$2,100	\$2,136	\$946,115
11	12A	673	1.0%	0.0%	1.0%	0.0%	5.0%	7.0%	\$2,100	\$2,247	\$1,512,231
11	14	1051	1.0%	9.5%	-6.5%	0.0%	-5.0%	-1.0%	\$2,100	\$2,079	\$2,185,029
12	1	881	2.0%	20.0%	-3.0%	0.0%	5.0%	24.0%	\$2,100	\$2,604	\$2,294,124
12	2	626	2.0%	20.0%	2.1%	0.0%	5.0%	29.1%	\$2,100	\$2,711	\$1,697,149
12	3	683	2.0%	20.0%	0.9%	0.0%	0.0%	22.9%	\$2,100	\$2,581	\$1,762,755
12	4	659	2.0%	20.0%	1.3%	0.0%	0.0%	23.3%	\$2,100	\$2,589	\$1,706,349
12	5	937	2.0%	20.0%	-4.2%	0.0%	5.0%	22.8%	\$2,100	\$2,579	\$2,416,336
12	6	496	2.0%	-3.0%	4.4%	0.0%	0.0%	3.4%	\$2,100	\$2,171	\$1,077,014
12	7	443	2.0%	-5.0%	5.7%	0.0%	5.0%	7.7%	\$2,100	\$2,262	\$1,001,933
12	8	451	2.0%	-8.0%	5.4%	0.0%	0.0%	-0.6%	\$2,100	\$2,087	\$941,417
12	9	873	2.0%	10.0%	-2.9%	0.0%	0.0%	9.1%	\$2,100	\$2,291	\$2,000,130
12	10	838	2.0%	10.0%	-2.3%	0.0%	5.0%	14.7%	\$2,100	\$2,409	\$2,018,491
12	11	877	2.0%	7.5%	-3.2%	0.0%	0.0%	6.3%	\$2,100	\$2,232	\$1,957,727
12	12	443	2.0%	-5.0%	5.7%	0.0%	0.0%	2.7%	\$2,100	\$2,157	\$955,418
12	12A	515	2.0%	0.0%	4.2%	0.0%	0.0%	6.2%	\$2,100	\$2,230	\$1,148,553
12	14	772	2.0%	9.5%	-1.2%	0.0%	0.0%	10.3%	\$2,100	\$2,316	\$1,788,184

Kam Kwok Building		Floor Area (sq.ft)	Adjustments						Unit Rate of Reference Domestic Unit	Adjusted Unit Price (/sq. ft)	Existing Use Value (HK\$)
Floor	Unit	Saleable	Floor	View	Size	Noise	Internal Condition	Total			
13	1	805	3.0%	20.0%	-1.6%	0.0%	0.0%	21.4%	\$2,100	\$2,549	\$2,052,267
13	2	597	3.0%	20.0%	2.6%	0.0%	0.0%	25.6%	\$2,100	\$2,638	\$1,574,647
13	3	683	3.0%	20.0%	0.9%	0.0%	0.0%	23.9%	\$2,100	\$2,602	\$1,777,098
13	4	659	3.0%	20.0%	1.3%	0.0%	0.0%	24.3%	\$2,100	\$2,610	\$1,720,188
13	5	937	3.0%	20.0%	-4.2%	0.0%	0.0%	18.8%	\$2,100	\$2,495	\$2,337,628
13	6	496	3.0%	-3.0%	4.4%	0.0%	0.0%	4.4%	\$2,100	\$2,192	\$1,087,430
13	7	443	3.0%	-5.0%	5.7%	0.0%	0.0%	3.7%	\$2,100	\$2,178	\$964,721
13	8	451	3.0%	-8.0%	5.4%	0.0%	0.0%	0.4%	\$2,100	\$2,108	\$950,888
13	9	873	3.0%	10.0%	-2.9%	0.0%	0.0%	10.1%	\$2,100	\$2,312	\$2,018,463
13	10	838	3.0%	10.0%	-2.3%	0.0%	0.0%	10.7%	\$2,100	\$2,325	\$1,948,099
13	11	826	3.0%	7.5%	-2.1%	0.0%	0.0%	8.4%	\$2,100	\$2,276	\$1,880,306
13	12	443	3.0%	-5.0%	5.7%	0.0%	-5.0%	-1.3%	\$2,100	\$2,073	\$918,206
13	12A	447	3.0%	0.0%	5.8%	0.0%	0.0%	8.8%	\$2,100	\$2,285	\$1,021,306
13	14	635	3.0%	9.5%	1.6%	0.0%	0.0%	14.1%	\$2,100	\$2,396	\$1,521,524
14	1	681	4.0%	20.0%	0.8%	0.0%	0.0%	24.8%	\$2,100	\$2,621	\$1,784,765
14	2	551	4.0%	20.0%	3.6%	0.0%	0.0%	27.6%	\$2,100	\$2,680	\$1,476,460
14	3	683	4.0%	20.0%	0.9%	0.0%	0.0%	24.9%	\$2,100	\$2,623	\$1,791,441
14	4	659	4.0%	20.0%	1.3%	0.0%	0.0%	25.3%	\$2,100	\$2,631	\$1,734,027
14	5	937	4.0%	20.0%	-4.2%	0.0%	0.0%	19.8%	\$2,100	\$2,516	\$2,357,305
14	6	496	4.0%	-3.0%	4.4%	0.0%	0.0%	5.4%	\$2,100	\$2,213	\$1,097,846
14	7	443	4.0%	-5.0%	5.7%	0.0%	0.0%	4.7%	\$2,100	\$2,199	\$974,024
14	8	451	4.0%	-8.0%	5.4%	0.0%	0.0%	1.4%	\$2,100	\$2,129	\$960,359
14	9	873	4.0%	10.0%	-2.9%	0.0%	0.0%	11.1%	\$2,100	\$2,333	\$2,036,796
14	10	838	4.0%	10.0%	-2.3%	0.0%	0.0%	11.7%	\$2,100	\$2,346	\$1,965,697
14	11	1019	4.0%	9.5%	-6.1%	0.0%	0.0%	7.4%	\$2,100	\$2,255	\$2,298,253
14	12	443	4.0%	-5.0%	5.7%	0.0%	5.0%	9.7%	\$2,100	\$2,304	\$1,020,539
14	12A	647	4.0%	0.0%	1.6%	0.0%	0.0%	5.6%	\$2,100	\$2,218	\$1,434,787
15	1	643	5.0%	20.0%	1.7%	0.0%	0.0%	26.7%	\$2,100	\$2,661	\$1,710,830
15	2	535	5.0%	20.0%	4.0%	0.0%	5.0%	34.0%	\$2,100	\$2,814	\$1,505,490
15	3	670	5.0%	20.0%	1.1%	0.0%	5.0%	31.1%	\$2,100	\$2,753	\$1,844,577
15	4	649	5.0%	20.0%	1.5%	0.0%	0.0%	26.5%	\$2,100	\$2,657	\$1,724,069
15	5	922	5.0%	20.0%	-3.9%	0.0%	0.0%	21.1%	\$2,100	\$2,543	\$2,344,738
15	6	496	5.0%	-3.0%	4.4%	0.0%	0.0%	6.4%	\$2,100	\$2,234	\$1,108,262
15	7	443	5.0%	-5.0%	5.7%	0.0%	0.0%	5.7%	\$2,100	\$2,220	\$983,327
15	8	451	5.0%	-8.0%	5.4%	0.0%	0.0%	2.4%	\$2,100	\$2,150	\$969,830
15	9	860	5.0%	10.0%	-2.6%	0.0%	0.0%	12.4%	\$2,100	\$2,360	\$2,029,944
15	10	827	5.0%	10.0%	-2.1%	0.0%	5.0%	17.9%	\$2,100	\$2,476	\$2,047,569
15	11	1150	5.0%	9.5%	-8.0%	0.0%	5.0%	11.5%	\$2,100	\$2,342	\$2,692,725
15	12	849	5.0%	0.0%	-2.4%	0.0%	0.0%	2.6%	\$2,100	\$2,155	\$1,829,255
16	1	573	6.0%	20.0%	3.1%	0.0%	0.0%	29.1%	\$2,100	\$2,711	\$1,553,460
16	2	477	6.0%	20.0%	5.0%	0.0%	5.0%	36.0%	\$2,100	\$2,856	\$1,362,312
16	3	617	6.0%	20.0%	2.2%	0.0%	5.0%	33.2%	\$2,100	\$2,797	\$1,725,872
16	4	597	6.0%	20.0%	2.6%	0.0%	0.0%	28.6%	\$2,100	\$2,701	\$1,612,258
16	5	848	6.0%	20.0%	-2.4%	0.0%	0.0%	23.6%	\$2,100	\$2,596	\$2,201,069
16	6	496	6.0%	-3.0%	4.4%	0.0%	0.0%	7.4%	\$2,100	\$2,255	\$1,118,678
16	7	443	6.0%	-5.0%	5.7%	0.0%	0.0%	6.7%	\$2,100	\$2,241	\$992,630
16	8	451	6.0%	-8.0%	5.4%	0.0%	0.0%	3.4%	\$2,100	\$2,171	\$979,301
16	9	799	6.0%	10.0%	-1.4%	0.0%	0.0%	14.6%	\$2,100	\$2,407	\$1,922,873
16	10	776	6.0%	10.0%	-1.1%	0.0%	0.0%	14.9%	\$2,100	\$2,413	\$1,872,410
16	11	953	6.0%	9.5%	-4.2%	0.0%	0.0%	11.3%	\$2,100	\$2,337	\$2,227,447
16	12	784	6.0%	0.0%	-1.2%	0.0%	0.0%	4.8%	\$2,100	\$2,201	\$1,725,427
17	1	504	7.0%	20.0%	4.5%	0.0%	0.0%	31.5%	\$2,100	\$2,762	\$1,391,796
17	2	429	7.0%	20.0%	6.0%	0.0%	0.0%	33.0%	\$2,100	\$2,793	\$1,198,197
17	3	564	7.0%	20.0%	3.2%	0.0%	0.0%	30.2%	\$2,100	\$2,734	\$1,542,089
17	4	544	7.0%	20.0%	3.6%	0.0%	0.0%	30.6%	\$2,100	\$2,743	\$1,491,974
17	5	773	7.0%	20.0%	-0.9%	0.0%	0.0%	26.1%	\$2,100	\$2,648	\$2,046,981
17	6	496	7.0%	-3.0%	4.4%	0.0%	0.0%	8.4%	\$2,100	\$2,276	\$1,129,094
17	7	443	7.0%	-5.0%	5.7%	0.0%	0.0%	7.7%	\$2,100	\$2,262	\$1,001,933
17	8	451	7.0%	-8.0%	5.4%	0.0%	0.0%	4.4%	\$2,100	\$2,192	\$988,772
17	9	739	7.0%	10.0%	-0.2%	0.0%	0.0%	16.8%	\$2,100	\$2,453	\$1,812,619
17	10	726	7.0%	10.0%	-0.1%	0.0%	0.0%	16.9%	\$2,100	\$2,455	\$1,782,257
17	11	722	7.0%	9.5%	0.0%	0.0%	0.0%	16.5%	\$2,100	\$2,447	\$1,766,373
17	12	743	7.0%	0.0%	-0.4%	0.0%	0.0%	6.6%	\$2,100	\$2,239	\$1,663,280
Penthouse	1	791	8.0%	20.0%	-1.3%	0.0%	5.0%	31.7%	\$2,100	\$2,766	\$2,187,669
Penthouse	2	798	8.0%	20.0%	-1.2%	0.0%	0.0%	26.8%	\$2,100	\$2,663	\$2,124,914
GRAND TOTAL:										\$353,705,024	

LDCS 11000 / 2006

Appendix III

The Tribunal's estimated Existing Use Value as at September 2006

National Building domestic portions

National Building		Floor Area (sq.ft)	Adjustments						Unit Rate of Reference Domestic Unit	Adjusted Unit Price (/sq. ft)	Existing Use Value (HKS)
Floor	Unit	Saleable	Floor	View	Size	Noise	Internal Condition	Total			
2	1	679	-8.0%	0.0%	-4.4%	0.0%	0.0%	-12.4%	\$2,300	\$2,015	\$1,368,049
2	2	1167	-8.0%	7.0%	-14.5%	0.0%	0.0%	-15.5%	\$2,300	\$1,944	\$2,268,065
2	3	1119	-8.0%	5.0%	-13.1%	0.0%	0.0%	-16.1%	\$2,300	\$1,930	\$2,159,334
2	4	410	-8.0%	-3.0%	1.1%	0.0%	0.0%	-9.9%	\$2,300	\$2,072	\$849,643
3	1	679	-7.0%	0.0%	-4.4%	0.0%	-5.0%	-16.4%	\$2,300	\$1,923	\$1,305,581
3	2	1167	-7.0%	7.0%	-14.5%	0.0%	0.0%	-14.5%	\$2,300	\$1,967	\$2,294,906
3	3	1119	-7.0%	5.0%	-13.1%	0.0%	0.0%	-15.1%	\$2,300	\$1,953	\$2,185,071
3	4	410	-7.0%	-3.0%	1.1%	0.0%	0.0%	-8.9%	\$2,300	\$2,095	\$859,073
4	1	679	-6.0%	0.0%	-4.4%	0.0%	0.0%	-10.4%	\$2,300	\$2,061	\$1,399,283
4	2	1167	-6.0%	7.0%	-14.5%	0.0%	0.0%	-12.5%	\$2,300	\$1,990	\$2,321,747
4	3	1119	-6.0%	5.0%	-13.1%	0.0%	0.0%	-14.1%	\$2,300	\$1,976	\$2,210,808
4	4	410	-6.0%	-3.0%	1.1%	0.0%	0.0%	-7.9%	\$2,300	\$2,118	\$868,503
5	1	679	-5.0%	0.0%	-4.4%	0.0%	0.0%	-9.4%	\$2,300	\$2,084	\$1,414,900
5	2	1167	-5.0%	7.0%	-14.5%	0.0%	0.0%	-12.5%	\$2,300	\$2,013	\$2,348,588
5	3	1119	-5.0%	5.0%	-13.1%	0.0%	0.0%	-13.1%	\$2,300	\$1,999	\$2,236,545
5	4	410	-5.0%	-3.0%	1.1%	0.0%	0.0%	-6.9%	\$2,300	\$2,141	\$877,933
6	1	657	-4.0%	0.0%	-4.0%	0.0%	0.0%	-8.0%	\$2,300	\$2,116	\$1,390,212
6	2	1167	-4.0%	7.0%	-14.5%	0.0%	0.0%	-11.5%	\$2,300	\$2,036	\$2,375,429
6	3	1119	-4.0%	5.0%	-13.1%	0.0%	0.0%	-12.1%	\$2,300	\$2,022	\$2,262,282
6	4	410	-4.0%	-3.0%	1.1%	0.0%	0.0%	-5.9%	\$2,300	\$2,164	\$887,363
7	1	566	-3.0%	0.0%	-2.1%	0.0%	0.0%	-5.1%	\$2,300	\$2,183	\$1,235,408
7	2	1167	-3.0%	7.0%	-14.5%	0.0%	0.0%	-10.5%	\$2,300	\$2,059	\$2,402,270
7	3	1119	-3.0%	5.0%	-13.1%	0.0%	0.0%	-11.1%	\$2,300	\$2,045	\$2,288,019
7	4	410	-3.0%	-3.0%	1.1%	0.0%	0.0%	-4.9%	\$2,300	\$2,187	\$896,793
8	1	512	-2.0%	0.0%	-1.1%	0.0%	0.0%	-3.1%	\$2,300	\$2,229	\$1,141,094
8	2	1167	-2.0%	7.0%	-14.5%	0.0%	0.0%	-9.5%	\$2,300	\$2,082	\$2,429,111
8	3	1119	-2.0%	5.0%	-13.1%	0.0%	0.0%	-10.1%	\$2,300	\$2,068	\$2,313,756
8	4	410	-2.0%	-3.0%	1.1%	0.0%	0.0%	-3.9%	\$2,300	\$2,210	\$906,223
9	1	388	-1.0%	0.0%	1.6%	0.0%	-5.0%	-4.4%	\$2,300	\$2,199	\$853,134
9	2	1267	-1.0%	7.0%	-16.4%	0.0%	0.0%	-10.4%	\$2,300	\$2,061	\$2,611,034
9	3	1119	-1.0%	5.0%	-13.1%	0.0%	0.0%	-9.1%	\$2,300	\$2,091	\$2,339,493
9	4	410	-1.0%	-3.0%	1.1%	0.0%	-5.0%	-7.9%	\$2,300	\$2,118	\$868,503
10	1	464	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$2,300	\$2,300	\$1,067,200
10	2	1042	0.0%	7.0%	-14.7%	0.0%	0.0%	-7.7%	\$2,300	\$2,123	\$2,212,062
10	3	1119	0.0%	5.0%	-13.1%	0.0%	0.0%	-8.1%	\$2,300	\$2,114	\$2,365,230
10	4	410	0.0%	-3.0%	1.1%	0.0%	0.0%	-1.9%	\$2,300	\$2,256	\$925,083
11	1	670	1.0%	2.0%	-3.9%	0.0%	0.0%	-0.9%	\$2,300	\$2,279	\$1,527,131
11	2	1272	1.0%	7.0%	-16.5%	0.0%	0.0%	-8.5%	\$2,300	\$2,105	\$2,677,217
11	3	1102	1.0%	5.0%	-12.8%	0.0%	0.0%	-6.8%	\$2,300	\$2,144	\$2,362,247
12	1	610	2.0%	2.0%	-2.7%	0.0%	5.0%	6.3%	\$2,300	\$2,445	\$1,491,389
12	2	1216	2.0%	7.0%	-15.5%	0.0%	5.0%	-1.5%	\$2,300	\$2,266	\$2,754,848
12	3	1024	2.0%	5.0%	-11.3%	0.0%	0.0%	-4.3%	\$2,300	\$2,201	\$2,253,926
13	1	541	3.0%	2.0%	-1.6%	0.0%	0.0%	3.4%	\$2,300	\$2,378	\$1,286,606
13	2	1151	3.0%	7.0%	-14.2%	0.0%	0.0%	-4.2%	\$2,300	\$2,203	\$2,536,113
13	3	934	3.0%	5.0%	-9.5%	0.0%	0.0%	-1.5%	\$2,300	\$2,266	\$2,115,977
14	1	489	4.0%	2.0%	-0.5%	0.0%	0.0%	5.5%	\$2,300	\$2,427	\$1,186,559
14	2	836	4.0%	7.0%	-7.7%	0.0%	0.0%	3.3%	\$2,300	\$2,376	\$1,986,252
14	3	790	4.0%	5.0%	-6.7%	0.0%	0.0%	2.3%	\$2,300	\$2,353	\$1,858,791
15	1	435	5.0%	2.0%	0.5%	0.0%	5.0%	12.5%	\$2,300	\$2,588	\$1,125,563
15	2	751	5.0%	7.0%	-5.7%	0.0%	0.0%	6.3%	\$2,300	\$2,445	\$1,836,120
15	3	742	5.0%	5.0%	-5.8%	0.0%	0.0%	4.2%	\$2,300	\$2,397	\$1,778,277
16	1	388	6.0%	2.0%	1.5%	0.0%	0.0%	9.5%	\$2,300	\$2,519	\$977,178
16	2	638	6.0%	7.0%	-3.6%	0.0%	5.0%	14.4%	\$2,300	\$2,631	\$1,678,706
16	3	623	6.0%	5.0%	-3.4%	0.0%	0.0%	7.6%	\$2,300	\$2,475	\$1,541,800
17	1	337	7.0%	2.0%	2.5%	0.0%	0.0%	11.5%	\$2,300	\$2,565	\$864,237
17	2	437	7.0%	7.0%	0.7%	0.0%	0.0%	14.7%	\$2,300	\$2,638	\$1,152,850
17	3	570	7.0%	5.0%	-2.2%	0.0%	0.0%	9.8%	\$2,300	\$2,525	\$1,439,478
18	1	283	8.0%	2.0%	3.6%	0.0%	0.0%	13.6%	\$2,300	\$2,613	\$739,422
18	2	818	8.0%	7.0%	-7.0%	0.0%	0.0%	8.0%	\$2,300	\$2,484	\$2,031,912
Roof	-	645	-	-	-	-	-	-		\$319	\$205,465
										GRAND TOTAL:	\$100,145,792

**Extract from Lands Tribunal Judgment Case No. LDCS 11000/2006
(i.e. the case of Kam Kwok Building and National Building)**

II. Background

6. Unless otherwise stated, the following background facts are not in dispute.
7. The Lots have a total area of about 15,955 square feet, with Jaffe Road running through lot ML436 sA PR dissecting it into 2 portions.
8. Both Kam Kwok Building and National Building on the Lots were built in 1961, and are now some 46 years old. Kam Kwok Building is erected on the northern portion of lot ML436 sA RP

and lot ML 435 sF, while National Building is on the southern portion of lot ML436 sA RP.

9. The northern part of Kam Kwok Building abuts Gloucester Road and faces the harbour. The western side of it abuts Marsh Road, and the southern part Jaffe Road. It has 22 non-domestic units at the Ground and 1st Floors, and 219 domestic units on 2nd to 17th Floors, inclusive of 2 penthouse units at the roof.
10. The northern part of National Building abuts Jaffe Road and faces Kam Kwok Building. The western side of it abuts Marsh Road, and the southern party Lockhart Road. It has 9 non-domestic units at the Ground and 1st Floors, 59 domestic units on 2nd to 18th floors and the roof.
11. The Lots (and the 2 buildings) are governed by one Deed of Mutual Covenant dated 12 March 1963, as varied by a Supplemental Deed dated 26 September 1966. The Lots (and thus the 2 buildings) have and share one set of 360 undivided shares, with a designated number of them allotted to each individual unit of the 2 buildings.

12. In 2003, the 2 buildings underwent certain renovation works for its common area.
13. In September 2006, Intelligent House in a public tender purchased 92.31% of the undivided shares of the Lots from their owners. The sale was subject to tenancy and the purchase price was \$825,000,000.00.
14. On 15 October 2007, Intelligent House further purchased from the 25th Respondent¹¹ her unit at Shop No. 2B, Ground Floor, National Building. As a result of this purchase, Intelligent House's ownership in the undivided shares of the Lots is increased from 92.31% to 92.87%. Out of this ownership, Intelligent House has in fact acquired and become the owner of *all* the undivided shares of National Building.
15. For convenience, a table showing the allocation of undivided shares of the buildings and their respective ownership by Intelligent House is attached to this decision as Appendix I.

¹¹ Thus, Intelligent House's present proceedings have since been discontinued against the 25th Respondent.

16. After various attempts to purchase the units from the respective minority owners of Kam Kwok Building had failed, on 29 November 2006, Intelligent House took out the present application seeking an order for sale.
17. After the issue of the present application, China Superior Ltd (“China Superior”) purchased Flat No 7, 5th Floor of Kam Kwok Building from its original owner. The Application is then amended to join China Superior as the 13th Respondent instead of the predecessor owner of the unit.
18. Quite a substantial number of the residential units at Kam Kwok Building and National Building are internally partitioned and subdivided, and have been leased out as small-room lodges. Many of the ground floor commercial/retail units of the buildings have been used for car related business, such as selling tyres and car spare parts. The first floor of Kam Kwok Building has been leased to a sauna house.
19. Since the purchase of the majority undivided shares of the buildings by Intelligent House, most of the leases (residential and commercial) have been terminated.