

HONG KONG AND CHINA PROPERTY MARKET 1ST QUARTER 2007

By Mr. Eddie S. Lee

Hong Kong Property Market

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- The rising office rent
- Future needs for office space in Hong Kong

2. Residential Sector

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China Property Market

1. The blooming market
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Hong Kong Property Market

The Rising Office Rent

- Average capital values in Central have witnessed an annual growth rate of 11.7% throughout 2006.
- Office Rent in Central has risen by over 15% since 2006.

Future needs for office space in Hong Kong

- Grade A offices in Central were the best overall performer in 2006, with a vacancy rate of 4.2%.
- In 2006, IPO activities have hit a new high with 56 IPOs listed on the Main Board of Hong Kong stock market, which created a huge need for Grade A office space in Hong Kong
- With more planned IPO activities, the need for office space will continue to rise throughout the year.

The Rebound of Hong Kong's Residential Property Market

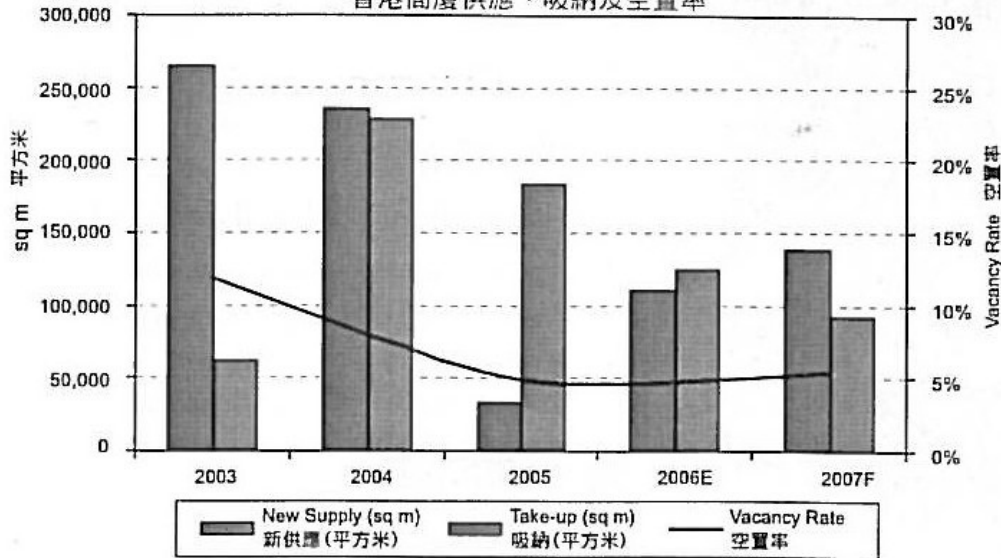
- During the first 2 months of 2007, a rebound could be seen in the residential property market with over 15,000 deals made, compared to 10,268 deals over the same period in 2006.
- Picking up the investment heat of the financial sector of Hong Kong, the residential property market has seen a surge of 2% in the first month of 2007 compared with the 4th quarter of 2006.

Luxury Property Market

- A record high of 287 deals made on the luxury property market has shown a rise in the need of high-property in Hong Kong.
- Developers also show their interest for high-end property with the successful auction of a land in Tai Po that sets a new record in land purchasing value @ 8300/s.m.

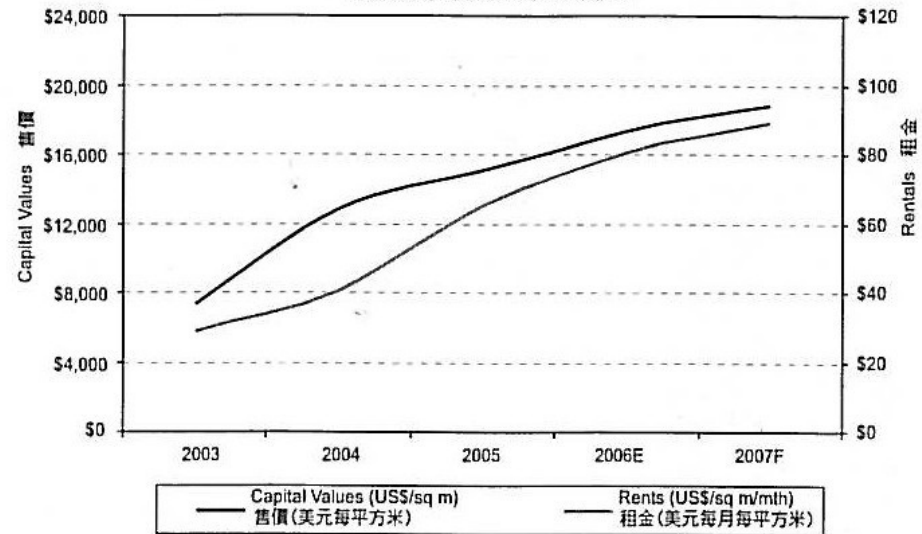
HONG KONG OFFICE SUPPLY, TAKE-UP AND VACANCY

香港商廈供應、吸納及空置率

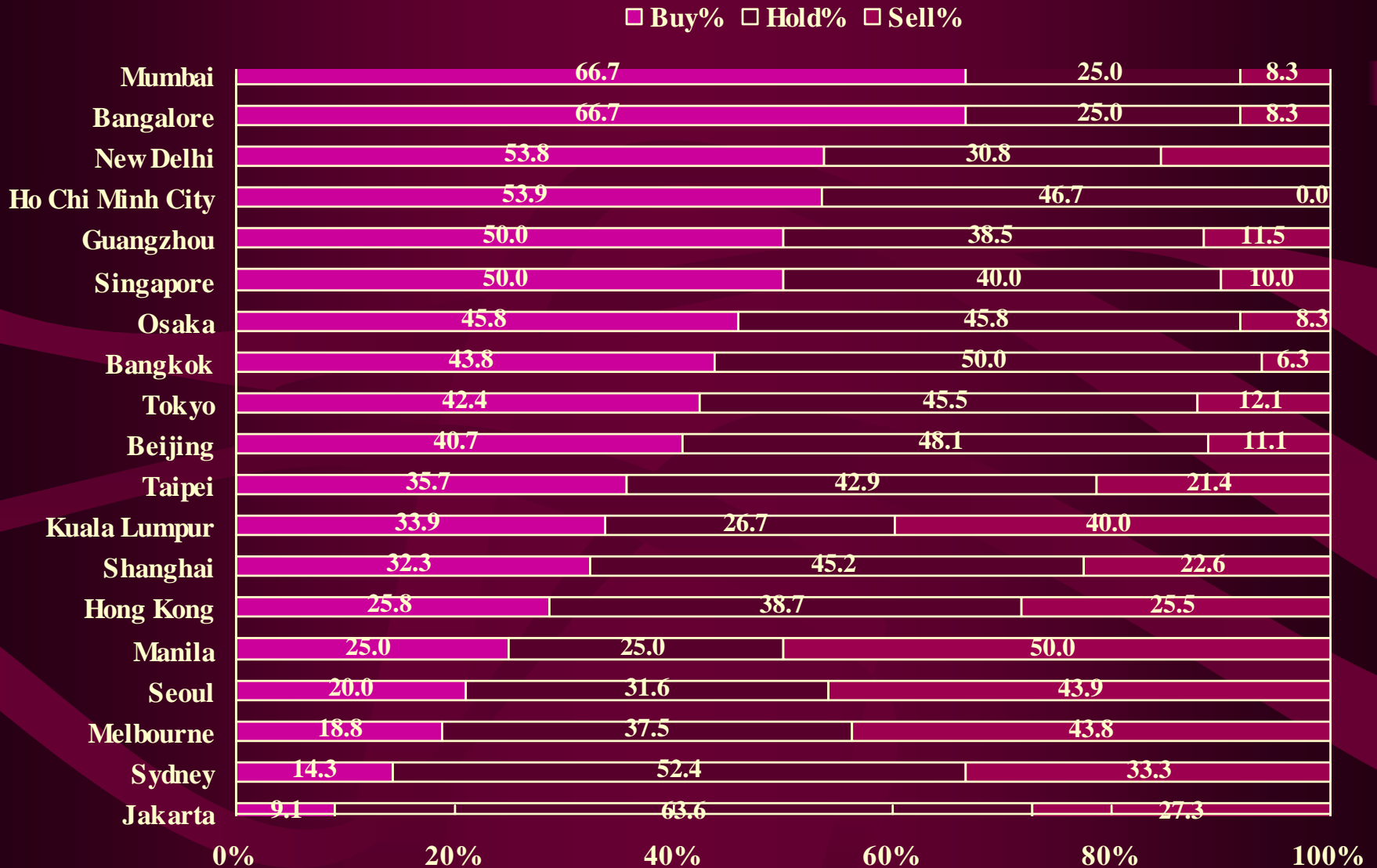


HONG KONG OFFICE CAPITAL VALUES AND RENTALS TRENDS

香港商廈售價及租金走勢



Apartment Residential Property Buy/Hold/Sell Recommendation by City



Source: Emerging Trends in Real Estate Pacific 2007 Survey, ULI and Pricewaterhouse Coopers

China Property Market

The ever-rising market

- According to official statistics, the average housing price in China witnessed a 14.4 percent increase in 2006-2007.
- In the events of the huge rise of property value in China, the PRC government had tried to enforce laws to slow down the pace of the growth, but the property market is still blooming with more developments on the way and the market price continues to rise.

Taxation Involved in Property Transaction between Hong Kong and China

- In Hong Kong, the only tax involved in a property transaction is the profit tax, which is 17.5% on the profit made on the deal, while China has a more complex tax system.
- A general list of the taxation in China involved:
 1. Stamp duty (0.1%-0.3% on transaction amount)
 2. Business Tax (5% on the transaction amount)
 3. Title Deed Tax (3%-5% on the transaction amount)
 4. Profit Tax (25% on profit gain)
 5. Land Appreciation Tax (30% to 60% on net appreciated amount less deductible)
 6. City Development Tax (7% on amount of land tax payable for city properties)
 7. Education Additional Fee (1% to 3% on business tax amount)
- * Different provinces may be subject to different implementation of the property tax system.