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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

Strategic Investment Advisory & Agency

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

EFFECT OF COMMUNITY HOUSING MOVEMENT, LET'S WAIT-AND-SEE

The Hong Kong Council of Social Service (HKCSS) announced the inauguration of the three-year project on Community Housing Movement (the "Movement") recently. The Movement is going to solicit idle or under-utilized housing resources in the community to provide affordable and decent transitional social housing to the grassroots.

The role of HKCSS is to set up a Social Housing Intermediary to solicit idle or under-utilized housing resources in the community, to conduct inspection and basic renovation, and to sublet the housing units to non-governmental organizations or social enterprises for operation.

"An army marches on its stomach.", The Community Chest of Hong Kong allocated HK\$50 million as starting up fund to support the preliminary checking and renovation and The Community Chest and the Social Innovation and Entrepreneurship Development Fund to provide HK\$11.5 million for the 3-year operation of the intermediary. In view of high renovation cost and necessary administration fee, the sustainability of the Movement 3 years later is a challenging task.

Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

Unfortunately, not all units will be used for community housing. HOS flats without premium paid, units which very high repairing cost due to very poor conditions, illegitimate flats like illegal sub-divided units, units under the Fire Safety Directions or Building Order, will not be accepted; in addition to fundamental willingness of owners letting out the units, the choice of actual sub-lettable units is very limited. According to chief executive officer of HKCSS, most of the owners who let out the units are developers; the market generally consider those units are acquired for future redevelopment projects. Contradictly, if the acquired development is planned to proceed for compulsory sales under the Land (Compulsory Sale for Redevelopment) Ordinance, one of the preliminary factor is to satisfy that the redevelopment is justified due to the age or state of repair of the existing development, which is unavoidable against the selection of community housing.

The Movement may act as a short-term relief measure, taking the role of transitional housing. At the same time, a contingency plan of settling measures is required if those tenants are not yet able to move into public housing, while the developer planned to recover those units for redevelopment, so as to prevent history repeat itself similar to Tai Hang Sai Estate redevelopment or Shek Lei Transitional Housing redevelopment that, tenants are reluctant to move out, while relying on public opinion criticizing the Government of corruption and heartless, finally degrading the Movement from caring to political timer-bomb.

Although the Movement is still in the initial exploratory stage, it has already successfully captured the eyes of the public to focus on effort of civil power may take part in relieving the housing problem faced by grass root. As admitted by the Secretary for Transport and Housing Mr Frank Chan Fan, the available units may be just a drop in the bucket, but he pointed out that do not reject anything virtuous for its pettiness. All in all, the Movement was intended for short term relief measure. We believe the society is looking forward seeing the succeed of the Movement with different social parties contributing what they can contribute.

Forward Planning and Solution

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

HONG KONG SNAPSHOTS

Developer Plans Flat for Young Graduates

According to media reports, a developer is studying to launch a first-time buyer scheme to help university graduates with a steady income who graduated about 2 to 3 years to buy a home for the first time. This may include a lower down payment, close-to-market mortgage rate, a longer mortgage payment period and help pay for stamp duties to help the qualified young graduates to buy flats worth about HK\$5 million with a few hundred thousand dollars. To avoid speculation, conditions on property resale will be set.

Tender Invitation for Coastal Hotel Land in Cheung Sha Wan

Lands Department announced that a coastal hotel land parcel located at Hing Wah Street West, Cheung Sha Wan, adjoining Nam Cheong station, will be disposed by tender. The site area is about 52,500 sq.ft. with a plot ratio of 7.1, the maximum gross floor area is about 374,200 sq.ft.. The market forecasted it could fetch HK\$2.14 billion to HK\$2.62 billion, or at an accommodation value of HK\$6,000 per sq ft to HK\$7,000 per sq ft..

Forward Planning and Solution

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

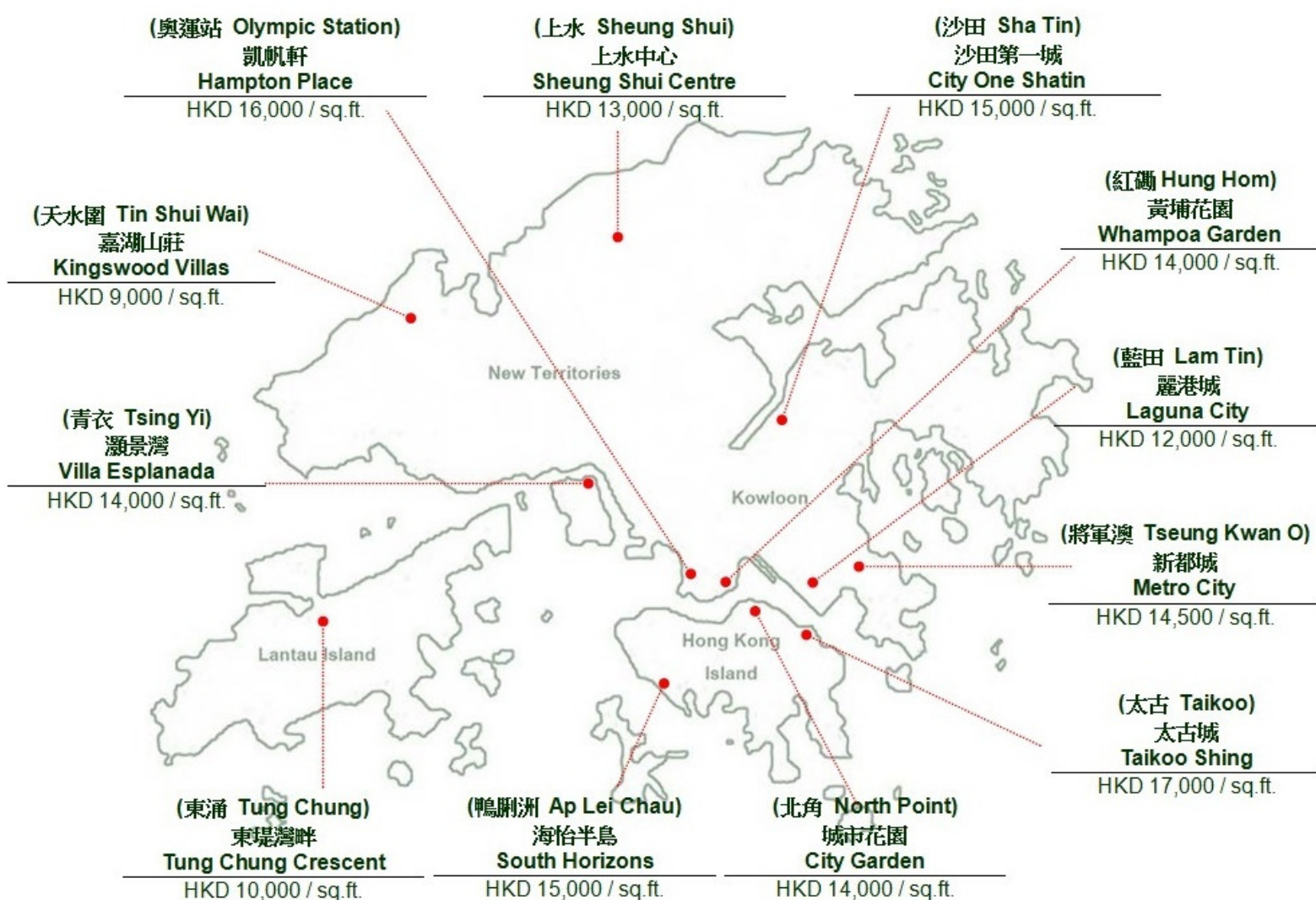
Another Sub-divided Shop Devaluates

A loss transaction of a sub-divided shop unit has been recorded at “In’s Point” shopping mall in Yau Ma Tei. According to the information from the Land Registry, the shop unit located on the 1st Floor with an area of 150 sq.ft. was sold for HK\$2 million in the previous month. It has been devaluated for about 26% compared with its purchase price HK\$2.7 million 3 years ago. Currently, “In’s Point” is a themed shopping mall for selling toy model. In 2014, an investor purchased a total nos. of 122 shops on 1st and 2nd Floors and resold them accordingly which involved about HK\$360 million.

The Center Records the Highest Office Unit Rate

After the astronomical tender price of the commercial site at Murray Road in Central, the office price continues to be driven high. The whole 79th Floor of The Center in Central was sold for HK\$738 million. The gross floor area is about 13,213 sq.ft and the unit price of it is up to HK\$55,854/sq.ft.. The original owner has held the property for about 16 months and earned HK\$238 million in this transaction which has been increased for more than 40%.

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

A “FROZEN” AGE HAS COME TO THE REGULATED PRC PROPERTY MARKET

Stepping into September, various cities in the PRC have launched new regulatory measurements for the local property markets, among which, the sales restriction regulations are most remarkable in those cities including Chongqing, Nanchang, Nanning, Xi'an, Changsha, Guiyang, Shijiazhuang, Wuhan and Wuxi. Newly owned commodity properties can only be resold after two years from obtaining the title certificates in Chongqing and Nanchang, while in Changsha and Guiyang, it takes three years.

From the end of last year, the regulatory measurements for the nation-wide real estate market mainly focus on “Four Limitation”: purchase limitation, mortgage limitation, price limitation and sales limitation. This round of special “sales limitation” policy started from March 2016 when Shanghai took a measure to restrict business entities to resell their properties within the first three-year ownership. Up to now, there are already 42 cities have announced the rules of sales limitation, showing the regulated property market has entered into a “frozen” era.

Professional Practice in Land and Planning Matter

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

It has started to show the influence of the composition of several rounds of regulations on the property market. For one thing, the nine cities executing sales limitation measures in September, are those cities with a rapid rise in new home price index in August compared with other large and middle cities. Obviously this regulation is to keep the property price stable and to avoid wide fluctuation. For another, multiple regulations will lead to qualitative transformation that, the real estate industry and most consumers will reach a consensus and market expectation that the houses are for living rather than for investing.

As analyzed by some professionals, this round of sales limitation is significant for investors. Firstly, the rising cycle of the PRC property market is closed to the end, gaining from investing properties blindly therefore will no longer be feasible. The importance of investment strategies will appear in the future. Secondly, the way of thinking of short-term speculation is not applicable anymore. To study the urban and regional development deeply and to take a long-term vision will actually be a safe mode of property investment. Thirdly, the time period of sales limitation in third-tier cities, is precisely the time for the citizens to save for the deposit for an ordinary residential house. It can thus be concluded that the property price in those third-tier cities taking the measure of sales limitation will be stable in the coming two or three years.

To summarise, the “frozen” age will bring a two- or three-year window period. Investors with strategic vision can take advantage of such transformation and foresee some worth-expecting returns after the window period.

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

Shanghai Has Speeded Up Land Supply: 8 Residential Lands Launched At Once

On 18 September, Shanghai Municipal Bureau of Planning and Land Resources announced that eight pieces of state-owned residential land with a total site area of 458,000 sq.m. would be listed and sold. These newly listed land are located at Pudong New District, Songjiang District, Baoshan District, Jinshan District and Fengxian District respectively and are all situated outside the Outer Ring of Shanghai City.

This round of intensive land sale, in addition to the low premium rate of recent land transaction in Shanghai, will help prevent the super-high housing price in the future by way of land cost.

Mortgage Rate in First- and Second-tier Cities Have Been Floated Upwards

In these two months, the mortgage rate in the first-tier and some of the second-tier cities have been adjusted upwards, generally by 5% to 10%. With the current benchmark interest rate at 4.90%, floating upwards by 5% equals to 5.145%. As shown on Rong360.com, the average first mortgage rate in August in first-tier cities ranges from 4.83% to 5.13%. While the average first mortgage rate of Beijing is at 5.12%, that of Guangzhou and Shenzhen is at 5.13% and 5.04% respectively, all breaking through 5%. Besides, the nation-wide average of first mortgage rate is 5.12%, the equivalent of 1.04 times of the benchmark rate, has risen by 2.47% on a MoM basis and 15.35% on a YoY basis.

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