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GROUP INTRODUCTION

RHL International is one of the pioneering professional valuation and real estate consultants in Asia. Established since 1972, our group offers high quality professional services on Corporate Valuation & Advisory and Real Estate Solution & Surveying Practice. As an active participant in exchanging ideas and experience with regulators, government institutions and corporations, our group maintains vigilant to the dynamic changes in the market. Leveraging our extensive track record, technical resources and market intelligence, we are dedicated to provide tailored services to meet with the unique needs of our clients.

PROFESSIONAL TEAM

Our team comprises of professionals who have finance and/or real estate related academic background and internationally recognized qualifications, such as CPA, FRM, registered professional surveyors, and with diverse experience and up-to-date knowledge of the current market environment. We committed to provide our clients with high standard services.

The Group is committed to provide high standard of professional services in compliance with international standard and Government Statutory requirements.

CORPORATE & VALUATION ADVISORY

Our experience in operating businesses in the mainland China and cooperating with overseas parties has become our competitive advantage in offering comprehensive client solution to overseas as well as mainland clients. We cover real estate as well as other industries such as natural resources, green energy and finance area.

- Valuation (including Real Estate, Business Valuation, Plant & Machinery)
- Real Estate Solutions and Surveying Practice
- Industry Market Research & Analysis
- Project Feasibility Study and Advisory
- Financial Analysis
- Investment Advisory
- Due Diligence
- Portfolio, Asset and Facilities Management

HONG KONG PROPERTY

Market Watch

MARKET ACTIONS IN THE SHORT, MEDIUM AND LONG TERM

Hong Kong's property market is facing impacts from 3 coming market events in the short, medium and long term.

The end of Hong Kong's extremely-low-interest-rate environment has introduced the debate on the likely downturn adjustment of the property price. Undoubtedly, the increase in interest rates may increase the financial burden of home owners, investors and businessmen. Meanwhile, the gradual increase in interest rate is also claimed to "normalize" the investment environment. And for this time, the impact that stems from the interest rates is probably well less than the impact brought by the international trade war, which may pose a direct challenge on employment and inflation.

The Hong Kong section of the Guangzhou – Shenzhen – Hong Kong Express Rail Link has eventually commissioned on September 23, which is set to enhance the connectivity between the HKSAR and the mainland, via the connection to the country's 25,000 km National High Speed Rail Network. Meanwhile, the focus shall be put on the anticipated flows of businessmen, tourists and residents within the Big Bay Area, which should be experienced in the coming years. That is what the SAR government has been promoting for a "One Hour Living Circle" and the impact, either positive or negative, on the supply and demand of Hong Kong property shall not be underestimated.

Strategic Investment Advisory & Agency

- Provide Market Research and Analysis
- As a Matching Platform to Source Opportunities

Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

The Chief Executive shall have her Policy Address delivered October 10. At the time of writing this article, Task Force on Land Supply has submitted its preliminary observations to the Chief Executive on September 24. Yet, the content comes as no surprise and is certainly without either conclusion or recommendation. Task Force Chairman did indeed express his view that CE shall not draw conclusion upon their preliminary observations. It would be interesting to know if any action plan or policies in relation to land supply will be delivered in the Policy Address accordingly. Nevertheless, how to speed up the land supply is an important factor to steer our property price in medium to long term period.



• Greater Bay Area comprises the 2 Special Administrative Regions of Hong Kong and Macao, and the 9 municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province. (Source: Official Website of Greater Bay Area)

Forward Planning and Solution

- Macro-economical Analysis
- Social and Economic Trend Monitoring
- Market Forecast

MARKET EXPRESS



HONG KONG SNAPSHOTS

28 Months Uptrend Ended: Private Domestic Price Indices

According to the Rating and Valuation Department, the latest private domestic price indices for August was about 0.1% lower than July, ended its 28-month uptrend. The price index for all domestic unit classes was 393.3, 0.08% down from July. However, an overall 16% surge was recorded since August 2017. On the other hand, in terms of saleable area, except price index of units less than 430 sq.ft. have increased for 0.3%, price indices of other sizes units have dropped at a range from about 0.1% to 0.9%.

Estimated Price of West Kowloon Station Commercial Site up to HK\$100 billion

The Express Rail Link Hong Kong Section is finally inaugurated in September. The commercial site on West Kowloon Station would possibly become one of the options of the government Land Sale Programme. The site, located at the junction of Lin Cheung Road and Austin Road West, is about 632,900 sq.ft., with a maximum gross floor area of 3.16 million sq.ft.. The highest estimated accommodation value of the site can hit HK\$45,000/sq.ft. with the total estimated land value up to HK\$140 billion, market anticipation.

- Commercial Site On-Top of West Kowloon Station Location Map (Source: Lands Department)

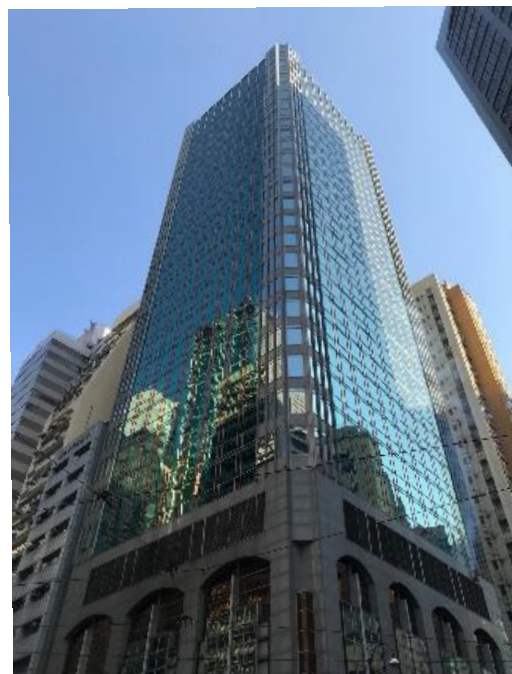


Forward Planning and Solution

- Financial Feasibility and Economic Viability Assessment
- Value-added and Reliable Implementation Scheme

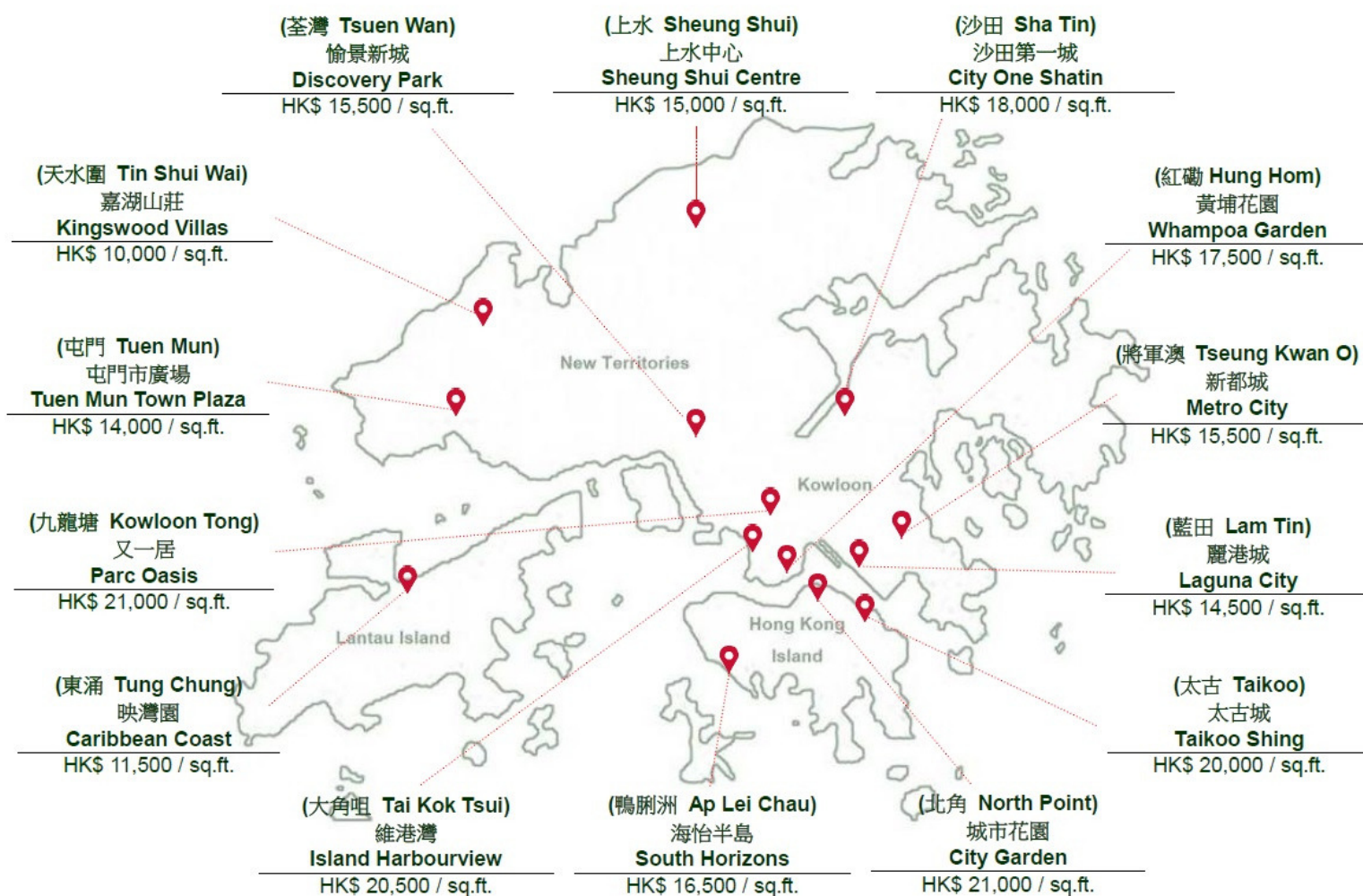
Sheung Wan Office Building Negotiates for Sale

According to market information, a consortium has recently offered HK\$7.3 billion for FWD Financial Centre in Sheung Wan with a total floor area of about 214,400 sq.ft. at the unit rate about HK\$34,000/sq.ft.. The 28-storey building comprises a retail portion of about 32,000 sq.ft. and the remaining areas for office with units ranging from 831 sq.ft. to 8,016 sq.ft..



FWD Financial Centre

HONG KONG TRANSACTIONS OVERVIEW



* Average saleable unit rate of standard units
以上為各標準單位平均實用呎價

Professional Practice in Land and Planning Matter

- Lease Modification /
Land Exchange
- Premium Assessment
- Temporary Waiver
Application

CHINA PROPERTY

Market Watch

PREVENT HOUSE PRICES FROM RISING TOO FAST: REGULATORY POLICIES CONTINUE

According to the National Bureau of Statistics data, among the 70 large- and medium-sized cities, there were 61 in May saw an increase in price of new commercial housing compared with April. Local governments continue to adhere to the principle of “using house for living, not for speculation”, and intensify the regulation of the real estate market. More than 40 cities across the country have introduced control policies to prevent the house prices from rising too fast.

With reference to the data, the sales prices of new commercial residential and second-hand residential in first-tier cities rose by 0.3% and 0.2% respectively in May. The sales prices of new commercial residential and second-hand residential in second-tier cities rose by 0.9% and 0.8% respectively., while new commercial residential and second-hand cities in third-tier cities Residential sales prices rose by 0.7% and 0.6% respectively.

In view of this, many regions have respectively published real estate-related regulation policies after May due to the consistent growth including:

On June 4, two cities announced measures to restrict sales. **Yichang City, Hubei Province** announced that in the urban area (including Yiling District), the purchase of commercial housing, from the date of signing the contract for the purchase of commercial housing, the property cannot be listed for sale for the first 2 years.

Professional Practice in Land and Planning Matter

- Rate & Government Rent Appeal
- Compensation Claim Assessment
- Planning & Development Consultancy

MARKET EXPRESS



Xuzhou City, Jiangsu Province stipulates that if a household with a household registration owns a housing, the commercial housing (including new commercial housing and second-hand housing) with less than 2 years of ownership registry or 5 years of purchase contract, it cannot be listed for sale.

On June 5, two cities issued a housing policy -- **Shenzhen** issued the "Opinions on Deepening the Reform of the Housing System and Accelerating the Establishment of a Multi-Person Supply Multi-channel Guaranteed Hire Purchase and Housing Supply and Security System (Draft for Comment)". The **Tianjin** Municipal People's Government issued the "Notice on Further Improving the Regulation of the Real Estate Market", which requires strengthening the examination of the purchasers' purchase qualifications. If regulatory requirements are unable to be met, the relevant purchase procedures would not be handled and resolutely curb speculative real estate. Those who arbitrarily relax their purchase conditions will be strictly accountable. In addition, it is also required to increase the supply of land in areas with tight housing stocks and ensure a stable supply of the real estate market.

On June 13, **Jiaxing City, Zhejiang Province** issued a new policy which clearly pointed out that real estate development enterprises should publicly sell all the prospective housing for sale within 10 days after the project obtained the pre-sale permit for commercial housing, without scoring buildings, sub-units, stratification, and batch sales. At the same time, it is pointed out that real estate developers may not start selling in any way until they have obtained the pre-sale permit for commercial housing.

High-pressure regulation maintains in hot-selling first-tier cities and the market as a whole stabilized. On the contrary, some third- and fourth-tier cities are relatively more active and the upward trend is more obvious in the northeast, central and western regions. Growth of housing prices have been relatively concentrated in the third- and fourth-tier cities. Many cities that have recently released regulatory measures are from third- and fourth-tier cities. It can be seen that since the property market regulation began last year, it has begun to concentrate on non-first-tier cities.

Revitalization of Industrial Buildings

- 30-minute free consultation
- Coordinate with other professionals
- Submitting an application to the Town Planning Board for our client
- Submitting a "Temporary Waiver" or "No Objection Letter" application to the Lands Department

CHINA SNAPSHOTS

Xi'an: Sale of School Districts, School-Related Houses Prohibited

"Notice on Prohibiting the Connection of Home Sales to School Districts and Schools" was published by *Xi'an* Housing Management Bureau in mid-September. The document clearly states that development companies are prohibited from linking home sales to school districts and schools during the home sales process. The school district or school corresponding to the purchase of the commercial housing purchased by the purchaser shall be subject to the current admission policy formulated by the competent education department, and the real estate development enterprise shall have no right to promise. In advertising, it should be strictly in accordance with the requirements of the "Real Estate Advertising Regulations" and other requirements and must not contain the commitment to enter the school to attend school and other matters.

In the course of sales, it is not allowed to stipulate in the "Commodity House Sale Contract" or other supplementary agreements that the commercial housing sold corresponds to the school district or school. If there is a relationship between the sale of commercial housing and the school district or school, it should be stopped immediately. The real estate management departments will inspect the real estate development enterprises to compare the sales of houses with the school districts and schools. If the school district or school matters are stipulated in the Commercial Housing Sale Contract or the Supplemental Agreement, they shall be immediately ordered to correct and the relevant information shall be copied to education and business administration.

National Land Market: Gradually Stabilized in August.

In August, the trading volume of the land market hit a new high in the year, while the average price of the transaction and the premium rate continued to fall. In terms of price, the transaction volume of the third- and fourth-tier cities decreased during the month. Although the transaction scale of the first- and second-tier cities has enlarged, the average price dropped from the previous month. In August, the supply of land in the land market continued to rise but the overall supply floor area declined. The construction area of 336 city's operational land supply was 271.44 million sq.m., down 9% from the previous month, and the number of supply lines was 3,882, a 12% increase from the previous month.

At the same time, the construction area of the urban land market monitored in August increased significantly, and the number of transactions and the number of transactions reached a new high for the year. A total of 3,122 commercial land transactions were monitored, which increased by 20% and 9% respectively, and the construction area of the transaction was 266.05 million sq.m., which was 68% and 37% respectively. It can be seen from the volume of transactions that land demand is still at a high level. However, based on the increase in land supply, land prices have curbed to increase or even fell, and the premium rate has also declined. The Chinese land market has gradually entered a stable stage.

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