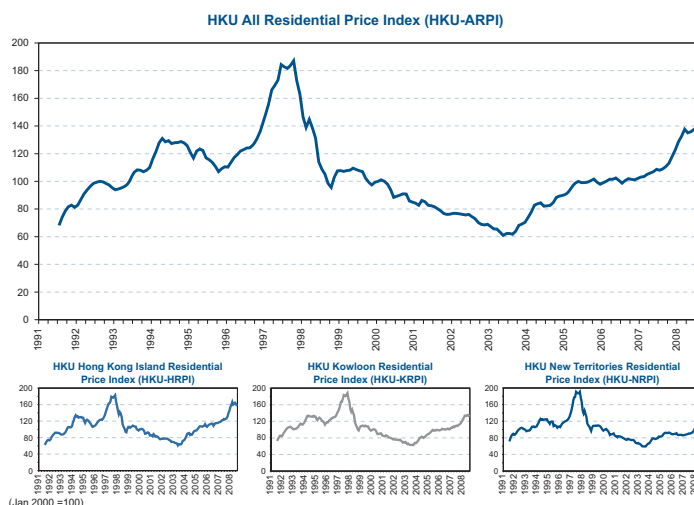


Market Review and Comments

- According to the Land Registry of the Hong Kong SAR Government, the number of building unit transactions staged a mild recovery by 15.1% month-on-month (MoM) to 7,369 in September 2008 largely due to the increase of activity in Tsuen Wan and Tung Chung which are grouped under the sub-market of New Territories.
- According to the University of Hong Kong Real Estate Index Series ("HKU-REIS"), the University of Hong Kong All Residential Price Index ("HKU-ARPI") fell 2.5% MoM to 132.6 as at the end of August 2008. Meanwhile, the Kowloon Residential Price Index ("HKU-KRPI") witnessed the steepest fall of 3.0% MoM to 131.3. The market showed a distinct change of direction after the collapse of Lehman Brothers in mid September, as it posted a gloomy signal that the local market would likely experience further price and rental corrections.
- In the primary market, there were a total of 372 residential units being launched for sale between 16th September 2008 and 15th October 2008 and the overall absorption rate was 76%. Prospective property buyers were cautious in view of the global credit crunch and the volatile stock market prices as well as the dimmer global economic prospects.
- Clouded by a consolidating finance industry, the leasing market has started to worry about the sustainability of occupational demand. Although a group of non-finance sector will lend support to the leasing market, but the spillover impact of a prospective slowing economy stemming from the damage of the financial system prompt luxury residential rentals to fall by 15% over the next 12 months. Meanwhile, the luxury residential property prices will experience a steeper downfall of 15-20%.

The University of Hong Kong Real Estate Index Series (HKU-REIS)



	3 Yrs	1 Yr	6 Mths	3 Mths	1 Mth	Current Mth Aug2008*
Indices						
HKU-ARPI	99.4	109.0	132.5	135.8	136.0	132.6
HKU-HRPI	107.6	125.5	159.5	161.8	161.2	156.7
HKU-KRPI	97.7	110.0	128.3	133.1	135.3	131.3
HKU-NRPI	91.9	90.7	106.6	109.8	109.4	107.7
% Change						
HKU-ARPI	33.4%	21.7%	0.1%	-2.4%	-2.5%	-
HKU-HRPI	45.6%	24.9%	-1.8%	-3.2%	-2.8%	-
HKU-KRPI	34.4%	19.4%	2.3%	-1.4%	-3.0%	-
HKU-NRPI	17.2%	18.7%	1.0%	-1.9%	-1.6%	-

* The most recent index values published on the 18th of every month or the next working day are based on transactions that took place in the calendar month before the previous month (i.e. up to 6 weeks ago) as it takes time for these transactions to be registered with the Land Registry.

Source: Versitech Limited, the Technology Transfer Office of The University of Hong Kong

Primary Residential Launches from 16/9/2008 to 15/10/2008

Development	Area	# District	No. of Units Launched	Size Range (sq ft)	No. of Units Sold	Average Price (HK\$ / sq ft)
The Morrison	Wan Chai	HKI	7	649 - 661	2	9,563
SOHO 38	Central	HKI	26	400 - 1,108	12	18,320
The Babington	Mid-levels	HKI	9	848 - 1,139	3	11,344
Southern Lodge	Sham Shui Po	KLN	6	760 - 968	1	5,056
The Sparkle	Sham Shui Po	KLN	6	709 - 738	2	6,217
The Palazzo	Sha Tin	NT	74	717 - 2,379	60	10,258
Casa Brava	Tai Po	NT	16	700 - 1,400	16	4,166
The Dynasty	Tsuen Wan	NT	41	972 - 1,739	38	5,829
Coastal Skyline (Phase IV): Le Bleu Deux	Tung Chung	NT	104	681 - 1,342	83	4,587
Season Monarch	Yuen Long	NT	76	2,521 - 3,083	65	2,623
The Scenicwoods	Yuen Long	NT	7	700 - 2,100	0	4,079

HKI: Hong Kong Island; KLN: Kowloon; NT: New Territories

Source: Financial Chronicle

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